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## CHINA: THE EMERGING PUBLIC POLICY EVALUATION SYSTEM



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### INTRODUCTION

Although the introduction of evaluation in China's governmental administration is relatively recent, as a result of strong encouragement, especially since the country's leadership decided to expand the political and economic reform in 2014, evaluation of government performance and policy has received widespread attention. Accordingly, an institutionalized evaluation system was formed within only a few years. Up to now, this system mainly consists of four parts: budget performance management; evaluation of policies and reform measures; tracking audit of the implementation of major policies and measures; and routine performance evaluation of government departments.

### BUDGET PERFORMANCE MANAGEMENT

On the basis of previous pilot work, the Ministry of Finance explicitly put forward the establishment of a budget performance management system in 2011, requiring all budget departments nationwide to allocate a certain percentage of funds for performance evaluation. In accordance with the relevant requirements and provisions of the Central Committee of the Communist Party of China and the State Council, the Ministry of Finance has continuously deepened the reform of budget performance management, increasing the scale of the funds to be evaluated and thereby improve fiscal performance. In 2018, the Government issued a policy, "Opinions on the Comprehensive Implementation of Performance Management", which proposed to build an "all aspects, whole process and full-coverage" budget performance management system. The policy emphasizes improvement of the fiscal performance evaluation system for full-coverage budgets, integrating governmental revenue and expenditure budgets at all levels of local departments. Eventually a multilevel performance evaluation mechanism will be established whose evaluation results can be tightly linked to the next budget arrangements and current policy adjustments. The

policy will also further strengthen management of performance targets, carrying out pre-performance evaluation, implementing “dual monitoring” of budget performance, combining performance evaluation with results application, and continuing to promote performance management of the normalization, standardization and rule of law of budget. As a result, performance appraisal has been implemented nationwide in fiscal budgets from the central to local levels in China.

## EVALUATION OF POLICIES AND REFORM MEASURES

In order to ensure the implementation as well as the effectiveness of public policies and reform measures, the Chinese Government is focusing on the status of their execution. For instance, by providing for evaluation, China clearly expresses its requirements to assess the current progress and situation of plans and strategies. Developing and implementing a Five-Year Plan is an important policy tool for the Government; it indicates the goal, priority development direction and main policy measures for the next five years. Starting from the 11th Five-Year Plan, the National Development and Reform Commission (NDRC) began to execute a midterm evaluation and summary evaluation for this plan. The midterm evaluation aims at obtaining a rough map of the performance at midterm of this long-term comprehensive plan and making adjustments in the remaining years of the plan. The summary evaluation assesses overall governmental performance at top level, providing a comprehensive summary for policymakers.

During the 13th Five-Year Plan (2016-2020), in order to improve development capacities nationwide, in addition to the midterm evaluation and overall evaluation work, NDRC started annual monitoring together with evaluation, especially in key areas like environmental pollution control and poverty reduction. This annual work analyses any shortcomings and weaknesses during the implementation of policies and aims to figure out precisely the development trend as well as any potential risks. To ensure the implementation of the five-year plans and longer-term plans covering 10 to 15 years, the Government issued “Opinions on the Unified Planning System to Better Play the Strategic Guiding Role in National Development Planning (2018)”.

As for the reform measures, evaluation plays a crucial role in adjustments to optimize the quality of policy implementation. For example, the National Center for Science and Technology Evaluation evaluated the reform of the official car system for NDRC, which undoubtedly improved the rationality of usage of 100,000 official cars in China. The importance of evaluating planning and policy reform measures has reached a consensus among China’s top leadership, as published in a set of explicit documentary regulations. All the related departments are to organize annual monitoring analysis, midterm evaluation and summary evaluation of planning implementation during the execution of policies. What’s more, this encourages the involvement of third-party evaluators in governmental evaluation activities. They are regarded as a new power in enhancing

evaluation impartiality and strengthening the application of assessment results. The midterm evaluation of a national development plan should concentrate on assessing implementation progress and existing problems in light of new changes and requirements of the development environment at home and abroad, and give rise to suggestions for advancing the implementation of the plan from a third-party view.

## AUDIT EVALUATION OF MAJOR POLICIES

Apart from its principal audit work, the National Audit Office has launched tracking of audit work on the implementation of major policies and measures. According to corresponding regulations, audit institutions have been required to implement audit evaluation in various regions and departments since 2015. Through forceful audit evaluation, the Government is able to realize the current status of policy operation, implementation progress and policy influence. The quarterly work of this audit evaluation is to reveal any major problems during the implementation of policies and measures, as well as to disclose and summarize any innovative methods and their effects achieved on the reform and development. In addition to boosting a healthy economic structure, the Government expects that these audit evaluations, which should be strictly executed and obeyed, are capable of promoting important decisions and agreements designed by the top policymakers at all levels of departments. The latest audit evaluation, conducted in the second quarter (April-June) of 2019, investigated ministries including the Ministry of Ecology and Environment, Ministry of Human Resources and Social Security and the State Taxation Administration. It also included autonomous regions and municipalities. This evaluation exposed problems of major policies in the areas of employment, poverty alleviation, environmental governance and tax reduction. After the evaluation, all the investigated organization are supposed to revise their policies or take more accurate measures to support the policy implementation in related areas on the basis of the evaluation results. Consequently, the promotion of policy implementation is finally being addressed at a large scale.

## ROUTINE GOVERNMENT PERFORMANCE APPRAISAL

This appraisal was brought into governmental administration from the 1990s. In recent decades, more and more provincial governments have built routine performance evaluation mechanisms, which has led to the establishment of specific performance evaluation offices in these provinces. These offices are responsible for conducting and guiding governmental performance evaluations in various departments. The annual evaluation results directly link to the performance income of government staff and serve as an important reference for position promotion. In recognizing the unique role of evaluation, Chinese government departments at all levels attach great importance to

it. Evaluation is gradually becoming an indispensable foundation of national administrative decision-making in China, and the concept of evaluation is being progressively rooted in the minds of government personnel. Some provinces have issued a specific annual management performance assessment document for government departments. This document clarifies the objectives, content, methods, procedures and application of the results of the assessment.

## CHALLENGES AND PROSPECTS

The four assessments mentioned above have led to the rapid use of evaluation in public policy and management. The assessments play a significant role in scientific decision-making and policy implementation to improve the management and service performance of the Government, thus advancing progress in administrative modernization in China.

Rapid application of evaluation also brings challenges. Firstly, although many departments and local governments have buried the word “evaluation” in their minds, due to limited practical evaluation experience and lack of systematic training on evaluation, the scientific and standardized evaluation concept has not been widely understood. As a result, the capacity to manage the evaluation effectively and apply the evaluation results in real work is still insufficient. Secondly, there is still a large shortage of professional evaluation agencies and personnel, as well as a lack of independent and formal evaluation organizations.

Assuring the quality of evaluation along with the guidance of a set of compact theories is also an essential challenge. To better use evaluation in public policy and management in the future, China needs to strengthen the publicity and popularization of evaluation theory and application, promote the practice of scientific evaluation research, and create a social environment to promote policy and government performance evaluation. Institutionalization and legalization of public policy and management evaluation should be further promoted through establishing a professional evaluation organization, together with focusing on training of evaluation personnel to promote the overall and large-scale development of the evaluation profession and function in China.