

Policy Evaluation Implementation Guidelines

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Article 2 of the Supplementary Provisions of the Government Policy Evaluations Act (Law No. 86 of 2001, hereinafter referred to as the “Act”) provides that “the Government shall review the status of enforcement of this Act when three years have elapsed from the date of its enforcement, and take any necessary measures based upon the results of such review.”

After the passage of three years from the taking effect of the Act in April, 2005, its enforcement status was reviewed, and this has led to a decision to revise the Basic Guidelines for Implementing Policy Evaluation (cabinet decision of December 28, 2001, hereinafter referred to as the “Basic Guidelines”) as a necessary measure geared towards the improvement and enhancement of Policy Evaluation.

On the basis of the Basic Guidelines and taking into consideration the achievements previously made, these Guidelines provide standard guidance for the smooth and efficient implementation of Policy Evaluations in accordance with the Act. However, they are by no means meant to thwart individual Administrative Organs from making efforts according to their respective evaluation objectives, policy jurisdictions, etc. to fulfill their accountability and run citizens-first, results-oriented public administration.

In the future, these Guidelines shall be reviewed as necessary on the basis of the progress in Policy Evaluation efforts made by individual Administrative Organs and results of research and investigation into Policy Evaluation so as to further improve and enhance Policy Evaluation.

1. Structuring of Policies

To ensure the systematic, rational and appropriate implementation of Policy Evaluations, the policy structure shall in principle be clarified in advance, and a Policy Evaluation shall be implemented after clarifying the relationship between the objective of the policy in question and the means to achieve it.

If a policy within the jurisdiction of an Administrative Organ is linked to another policy (with a higher objective) involving multiple Administrative Organs, efforts shall be made to clarify its relationship with the targets of this policy involving multiple Administrative Organs and the means of that policy in question in advance.

(1) Classification of policies into “policy” (in narrow sense), “program”, and “project”

Policies under the jurisdiction of an individual Administrative Organ fall into the categories of “policy” (in narrow sense), “program” and “project”. They are not all the same in terms of the hierarchical level. For this reason, to ensure the systematic, rational and appropriate implementation of Policy Evaluations, it is necessary to clarify in advance the “policy structure”, which typically is a hierarchy of “policy(in a narrow sense)” –“program”-“project”.

The most typical classification of “policy”, “program” and “project” is following.

“Policy”:	A major set of administrative activities aimed at a major goal, by addressing one or more specific administrative issues.
“Program”:	A set of administrative activities aimed at a concrete objective based on the major goal mentioned above.(i.e. one or more concrete initiatives or measures geared towards contributing to lead the “policy” to a success.)
“Project”:	An individual administrative means geared towards actually implementing the above concrete initiatives or measures, as the basic unit of administrative activities.

However, the distinction between a “policy” (narrow meaning), a “program” and a “project” is relative, and represents a somewhat idealized concept. In the real world, policies take such a variety of forms that it may be difficult to decisively classify them into three categories. For example, a “program” may consist of multiple layers, and a “project” may not be necessary. On the other hand, a “program” or “project” may relate to multiple policy systems.

(2) Clarification of policy structure

The policy structure shall be specified in advance, and shall in principle be made public on adopting each basic plan or implementation plan. In cases where a change or an addition has been made to the policy structure, an appropriate action shall be taken.

(3) Strengthening of coordination between Policy Evaluation and budgeting & auditing

The organizational unit in charge of Policy Evaluation and the departments, bureaus etc. in charge of individual policies shall cooperate to clarify the

policy structure(e.g. “policy”-“program”-“project”) in a manner to make it conducive to the strengthening of coordination between Policy Evaluation and budgeting & auditing.

(4) Evaluation relating to important policies

Policy evaluation shall be focused and streamlined, and each Administrative Organ in charge of a policy that relates to any of important cabinet policies, such as those announced in the Prime Minister’s speeches, shall evaluate such policy in a timely and appropriate manner after developing a policy structure that clearly shows its relationship with the related important cabinet policy, its targets and direction etc.

In particular, any policy for which objectives to be achieved, e.g. numerical targets, have been announced in the Prime Minister’s speeches, etc. shall be evaluated in such a manner that status of targets achieved can clearly be understood. This should be done by presenting the means in an easy-to-understand manner, determining the progress and conducting a necessary analysis.

The same shall apply to the policies that individual Administrative Organs have decided to address with special emphasis on them.

2. Evaluation Methods

The concrete details of the three standard evaluation methods specified in the Basic Guidelines — the project evaluation method, the performance evaluation method and the comprehensive evaluation method - are given below, along with considerations to be made when implementing an evaluation using any of these methods.

(1) Project evaluation method

A Before adoption of policy

- (i) The validity of the objective of the policy targeted for evaluation in light of the needs of the public and society and the higher objectives shall be examined, along with the necessity of intervention by an Administrative Organ in view of desirable administrative involvement.
- (ii) The prospect of obtaining the Effects of Policy commensurate with costs from the implementation of the policy targeted for evaluation shall be examined. To this end, the expected the Effects of Policy and associated costs shall be estimated/measured and compared to the extent possible. In this regard, effects shall be quantified to the extent possible by determining the reach of benefits and identifying beneficiaries as

accurately as possible. Costs shall include incidental costs, such as social costs, the extent possible, in addition to direct expenditures arising from the implementation of the policy targeted for evaluation.

- (iii) The achievability of effects needed to realize the higher objective shall be examined, while criteria for the achievement of desired effects shall be specified in terms of concrete states.
- (iv) Methods and timing of evaluating/verifying the achievement of desired effects after the adoption of the policy shall be specified and clarified in advance.
- (v) Efforts shall be made to actively conduct an evaluation of policies to be newly launched or involving national subsidies even if they are not among those for which mandatory ex-ante evaluation is imposed by Article 9 of the Act.

B After adoption of policy

- (i) Policies having been subjected to an ex-ante evaluation and existing policies having significant impacts on people's daily lives and the society and economy or involving substantial costs shall be evaluated/verified in terms of the Effects of Policy determined after adoption.
- (ii) Particular attention shall be paid to, among other things, whether initially expected effects have been achieved and, if not, what were the contributing factors, and the data and knowledge obtained from such consideration shall be utilized in later Policy Evaluations and policy planning/development processes.

(2) Performance evaluation method

- (i) Outcome-focused targets designed to show the public "what, how and by when" the policy in question aims to achieve (hereinafter referred to as "basic targets") shall be set in an easy-to-understand manner. In cases where setting outcome-focused targets is difficult or inappropriate, output-focused targets shall be set.
- (ii) Regarding basic targets for which it is difficult to specify concrete levels of achievement, relevant measurable indicators shall be devised, and concrete targets designed to show the levels of achievement shall be set with regard to those indicators (hereinafter referred to as "performance targets"). Performance targets should show the levels of achievement in a concrete manner using qualitative or quantitative indicators conducive to objective measurement to the extent possible.

- (iii) When setting such target, the level to be achieved shall be specified in a concrete manner, taking into consideration the results of researches into overseas examples and the efforts made by individual Administrative Organs, with the time frame clearly set for the achievement of the target. One or more concrete judgment criteria to be used to assess the level of achievement shall also be clearly set in advance.

In cases where it is difficult to determine the level of achievement required, the use of a more suitable evaluation method in light of the special characteristics of the policy in question, and the like shall be considered, particularly with the elements required in the evaluation taken into account.

- (iv) Outcome-focused targets are not immune from the influence of external factors that are generally beyond the control of Administrative Organs, so that it is sometimes inappropriate to totally ascribe the results to an Administrative Organ. For this reason, when an outcome-focused target has been set, external factors that may affect its achievement shall be clarified to the extent possible. The same shall apply to output-focused targets.
- (v) Targets and indicators shall be appropriately set according to the special characteristics of the policy in question after examining the method to obtain information and data to be used in the measurement of indicators so as to prevent the collection of information and data from imposing an excessive burden. The logic and basis behind the use of those targets and indicators shall be clarified in advance, along with the means to achieve the targets, associated costs, etc. The clarification of pre-existing assumptions for said targets and indicators shall be based on an integrated standard format, with attention paid to ensuring uniformity and consistency among Administrative Organs, so as to make them easily useable and comprehensible and to fully meet the obligation for accountability to the public.
- (vi) Targets shall be measured on a regular or ongoing basis, and an improvement/review of the policy concerned or, alternatively, a review of targets themselves shall take place. At the end of the target period, overall results, including efforts made and targets achieved, shall be summed up, and the degree of achievement of the targets shall be evaluated, with the policy in question and the way of target-setting for the next target period reviewed as necessary.
- (vii) A program, etc. plagued by problems, such as failure to achieve targets, shall be subjected to, for example, an in-depth analysis and verification

of individual projects comprising it and a detailed examination of the status of the Effects of Policy from various angles, as necessary, using the project evaluation method or the comprehensive evaluation method so as to identify problems associated with the policy concerned and analyze/verify their causes.

- (viii) To efficiently conduct an evaluation using the performance evaluation method, a flexible approach may be taken depending on workload, urgency, etc. An example of such cases includes the measurement of the degree of achievement of targets set in advance in each fiscal year, with an overall evaluation undertaken after the passage of a certain period.
 - (ix) The preparation of evaluation reports shall be based on an integrated standard format, with attention paid to ensuring uniformity and consistency among Administrative Organs, so as to make them easily useable and comprehensible and to fully meet the obligation for accountability to the public. In addition, evaluation reports shall be applicable as documents that double as policy summaries.
 - (x) Items (i) to (ix) above shall be applied mutatis mutandis to ex-post evaluations that will include evaluations concerning the level of achievement of targets that were set in advance.
- (3) Comprehensive evaluation method
- (i) The status of the effects of the policy in question shall be clarified from various angles in concrete terms, with the direct effects of the policy, causality and, depending on the case, the influence of external factors analyzed in detail. In addition, spin-off effects (secondary effects), their generation processes, etc. shall also be analyzed as necessary.
 - (ii) Problems associated with the policy in question shall be identified, with their causes analyzed.
 - (iii) Whether the validity of the policy in question continues to hold shall be examined. In addition, whether the policy needs to be implemented by an Administrative Organ in view of desirable administrative involvement shall be examined as necessary.
 - (iv) Where necessary, the Effects of Policy and associated costs (including negative effects and indirect costs) shall be comparatively studied. In addition, whether there is an alternative that is more efficient and of greater quality for the public shall be examined.
 - (v) Whether consistency with related policies has been secured shall be examined.

- (vi) If necessary, whether the policy in question needs to be implemented on a preferential basis over the other policies shall be examined.
- (vii) The scope of evaluation shall be flexibly defined according to the evaluation theme adopted. For example, where the theme that affects the very nature of the policy in question has been chosen, the policy (in a narrow sense) and its programs (if necessary, its projects are included.) shall be evaluated. If, on the other hand, the theme focuses on a program as a concrete means to attain the purpose of a policy (in a narrow sense), the evaluation shall mainly target the program, with projects also covered, as necessary. It is also possible to conduct an evaluation of multiple programs by setting a cross-sectoral theme.
- (viii) In the case of a major policy review that may lead to an institutional change etc., the use of the comprehensive evaluation method shall be considered.
- (ix) An evaluation based on the comprehensive evaluation method can be undertaken in combination with another one based on the project evaluation scheme. For example, it may be possible to use the results of an ex-ante evaluation or ex-post verification/evaluation based on the project evaluation method in another evaluation based on the comprehensive evaluation method. It may be also possible to conduct an ex-ante evaluation or ex-post verification/evaluation based on the project evaluation method in another evaluation based on the comprehensive evaluation method.
- (x) A policy may be evaluated using the comprehensive evaluation method prior to its implementation if necessary. In this event, the results of a similar evaluation based on the comprehensive evaluation method, the information/data accumulated through evaluations conducted using other evaluation methods, and the like shall be referenced/utilized.
- (xi) The active utilization of analysis results given in reports of the government's deliberative councils, white papers, etc. shall be considered.

3. Evaluation Techniques

Individual Administrative Organs shall conduct Policy Evaluations using applicable and rational evaluation techniques according to the objective of evaluation, the nature of the evaluation target, etc., taking into consideration costs to be incurred in the evaluation and other factors. In this regard, the following points shall be kept in mind:

- (i) When implementing a Policy Evaluation, efforts shall be made to first develop a quantitative evaluation technique and then use such evaluation technique on the basis of concrete numerical indicators to the extent possible.
- (ii) Where the application of a quantitative information technique is difficult, would not ensure objectivity, or the like, a qualitative evaluation technique shall be adopted, with special attention given to the securing of objectivity in the evaluation by, for example, basing it on objective information/data and facts to the extent possible and utilizing persons of knowledge and experience and others.
- (iii) Some evaluation techniques incur enormous costs and workload in the collection of information/data and implementation of an evaluation. While certain costs and workload are unavoidable to the extent that a Policy Evaluation is conducted, it is not efficient to mechanically apply a high-cost labor-intensive evaluation technique even if its analytical accuracy is high. Since some evaluation techniques have technical limits in terms of analytical accuracy, applicable scope, etc., it shall be kept in mind that insisting too much on a quantitative evaluation technique for the sole objective of obtaining high analytical accuracy sometimes leads to inefficiency.

For this reason, a suitable evaluation technique shall be selected by examining various factors in advance, including the following: (A) what kind of information the evaluation is required to produce, (B) to what extent analytical accuracy is required, and (C) approximately how much time and cost are allowed.

- (iv) When selecting an evaluation technique, attention shall be given to matters such as the verifiability of evaluation results after the adoption of the policy.

4. Acquirement and Utilization of Findings of Persons with Relevant Knowledge and Experience

When acquiring and utilizing findings of persons with relevant knowledge and experience, care shall be taken to ensure that it is done according to the special characteristics of the policy targeted for evaluation, the content of evaluation, the efficiency of evaluation work, etc. through, for example, the formation of a committee on Policy Evaluation consisting of persons with knowledge and experience regarding evaluation activities in general, including plan formulation, and the consultation with individual experts to seek concrete advice in their respective policy areas.

The views of persons with relevant knowledge and experience that have been sought and incorporated into evaluation results shall be duly publicized through, for example, inclusion in the evaluation report in a concrete manner.

To enable the Policy Evaluation Commission and committees on Policy Evaluation consisting of persons of knowledge and experience that have been formed by individual Administrative Organs to exchange information on Policy Evaluation efforts at individual Administrative Organs and other matters as required, the Ministry of Internal Affairs and Communications shall take the necessary action.

5. Reflection of Evaluation Results in Policy Planning and Development

It is important to appropriately reflect results of the evaluation in the relevant policies, and individual Administrative Organs shall make efforts as specified below.

- A An evaluation report shall be swiftly prepared and released to ensure that Policy Evaluation results are appropriately reflected in policy planning and development work, including the compilation of a budget request, as an important source of information.
- B To ensure that Policy Evaluation results are appropriately reflected in the relevant policies, cooperation between the organizational unit in charge of Policy Evaluation and the departments and bureaus in charge of developing policies, including budgets, shall be strengthened through, for example, the holding of discussion based on evaluation results to the extent possible at ministerial conferences, etc. when making important policy decisions and organizing joint hearings involving the organizational unit in charge of Policy Evaluation and the departments and bureaus in charge of developing policies, including budgets, during the compilation of a fiscal budget estimate.

The Ministry of Internal Affairs and Communications shall summarize and release the status of the reflection of evaluation results in budget requests, etc. with the cooperation of individual Administrative Organs. In this instance, the outcomes of the incorporation of evaluation results, including the abolition, scaling down, targeting for priority implementation, etc. of policies, shall be specified in a concrete manner.

6. Infrastructure for Policy Evaluation

To help develop an evaluation infrastructure with a view to facilitating the implementation of Policy Evaluations by individual Administrative Organs, the

Ministry of Internal Affairs and Communications shall engage in activities as listed below through liaison conferences based on the Basic Guidelines. Individual Administrative Organs shall also make necessary efforts.

- A Implementation of research, study, etc. and supply of results
- B Implementation of training, including practical training
- C Supply/exchange of guidebooks and information useful for implementation of Policy Evaluations
- D PR activities relating to Policy Evaluation