

PERFORMANCE-BASED BUDGETING · COUNTRY EXPERIENCE

Korea's Fiscal Program Performance Management

Korea's 20-Year Reform: From Legal Mandate to Digital FMIS and Expert-Led Performance Evaluation

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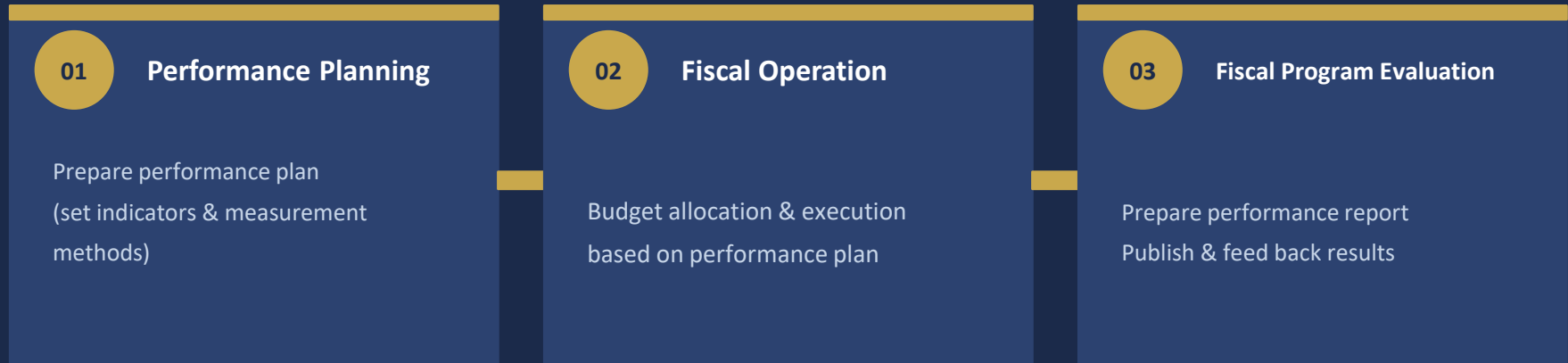
Korea's Performance Management Framework

Source: Ministry of Planning and Budget(MOPB)· Korea Fiscal Information Service (2025), Fiscal Program Performance Management Info

□ Performance Goal Hierarchy (Mission → Performance Indicator)



□ Performance Management Cycle



Fiscal Program Performance Management System

Source: Ministry of Planning and Budget(MOPB)— 2026 Fiscal Program Performance Management Implementation Plan (Jan 2026)

Fiscal Program Performance Management

Performance Goal Management

A. Performance Plan

Sets program-level performance indicators & targets for the next year

** Submitted to the National Assembly as annex to the budget bill*

B. Performance Report

Reports prior-year fiscal operation results vs. targets — achievement status & underperformance causes

** Submitted as part of settlement report; reported to Cabinet before National Assembly*

Key Cycle

Performance Plan (next year targets) is submitted with the budget bill in September. Performance Report (prior year results) is submitted with the settlement report in May.

Both documents are mandatory annexes for all 60 central government agencies under NFA Art. 85-7.

Fiscal Program Evaluation

A. Integrated Fiscal Program

Replaces the dual-track system (ministry self-assessment + MOPB review) with a unified, expert-led evaluation. A panel of ~150 external experts — including ~10% civil society members — objectively assesses programs and feeds results directly into budget allocation

B. Ministry-Led Sector Evaluations

Lottery Fund, R&D, Disaster Safety, Regional Balance, Employment, SME — each led by the responsible ministry

C. Subsidy Program Extension Review

Expanded from annual review of 1/3 of subsidy programs to review of ALL subsidy programs annually (2026 reform). Results submitted to National Assembly with the budget bill

D. In-Depth Evaluation

Deep-dive objective outcome verification (since 2005)

E. Fund Evaluation

Fund operation & viability review (since 2000)
** Reported to Cabinet; submitted with settlement report*

Performance Management Infrastructure

A. AI-Based Performance Management

B. Enhanced Disclosure of Performance Information

Legal Basis for Performance Management

Korea's National Finance Act (NFA) provides the primary legal mandate for performance planning and reporting across all central government agencies.

National Finance Act (NFA)

Establishes a performance-oriented approach to managing fiscal projects — covering how performance is planned, implemented, and reported.

Art. 7

5-Year National Fiscal Management Plan

MOPB prepares a 5-year+ plan and submits to the National Assembly.

Art. 85-4

Master Plan for Performance Management

5-year plan: basic directions, use of results & disclosure. Annual implementation plan reported to the National Assembly.

Art. 85-5

Implementation System

Agency heads establish systems; designate responsible officials. MOPB develops and shares performance indicators.

Art. 85-7

Submission of Plans & Reports

Ministries submit performance plans (next year) and reports (prior year) alongside budget requests to the Assembly.

Art. 85-8

Evaluation Authority

Minister may commission fiscal project performance evaluation (Presidential Decree). From 2026, this authority supports the new Integrated Evaluation framework led by external expert panels. Also covers In-Depth Evaluation (since 2005) and Sector-Specific Evaluations.

Art. 85-10

Reflection of Results

MOPB reports results to the National Assembly. Agencies may link outcomes to budgeting, personnel & remuneration.

Art. 85-11

Capacity Building

Agencies build internal capacity: training programs for performance management officials.

Korea's Digital Infrastructure for Performance Management

dBrain+ is the integrated FMIS Backbone — Performance Management System, Open Fiscal Portal, KODAS and KORAHs are its subsystems

INTEGRATED FMIS · BACKBONE SYSTEM

dBrain+

Integrated Financial Management Information System — covers KRW 728 tril. across 60 central agencies. Links budget codes, performance plans, execution data and evaluation results. Four subsystems operate within dBrain+ system.

COVERAGE

KRW 728 tril.

60 central agencies · 534 performance indicators

4 SUBSYSTEMS

PERFORMANCE DATA SYSTEM

Performance Management System

Collects ministry self-assessment data, stores performance indicator results, and feeds performance reports to the National Assembly. Core data layer of dBrain+.

PUBLIC TRANSPARENCY PLATFORM

Open Fiscal Portal

Public-facing portal disclosing all performance plans, reports, self-evaluation results and fund evaluations. Enables parliamentary and citizen scrutiny.

CROSS-GOV ANALYTICS

KOFIS

Data analytics platform within dBrain+. Enables cross-agency comparison of performance outcomes and supports budget analysis for expenditure restructuring decisions.

AI RISK MONITORING

KORAHs

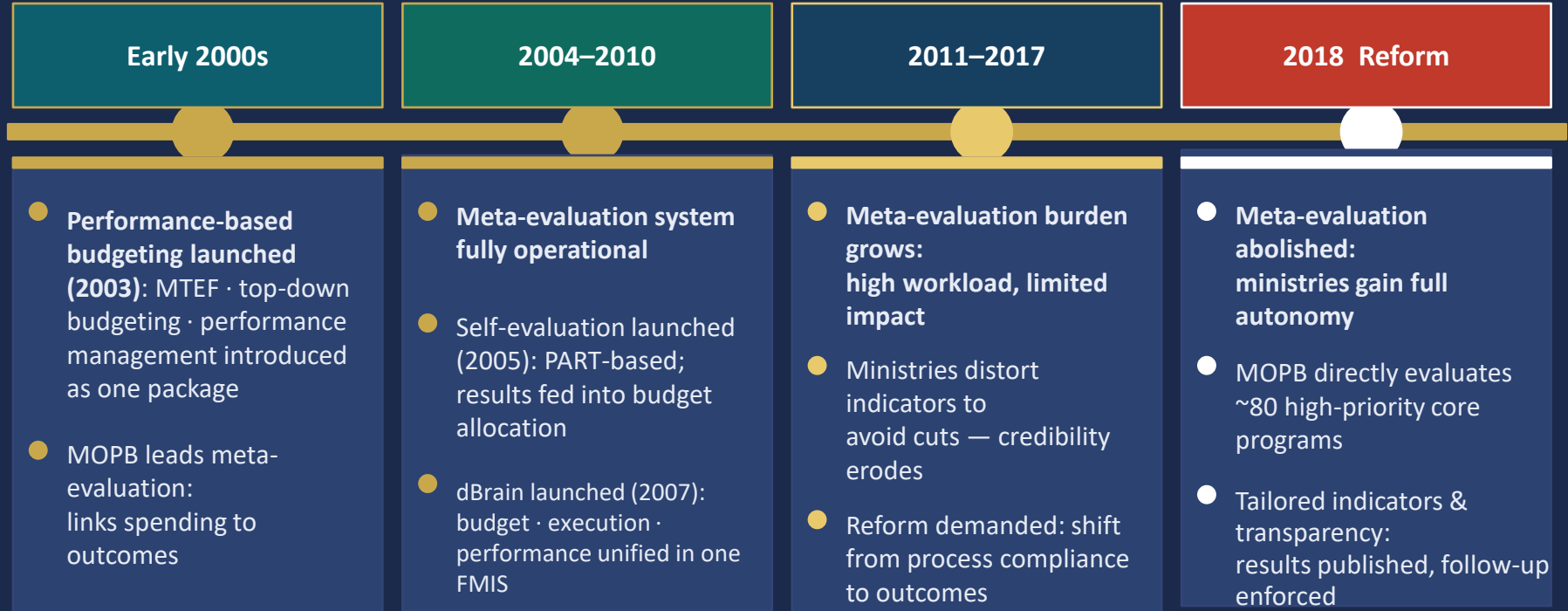
Monitors 8,000+ fiscal and policy indicators in real time. Flags anomalies before they escalate. Presupposes mature data infrastructure — a long-term build within dBrain+.

How Korea's Performance Management Evolved (2003–2026)

Part 1 / 2

Source: FIS Report 25-04 · Korea National Finance Act

Phase 1 — Foundation & Meta-Evaluation Era (2003–2018)

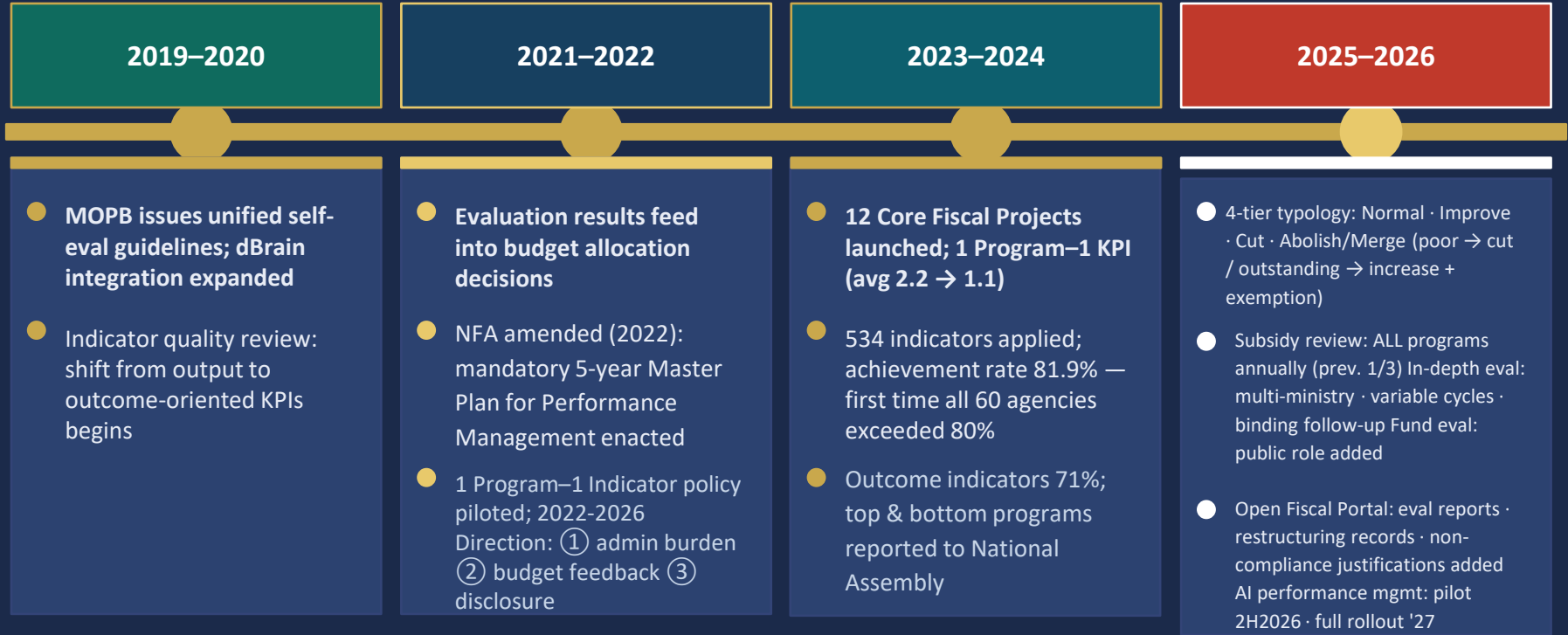


How Korea's Performance Management Evolved (2003–2026)

Part 2 / 2

Source: FIS Report 25-04 · Korea National Finance Act

Phase 2 — Transition & Full-Scale Reform (2019–2026)



Lessons That Shaped the 2026 Model

Resource-Intensive Oversight

Meta-evaluation placed heavy administrative burden on ministries without measurable gains in fiscal accountability.

Distorted Self-Assessment

Ministries manipulated self-assessment indicators to avoid budget cuts, undermining the credibility of results.

Uniform Guidelines Fell Short

One-size-fits-all evaluation criteria could not reflect the diversity and complexity of individual government programs.

Limited External Verification

Self-reported evaluation results, without independent verification, had limited traction with external stakeholders. This is a structural challenge common to many self-assessment frameworks.

Key Features of the 2026 Model

Source: Ministry of Planning and Budget(MOPB)— 2026 Fiscal Program Performance Management Implementation Plan (Jan 2026)

KRW 427.1 tril.

2026 Performance-Managed Budget
(58.8% of total expenditure: KRW 728.0 tril.)

534 Indicators

2026 Performance Indicators
(60 agencies, 192 strategic goals)

81.9%^{*1}

2024 Performance Goal Achievement Rate
(first time exceeding 80% — all 60 agencies)

01 AI-Based
Performance
Management

02 Expert-Led
Integrated
Evaluation

03 Strengthened
In-Depth Evaluation

04 Enhanced Transparency &
Performance Disclosure

05 Follow-up Monitoring

* Note1: the 2026 model's own results will only be measurable in 2027 once the full evaluation cycle is complete.

Reform Readiness Roadmap — Start Where You Are

Each tier stands alone — begin at your current capacity level, not where Korea is today

TIER 1 — START NOW

Foundation Phase

Legal & Policy Levers

Legal mandate

Embed performance planning in budget law. Korea's NFA Art. 85 made annual performance plans mandatory for all ministries.

1 Program — 1 KPI

Require each ministry to set 1 outcome indicator per program. Korea cut avg from 2.2 → 1.1 indicators.

Self-evaluation checklist

Mandate 1/3 of programs assessed annually using relevance / efficiency / effectiveness criteria.

Requires: Internal capacity only · No IT investment needed

TIER 2 — NEEDS INVESTMENT

Building Phase

Data & Systems

Integrated data platform

Central repository linking budget codes to performance data. Korea's dBrain+ took ~3 years. Start with 5–10 pilots.

Budget–performance feedback

Formal rules linking evaluation ratings to budget requests. Korea mandates mandatory budget reduction for persistent underperformers (2+ consecutive misses trigger expenditure efficiency plan).

Open fiscal disclosure

Publish all performance reports on one portal (Korea: Open Fiscal Portal). Builds public trust and parliamentary oversight.

Requires: MoF–line ministry agreement · Budget allocation for IT

TIER 3 — LONG-TERM BUILD

Sustainability Phase

Full Integration & Accountability

Full FMIS integration

Real-time dashboards fed by budget execution data. Korea's dBrain+ covers KRW 728 tril. across 60 agencies.

AI risk monitoring

Korea's KORAHs monitors 8,000+ indicators in real time. Presupposes mature data infrastructure.

Culture of accountability

Ministries self-compete for performance. Building this culture takes decades — not a single policy.

Requires: Sustained IT investment · Inter-agency data standards · Cultural shift

Korea in Four Numbers — What 20 Years of Reform Delivered

81.9%

2024 performance goal achievement rate
— first time all 60 agencies exceeded 80%

**KRW
427T**

58.8% of total expenditure under
performance management in 2026

534

Performance indicators across
60 agencies & 192 strategic goals (2026)

20+

Years of sustained reform since
performance-based budgeting (2003)

The Korea Experience — In Brief

"Korea's fiscal performance management has evolved over 20 years — from broad meta-evaluation to a legally grounded, expert-led model that integrates dBrain+'s FMIS, empowers external experts and civil society, and directly links fiscal outcomes to budget decisions and national accountability."