

(Summary)

Annual Report on Policy Evaluation in FY2006

(June 8, 2007)

Annual Report is submitted to the Diet by the government every year under the Article 19 of Government Policy Evaluation Act (GPEA)

Edition 2007 is the fifth report since the first report in 2003 and includes the ministries' initiatives under the new arrangement through the review of Policy Evaluation System in December 2005.

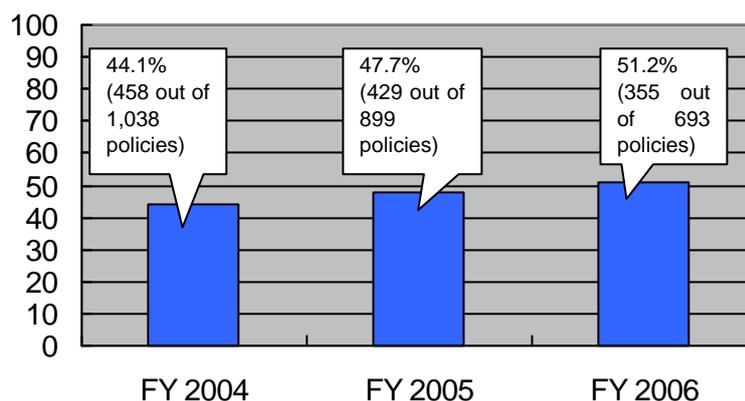
Main Characteristics of Policy Evaluation in FY2006

1. Further utilization of the results of policy evaluations to improve and review policies

As the result of evaluation for general policies (except for public work project), the ratio of evaluation cases which led to improve or review policies was 51.2% in FY2006, increasing by 3.5% on a yearly basis.

As the result of evaluation for public works, 28 projects, which are equivalent to a gross value of approximately 300 million yen, were lead to be suspended or cancelled in FY2006. The cumulative amount of cost cutting of public works reached to approximately 3.5 trillion yen for the five years since enforcement of GPEA.

The percentage of evaluation cases led to improve or review policies



2. Further application of evaluation process to important cabinet policies

In FY2006, 15 ministries evaluated policies selected from important cabinet policies under new arrangement. Some ministries specified clearly how policies they will evaluate or evaluated are related to cabinet policies.

3. Progress in strengthening the alignment between the result of policy evaluation and budget formulation

Improving connections between the results of policy evaluation and budget formulation has been one of the issues to enhance the quality of Policy Evaluation System.

In FY2006, four ministries took approach to better align budget formulation with the results of evaluations. They reviewed their policy structures and consolidated the unit of analysis for evaluation so as to apply to the unit of budget formulations. (For example: The Ministry of Economy, Trade and Industry consolidated 26 policies and 107 programs into 6 policies and 34 programs.)

4. Prioritization of evaluation activities

The government implemented approximately 10,000 policy evaluations a yearly basis by the end of FY 2005. In FY 2006, however, the number of policy evaluations was 3,940 in total, a decrease of approximately 5,900 compared with the 9,796 evaluations in the preceding fiscal year.

The reason for the decrease is because of 1) consolidation of the unit of analysis for evaluations, seeking the alignment with budget formulation, 2) efforts of MAF, focusing their evaluation activities of public works and R&D within the requirement of GPEA.

Number of Policy Evaluation cases by Administrative Organization (FY2006)

(Unit : number of cases, %)

Category		Ex-ante evaluation	Ex-post evaluation	Total
General policies	Performance evaluation		492	492 (12.5)
	Comprehensive evaluation	—	93	93 (2.4)
	Project evaluation	269	99	368 (9.3)
	Subtotal	269	684	953 (24.2)
Specific areas	Research and development	145	377	522 (13.2)
	Public works	802	1,614	2,416 (61.3)
	ODA	35	14	49 (1.3)
	Subtotal	982	2,005	2,987 (75.8)
Total		1,251	2,689	3,940 (100.0)

(Notes)

“Specific areas” are “Research and Development”, “Public works”, and “ODA”, which are required by GPEA to conduct an ex-ante evaluation.