



Evaluation Systems for Independent Administrative Agencies (IAAs): JETRO as Example Case

JETRO Planning Department



Content

- * Evaluation system for IAAs
- * Outcome-based evaluations

Evaluation system for IAAs

1. What is an IAA?

* Work done by IAAs is typified by the following:

- (1) It has a strong public nature
- (2) It does not require that the government directly undertake it; and
- (3) It is work that may not be undertaken if left to the private sector

* **Mid-term objectives**

Objectives to be completed in 3 to 5 years that the competent Minister of State has set as policy and instructed the IAA to undertake

(JETRO's mid-term objectives)

1. Promotion of efficiency in operations

3. Improvements in financial performance

4. Other operations

* **Mid-term plan**

Plan prepared by the IAA outlining its mid-term objectives. The plan receives the competent Minister's approval.

* **One-year plan**

A plan concerning operations for each fiscal year that is prepared by the IAA, submitted to the competent Minister of State then released to the public.

2. Improvements in the quality of services offered to the public

- Promoting foreign direct investment into Japan
- Supporting export efforts of small and medium-size enterprises (SMEs)
- Improving access to Japan
- Supporting regional economic activity through internationalisation
- Researching developing economy issues with the aim of strengthening their export industries and nurturing human resources.
- Collecting, examining, and providing information on overseas economies
- Spreading information on Japan abroad
- Supporting the smooth operation of Japanese corporations overseas

Evaluation system for IAAs

Supplementary 1: Relationship among mid-term objectives, mid-term plan, and one-year plan

Competent Minister of State
(Minister of Economy, Trade and Industry)

Mid-term objectives

- ✓ Objectives concerning operations that should be accomplished by the IAA during the mid-term objective duration
- ✓ Objectives set by the Minister of Economy, Trade and Industry and instructed to the IAA

* Article 29 of the Law Concerning the General Rules of IAAs

IAA
(JETRO)

Mid-term plan

- ✓ Plan to achieve the mid-term objectives
- ✓ Plan prepared by the IAA and approved of by the Minister of Economy, Trade and Industry

* Article 30 of the Law Concerning the General Rules of IAAs

One-year plan

- ✓ Plan concerning operations for each fiscal year based on the mid-term plan
- ✓ Plan prepared by the IAA, submitted to the Minister of Economy, Trade and Industry, and released to the public

* Article 31 of the Law concerning the General Rules of IAAs

Evaluation system for IAAs

2. Purpose of evaluations:

⇒ to improve the efficiency of operations and quality of work

(Issues related to IAAs' operation management)

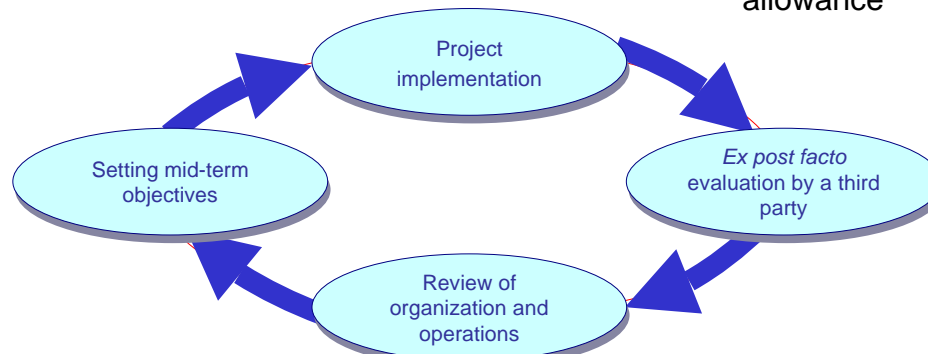
- Improve the efficiency and quality of operations
- Undertake independent operation management
- Ensure operation transparency



Mid-term objectives management and *ex post facto* evaluations by third parties

(Evaluation results)

- Review organization and overall operations
- Reflect in performance-linked portion of directors' remuneration and retirement allowance

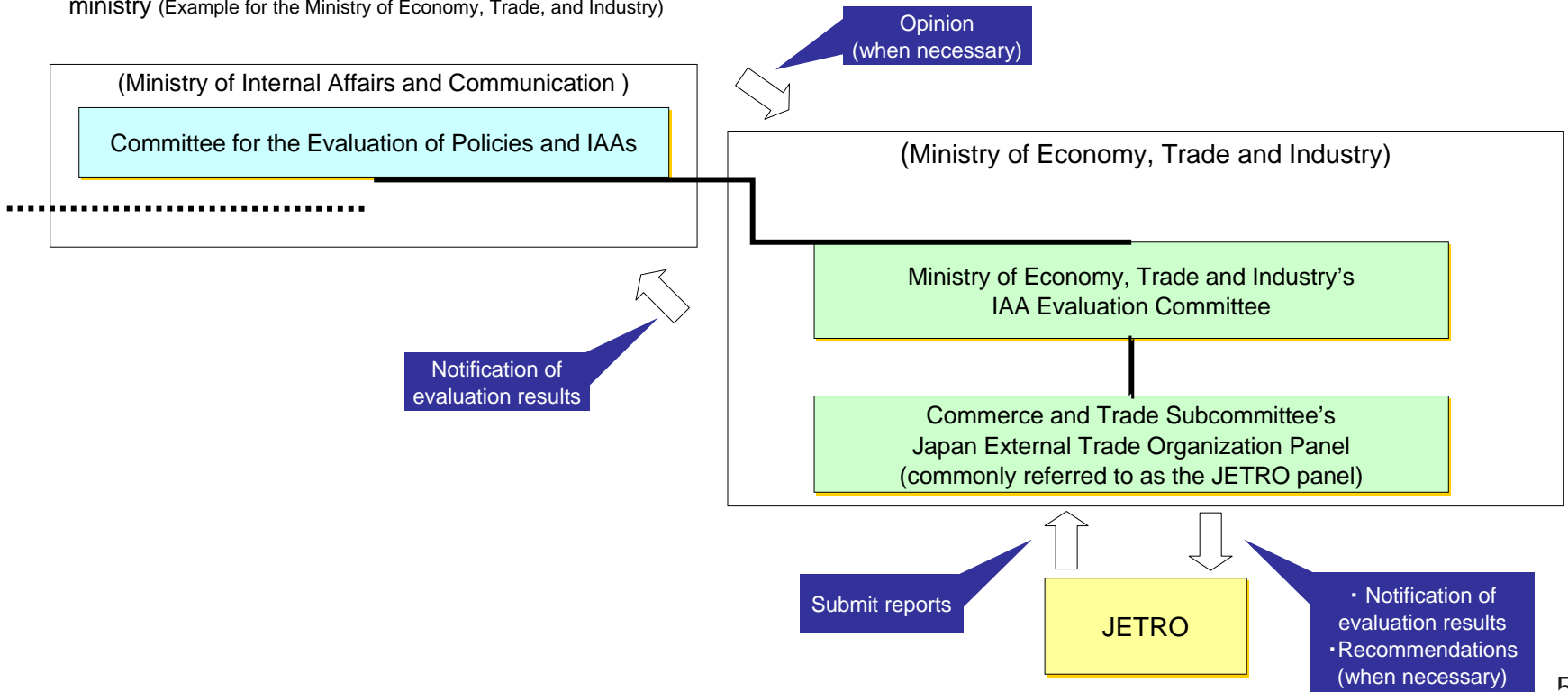


Evaluation system for IAAs

3. Who conducts the evaluations

⇒ IAA Evaluation Committee within each office and ministry

- Diagram of the relationship between the Ministry of Internal Affairs and Communication and the IAA Evaluation Committee within each office and ministry (Example for the Ministry of Economy, Trade, and Industry)





Evaluation system for IAAs

4. What is evaluated

- IAAs implement projects based on the mid-term objectives set by the competent Minister of State as well as the mid-term plan prepared by themselves after receiving their mid-term objectives
- Evaluation of the degree that the mid-term objectives and mid-term plan have been achieved and state of implementation based on the “evaluation criteria for operation performance” set by the IAA Evaluation Committee

(“Evaluation criteria for operation performance” applied to JETRO)

- ✓ Comprehensive evaluation using quantitative and qualitative indicators related to overall operations as important decision factors
- ✓ Five-level rating for each item to evaluate its achievement degree (AA – D) (refer to supplementary 2)
- ✓ Definition of the three types of quantitative indicators that are important decision factors (refer to supplementary 3)
- ✓ Definition of evaluation criteria for each item
Example: export support projects
Does the number of business negotiations reflect the results appropriate for the input volume of resources?



Evaluation system for IAAs

Supplementary 2: Five-level evaluation criteria (for JETRO)

AA	Results have greatly exceeded the mid-term objective, and the quality is extremely high
A	One of the following applies: (1) Results have greatly exceeded the mid-term objective, (2) The mid-term objective has been met, and the quality is extremely high
B	The mid-term objective has been mostly met, and there is no problem with quality
C	One of the following applies: (1) Some important items of the mid-term objective have not been met, (2) The mid-term objective has been mostly met, but there is a problem with quality
D	The mid-term objective has not been met



Evaluation system for IAAs

Supplementary 3: Three types of quantitative indicators (for JETRO)

➤ Result indicators

Indicators to measure the achievement level of operation objectives that are based on mid-term objectives

(e.g., customer satisfaction surveys, number of FDI cases facilitated/assisted by JETRO, number of business negotiations between Japanese exports and prospective foreign partners)

➤ Activity indicators

Indicators to measure the activity volume and scale of JETRO

(e.g., number of events/seminars held)

➤ Reference indicators

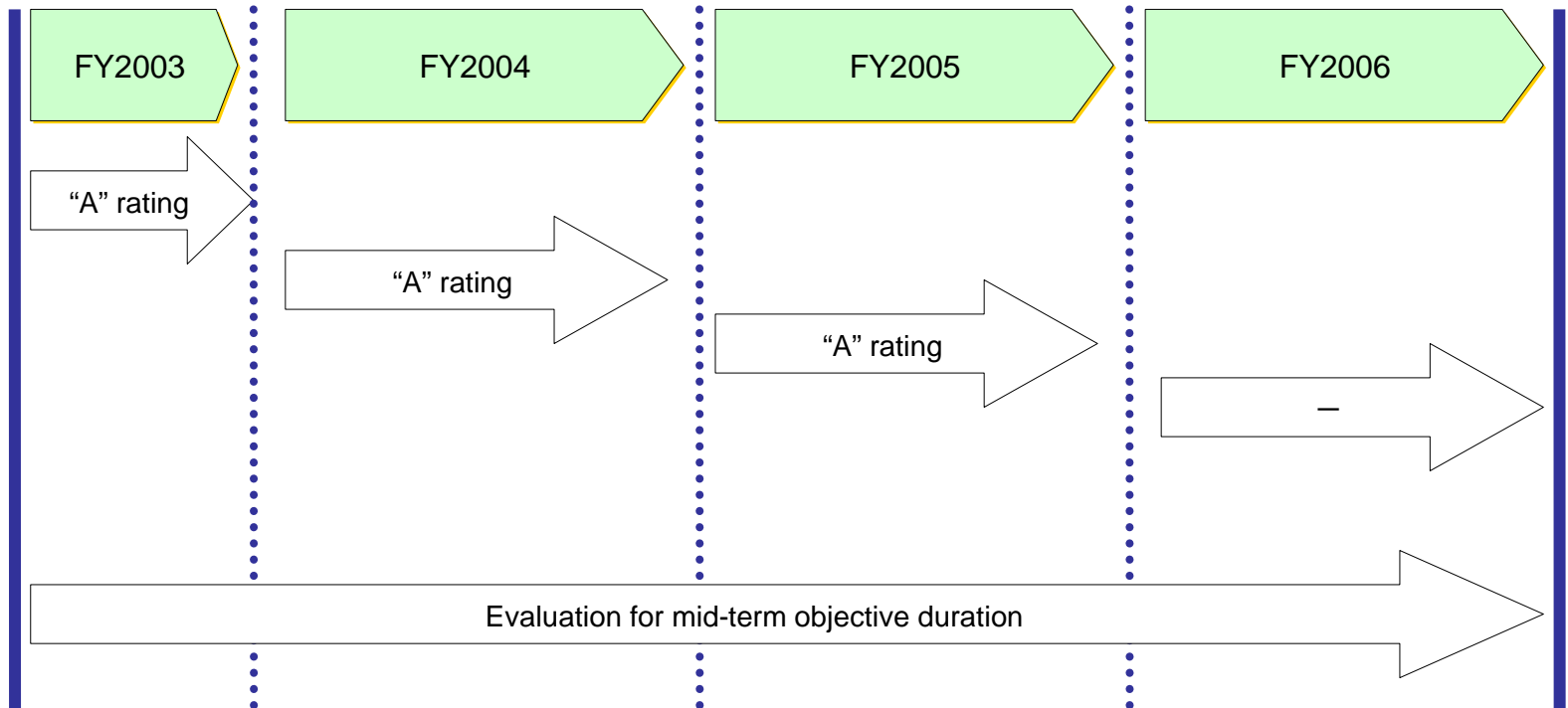
Indicators that are useful in determining the degree to which policy objectives have been met but are not under the control of JETRO

(e.g., number of new FDI cases in Japan, number of export contracts concluded)

Evaluation system for IAAs

(Reference) Evaluation results for JETRO

(The first mid-term objective duration for JETRO is October 2003 through March 2007)





Outcome-based evaluations

II. Outcome-based evaluations

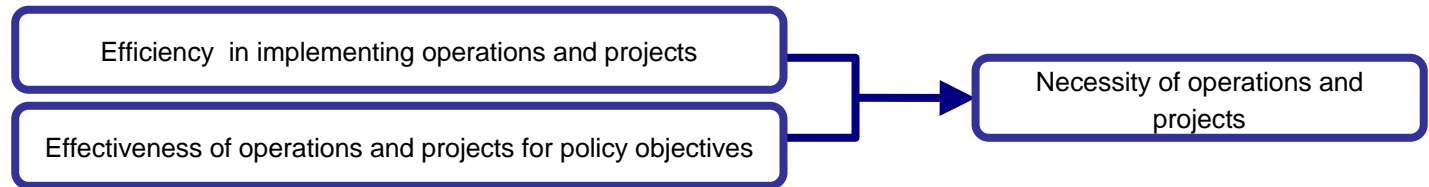


Outcome-based evaluations

1. Basic guidelines on evaluations

In March 2004, the METI IAA Evaluation Committee WG established basic guidelines for evaluations

- For mid-term objective duration and preparatory mid-term objective duration...
- ✓ Evaluations to be made from the perspective of efficiency, effectiveness, and necessity



- ✓ Evaluations to be based on outcome
“Outcome indicators as well as output indicators should be selected, for evaluations should be based on both of them”



Increase in the importance of operation implementation that recognizes outcome



Outcome-based evaluations

2. What are output and outcome indicators?

(Definition by METI IAA Evaluation Committee WG)

➤ Output indicators

Indicators that focus on directly resulting phenomena from IAA activities

➤ Outcome indicators

Indicators that focus on fundamental effects of IAA activities on external parties, such as customers and the public

