

## Basic Plan for Policy Evaluation at the Japan Fair Trade Commission

April 1, 2016

Japan Fair Trade Commission

Pursuant to the provisions of Article 6, paragraph (1) of the Government Policy Evaluations Act (Act No. 86 of 2001) (hereafter, the “Act”), the Japan Fair Trade Commission has formulated a basic plan for its policy evaluation as attached.

## Basic Plan for Policy Evaluation at the Japan Fair Trade Commission

### I. Planning Period

The planning period shall be three years from April 1, 2016 until March 31, 2020.

### II. Principle on the implementation of Policy Evaluation

#### 1. Purposes of the policy evaluation

The Japan Fair Trade Commission (hereinafter, the “JFTC”) shall introduce a policy evaluation system concerning the competition policies under its jurisdiction in order to achieve the following purposes. The JFTC shall implement policy evaluations in a focused, efficient, and well-planned manner, considering such aspects of the evaluations as the implementation system, the amount of work, and the urgency, and based on key policies of the Cabinet.

##### (1) Provide the public with clear explanations regarding the intention, purposes, and results of measures

Through the policy evaluations, the JFTC shall secure the transparency of its administrative activities to comprehensively fulfill its accountability to the public, thereby improving public confidence in the JFTC.

##### (2) Implement the public-oriented, efficient, high-quality activities

Through policy evaluations, the JFTC shall provide the high-quality administrative services demanded by citizens for the minimum necessary costs, thereby achieving effective and efficient policy management.

The JFTC shall improve the quality of its activities and its capability to formulate policies by reflecting the results of policy evaluations in the planning and proposal and implementation of its activities, and by accumulating knowledge obtained through the continuous implementation of policy evaluations.

##### (3) Manage policies focusing on the achievement of the purposes

Through policy evaluations, the JFTC shall encourage administrative management focusing on the achievement of the purposes. By doing so, the JFTC shall improve the effectiveness of its activities and give priority to administrative management that places further emphasis on achieving better results from the

viewpoint of citizens, thereby achieving public administration that is highly satisfactory for the citizens.

## 2. Subjects of evaluations

To ensure that policy evaluations are implemented in a systematic, reasonable and appropriate manner, the JFTC will comprehensively follow the policy evaluation system that is clarified in advance as described in the attachment.

## 3. Methods of policy evaluations

Policy evaluations shall be implemented in ways that suit the purposes and are in accordance with the characteristics of the activities, by applying appropriate methods such as performance evaluations, comprehensive evaluations, project evaluations, or a consistent system that combines the key elements of these methods.

The method of evaluation shall be stipulated in the plan for the conduct of ex-post evaluation (hereinafter, “Operational Plan”) that is formulated for each year pursuant to the provisions of Article 7, paragraph (1) of the Act.

Where a policy evaluation is relevant to a policy (a higher-level purpose) related to multiple administrative organs, efforts shall be made to ensure that its relationship with the policy related to multiple administrative organs is clarified in advance.

### (1) Performance evaluations

Performance evaluations are regular, continuous examinations of such aspects of each measure as what specific achievements have been made and the extent to which the targets set for promoting each activity have been achieved. Activities that are going to be implemented continuously, such as measures against violations of laws, and targets of which need to be measured regularly, shall be subject to performance evaluations.

In addition, if it is difficult to show the specific levels of the achievement of a target, quantitative or qualitative indexes related to the target shall be used to evaluate the level of achievement as objectively as possible.

Where necessary, the activities subject to performance evaluations shall also be subject to comprehensive evaluations so that the effects and problematic aspects of the activities are identified and their causes are analyzed and examined.

### (2) Comprehensive evaluations

Comprehensive evaluations are aimed at analyzing and observing the degree of the policy effects of each activity, including the economic effects, comprehensively from various angles. These evaluations require examinations for a certain length of time. Activities subject to comprehensive evaluations shall be those requiring analyses from multiple angles because diverse effects are expected, and those requiring in-depth analyses because of their importance.

### (3) Project evaluations

Project evaluations are applied prior to deciding on the activities aimed at implementing individual projects or efforts: to estimate and measure in advance the expected policy effects of the projects or the efforts and costs required for achieving the effects, for the purpose of deciding whether to implement the activities and selecting the activities to implement; to undertake evaluations from the viewpoints of whether or not the purposes of the activities are appropriate in light of the needs of citizens and society or for the above purposes, whether or not the administration needs to implement the activities, which will be determined in light of the ideal manner of the involvement of the administration, and whether the implementation of the activities will provide effects that make the costs worthwhile, for example; and to undertake ex-post examinations as necessary based on the contents of ex-ante evaluations.

## III. Matters related to the standpoints of policy evaluation

The JFTC shall implement policy evaluations from the viewpoints of the necessity, effectiveness, and efficiency of the activities, and also from the viewpoint of fairness depending on the characteristics of the activities. Where necessary, evaluations from the viewpoint of priority shall also be conducted based on the evaluations undertaken from the above viewpoints.

The general criteria for each viewpoint for evaluation shall be as follows. Specific criteria for evaluating each activity shall be determined based on the following.

### 1. Viewpoints of necessity

- (1) Whether the purpose of the activity is appropriate in light of the needs of the public and society and whether it is appropriate in light of the purpose of the policy, that is, promoting fair and free competition
- (2) Whether the JFTC needs to implement the activity, which will be determined in light of the ideal manner of the involvement of the administration

## 2. Viewpoint of effectiveness

Whether the implementation of the activity will enable, or has actually enabled, the expected effect to be obtained

## 3. Viewpoints of efficiency

(1) Whether an effect that is worthy of the amount of the resources allocated will be obtained or has actually been obtained

(2) Whether there are any other methods that will enable the required effect to be obtained with a smaller amount of resources

(3) Whether there are any other methods that will enable a greater effect to be obtained with the same amount of resources

## 4. Viewpoint of fairness

Whether benefits from the activity will be distributed, or have actually been distributed, in a fair manner in light of the purpose of the activity

## 5. Viewpoint of priority

Whether the implementation of the activity shall be given priority over others

# IV. Matters related to studying and acquiring information on the effects of policy

1. The effects of policy shall be identified by selecting an appropriate, applicable method in accordance with the characteristics of the subject activity, and in consideration of the cost required for identifying the effects of policy and the accuracy of analyses of the results obtained.

Wherever possible, methods that will enable the effects of policy to be identified quantitatively shall be applied by using the necessary numerical indexes, such as the number of consultations, number of notifications and reports of every kind, number of applications, number of legal measures, number of addressees of legal measures, amount of surcharge, rate of decline of the price of a commodity involved in a violation after a cease and desist of the violation, number of new entrants, and percentage of enterprises who have created compliance programs. Where these quantitative evaluations are difficult, or where the use of these methods will not lead with certainty to an objective, strict policy evaluation, a methods for identifying policy effects qualitatively, shall be applied.

2. Efforts shall be made to give prior consideration to the method of collecting and reporting the information, data, and facts needed to identify policy effects throughout the processes of implementation of the relevant activity, so that such information, data, and facts are obtained effectively and efficiently. Where cooperation for this purpose is sought from the individuals involved, efforts shall be made to identify the appropriate effects of policy within a range that will be understood by the individuals involved.

#### V. Matters related to the conduct of ex-ante evaluation

1. The method to be applied for ex-ante evaluation by the JFTC shall be either a comprehensive evaluation or a project evaluation.
2. For ex-ante evaluations, research and development concerning the methods of identifying policy effects shall be actively promoted, and activities shall be carried out sequentially toward the implementation of ex-ante evaluations in light of the status of the research and development.
3. When ex-ante evaluations are implemented, efforts shall be made to clarify, as far as possible, the processes by which the appropriate policy is selected from among multiple policy options and by which the policies are improved and reviewed, and the targeted effects and method of ex-post evaluations shall be clarified. At the same time, activities shall be carried out to ensure that the knowledge obtained by examining the validity of policy effects at the time of their appearance will be fed back to the ex-ante evaluations to be made thereafter.
4. Pursuant to the provisions of Article 3, item (vi) of the Ordinance for Enforcement of the Government Policy Evaluations Act (Ordinance No. 323 of 2001), ex-ante evaluations shall be conducted where a regulation is established, amended, or abolished due to the enforcement, amendment, or abolishment of a law or an ordinance assigned by law. Efforts shall also be made to implement ex-ante evaluations of regulations other than those for which ex-ante evaluations are made mandatory by Article 3, item (vi) of the said Ordinance.

## VI. Matters related to the conduct of ex-post evaluation

1. Ex-post evaluation shall be conducted to identify the effects of activities that have been decided on, based upon which the information to be reflected in reviews and improvements of activities and the planning, proposal and implementation of new activities will be provided.
2. Ex-post evaluation shall be conducted by applying units that are deemed reasonable for reflecting the results of policy evaluations in activities in an appropriate manner, while keeping in mind the relationship between the administrative aim and means.
3. Ex-post evaluation shall be conducted by applying project evaluations, performance evaluations, and comprehensive evaluations, and the method of evaluations to be applied shall be stipulated in the Operational Plan that is formulated for each year.

## VII. Matters related to acquisition and utilization of findings of persons with relevant knowledge and experience

1. When the JFTC conducts policy evaluations, it shall commission persons with relevant knowledge and experience (hereafter, the “experts”) as members of the Policy Evaluation Committee of the JFTC and obtain advice concerning policy evaluations from them by holding meetings of the Policy Evaluation Committee to ensure that evaluations are conducted objectively and to apply practical knowledge to the evaluations.
2. As a general rule, meetings of the policy evaluation committee shall be open to the public.
3. To utilize the knowledge and experience of the experts, methods such as the following, as well as the one mentioned above, shall be applied in accordance with the quality and contents of evaluations of the subject activities.
  - (1) Hearing of opinions from experts
  - (2) Utilizing external research institutions

VIII. Matters related to reflecting results of policy evaluations in policy planning and development

Divisions and offices with jurisdiction over individual activities (hereafter, the “divisions and offices with jurisdictions over policies”) shall apply the results of policy evaluations to the tasks of planning and proposing activities (tasks such as budget requests (including fixed numbers) and the establishment, amendment, or abolishment of a system pursuant to laws, etc.) in a timely, appropriate manner as important information, thereby reflecting them in the relevant activities in an appropriate manner.

Divisions and offices with jurisdiction over policies shall consult with the General Affairs Division of the Secretariat, General Affairs Division of the Economic Affairs Bureau, Trade Practices Division of the Trade Practices Department, and Management and Planning Division of the Investigation Bureau, based on the results of policy evaluations concerning individual activities, and shall then proceed with the tasks associated with the necessary reviews of the ways each activity is undertaken so that the purpose of the policy is achieved more effectively from the viewpoint of the public, and make decisions concerning the results of the reviews after deliberations at the JFTC.

To strengthen the links between policy evaluations with budgets and settlements, the necessary activities shall be carried out based on the spirit of the relevant cabinet decisions.

IX. Matters related to the organizational framework of implementing policy evaluation via the internet and other means

1. When preparing a report on the evaluation stipulated in Article 10, paragraph (1) of the Act, information concerning the items listed in the said paragraph shall be described as specifically and clearly as possible in light of the importance of enabling external examinations of the policy evaluation results, and the direction of the reflection of the results in policies shall also be clarified.
2. The gist of a report on the evaluation shall be concise descriptions of the main contents thereof, and shall be prepared by keeping in mind the necessity of showing the results of the evaluation in an easy-to-understand manner.



3. When a report on the evaluation is made public, information whose disclosure is likely to cause harm to national or public security and information concerning the privacy of individuals or corporate secrets shall be handled appropriately in accordance with the vision of the Act on Access to Information Held by Administrative Organs (Act No. 42 of 1999).
  4. The name and location information of materials and other information used in the evaluation process shall be stated in the report on the evaluation by following the “Guidelines for Publication of Information on Policy Evaluation” (Approved at the Interministerial Liaison Meeting on Policy Evaluation on 2010).
  5. The status of the reflection of policy evaluation results in activities shall be published by disclosing information about the policy evaluation results and the status of activities based on the said results (such as their contents, period, and future schedule) as specifically as possible.
  6. The evaluation documents and status of the reflection of the evaluation results in the activities shall be published by posting them on the JFTC website and in other appropriate manners that will allow citizens to understand the contents easily, such as issuing press releases, keeping them at PR bases, and distributing them at windows.
- X. Matters related to the organizational framework of implementing policy evaluation within the organ
1. Organizational framework

At the JFTC, the general affairs division of the secretariat and the divisions and offices with jurisdictions over policies shall implement policy evaluations through mutual cooperation.
  2. Specific division of tasks
    - (1) Tasks of the General Affairs Division of the Secretariat
      - A. General management of policy evaluations
      - B. Planning and proposing basic matters related to policy evaluations, including the formulation of this Basic Plan

- C. Examinations and coordination concerning proposals on the results of policy evaluations
  - D. Examinations of the status of the reflection of policy evaluation results in activities
- (2) Tasks of the divisions and offices with jurisdiction over policies
- A. Selection of the activities to be evaluated
  - B. Selection of the evaluation methods concerning the activities to be evaluated
  - C. Implementation of the tasks of policy evaluations
  - D. Examinations of the status of the reflection of policy evaluation results in activities

XI. Other matters necessary for the conduct of policy evaluations

Public opinions and requests concerning this Basic Plan and the results of policy evaluations shall be accepted at the windows of the General Affairs Division of the Secretariat and the local offices and branches and at the JFTC website, and the opinions and requests thus accepted shall be reflected in policy evaluations at the JFTC in an appropriate manner.

## Policy evaluation system of the JFTC ( Targets policy and principal activities)

