

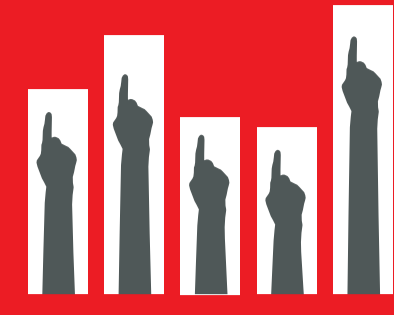


SOUTH KOREA

PUBLIC PARTICIPATION

Mechanisms in Fiscal Matters

South Korea scored 65 out of 100 on the Open Budget Index, a comparative measure of central government budget transparency.



As a result of the democratic transition in 1987, public participation in fiscal decision-making and budget transparency have greatly improved in South Korea under the Three Plus One Fiscal Reforms Program.

EXECUTIVE BRANCH



CIVIL SOCIETY PRE-BUDGET CONSULTATIONS



Annual budget cycle:
Executive budget preparation.

OBJECTIVE



Allow wide public participation, including NGOs and experts, in the initial stage of formulation of the National Fiscal Management Plan (NFMP), a 5-year fiscal management plan subject to adjustment each year.

MECHANISM

- At the last stage of the NFMP formulation, a public hearing is held in which professors, private sector experts, researchers at government-affiliated think tanks and CSOs are invited.
- The public hearing, which is televised, is divided into sessions according to the analyzed topics.
- The public may submit oral and written suggestions.
- The NFMP is submitted to the National Assembly as an obligatory reference for budget deliberation.

RESULTS

In 2013, the public hearing was divided into 9 sessions. Each session was attended by about 6 participants, including professors, researchers, and experts from private sector and civil society.

The types of information in the NFMP are usually hard for the general public to understand.

The meetings focus on broad forecasting and policy issues, with little participation from ordinary citizens.

TOP-DOWN BUDGETING: ADVISORY COMMITTEE FOR FISCAL POLICY



Annual budget cycle:
Executive budget.

OBJECTIVE



- Create a Top-Down Fiscal Policy System.
- Create an Advisory Committee on Fiscal Policy to advise on:
 - National Fiscal Management Plan (NFMP).
 - Proposal for budget and management of special funds.
 - Guidelines for budget proposal.
 - Establishment, merger, or abolishment of special accounts and funds.
 - Evaluation of the management of special funds.

MECHANISM

- The Advisory Committee has about 30 members, including vice ministers, governors, experts, professors, staff at CSOs, and local government officials.
- Participants can provide oral and written suggestions freely and can vote or veto the proposals or audit the whole budget.

RESULTS

The results of participation are not sufficiently analyzed.

The fact that the Advisory Committee can reject (veto) projects allows it to exercise significant policymaking and political power.

PUBLIC HEARINGS ON BUDGET BILLS, FUND OPERATION PLANS, AND SETTLEMENT OF ACCOUNTS



Annual budget cycle:
Pre-budget consultations and exercises.

OBJECTIVE



Take into consideration the public's opinion on macroeconomic forecasts, budgetary priorities, and controversial projects.

MECHANISM

- The Special Committee on Budget and Accounts reviews the budget after a preliminary review by the standing committees.
- There is no limit to the agendas and in public hearings new perspectives and agendas can be raised.
- The Special Committee holds a public hearing, where usually 6 experts are recommended as speakers by ruling and opposition parties (professors, researchers, and staff of CSOs).
- There is no obligation for the Special Committee to adopt the opinions expressed at the hearing.
- As this is the last stage of the budget process, a select body of experts and CSOs have the ability to directly affect budgetary outcomes.

RESULTS

There are no results to report as of yet.

Since this is the last stage of the national budget process, a select body of experts and CSOs have the ability to directly affect budgetary outcomes.

EXPERTS' AND CIVIL SOCIETY PRE-BUDGET CONSULTATIONS



Annual budget cycle:
Pre-budget consultations and exercises.

OBJECTIVE



Ensure public participation in matters of analysis and appraisal concerning the budget, settlement of budget, and the management of funds and finances through the National Assembly Budget Office (NABO).

MECHANISM

- The role of NABO is to support the National Assembly by analyzing and evaluating issues related to the national budget fund and fiscal operations.
- Two avenues of participation:
 - Through the Panel of Advisors, composed of one chairperson and 17 other members who serve two-year terms. They are all acknowledged experts of finance and economy at universities, research institutes, government offices, or in journalism. The outside advisors can submit ideas on behalf of civil society.
 - Through public hearings and conferences held by NABO to guide the analysis of the government budget once it is submitted.

RESULTS

There are no results reported.

SUPREME AUDIT INSTITUTION



TOP-DOWN BUDGETING: ADVISORY COMMITTEES IN THE BUDGET PREPARATION AND IN PERFORMANCE EVALUATIONS



Annual budget cycle:
Executive budget preparation, auditing and review.

OBJECTIVE



- Create a Top-down Budgeting System.
- Create Advisory Committees, with outside experts and CSOs' staff members.

Include the Advisory Committees' participation in the process of setting the ceilings by sector and allocating the budget for programs.

Include policy experts' participation at the self-evaluation stage of the Executive's performance evaluation by line ministries.

MECHANISM

- Top-Down Budgeting System is a two-step process: First, the central budget agency sets sector ceilings, and then line ministries allocate the budget for programs within the ceilings.
- At each step, there is an advisory committee for consultation with members including outside experts and CSO staff.
- All budgetary programs are subject to evaluation every 3 years, with outside experts and CSO staff.
- Program monitoring, review and evaluation, performed by the line ministries, is open to the public through the Ministry of Strategy and Finance's website.
- Experts and CSOs' staff can provide oral and written suggestions freely and can vote for or veto proposals.

RESULTS

As a result of the 3+1 reforms, there has been a notable change in budgetary priority: a shift from economy to welfare, reflecting the voice of ordinary citizens.

EXPERT PARTICIPATION IN R&D PRIORITIES, BUDGET ALLOCATION AND PERFORMANCE



Annual budget cycle:
Executive budget preparation.

OBJECTIVE



- Create a National Science and Technology Council with outside experts' participation.
- Take into consideration experts' opinion in setting R&D priorities, conducting inter-ministerial R&D budget allocation, and evaluating R&D performance.

MECHANISM

- The National Science and Technology Council aims to coordinate R&D across the ministries.
- Seven expert committees reviewing R&D budget in major fields, such as Big Science, Policy Coordination, Energy and Environment.
- Experts widely participate in the committees and the Council is composed of:
 - Two special committees to discuss certain issues, such as military-civil cooperation.
 - Two consultation committees promoting basic research and local science and technology.
- A plenary session that deliberates major policies for science and technology.
- A steering committee.

RESULTS

While there is no data on the results, there is extensive opportunity for outside experts to participate in the various committees.

CREATION OF A FISCAL TRANSPARENCY PORTAL



Annual budget cycle:
Executive budget preparation.

OBJECTIVE



- Create a fiscal transparency portal with real time data for budgetary implementation (Digital Brain System, an advanced mechanism for managing the budget and for incorporating all related fragmentary data).
- Promote the public's supervision and evaluation of the budget execution.
- Receive the public's feedback on the budget proposal.

MECHANISM

- The goal is to create a one-stop shop with the Budget and Accounting System Reinvention Office and to introduce double-entry bookkeeping, reform the Program Budgeting
- System for government policies and performance management, establish the National Integrated Fiscal Information System, and adjust fiscal reporting ranges to comply with international standards.

RESULTS

The launch of the Digital Brain System, which enables more accurate analysis of the fiscal data and information. All information regarding budget execution is available to the general citizenry and the entire process is open to the public.

The Year-End Report is published by the government, and the Audit Reports for all line ministries are combined, published, and open to the public. All reports are available through the Digital Brain System.

LEGISLATURE



RESIDENTS' REQUEST TO CONDUCT AN AUDIT



Annual budget cycle:
Auditing and review.

OBJECTIVE



- Create the Resident Audit Request System, with which a certain number of residents can request the Board of Audit and Inspection (BAI) to conduct an audit of specific actions.

MECHANISM

- BAI has dual role: auditing and inspection, regarding unlawful allocations of the budget or accounting.
- A certain number of residents can request the BAI to audit local governments' actions that may be against the law, public interest, or rights of individuals.
- Residents may file suit against local governments
- Establishment of the Audit and Inspection Research Institute under BAI. Extensive efforts are being made to include the voice of professors and outside experts on behalf of BAI.

RESULTS

In 1999, the Citizens' Coalition for Economic Justice (CCEJ) compared the budgets of cancer wards at other university hospitals with the government's budget for the National Cancer Center and found the latter excessive.

The audit was started because of the "resident audit request" system. The BAI found that overlapping, unclear investments between the NCC and a university hospital had caused inefficiency and financial waste.

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