

Kim, Soonhee (Ed.)

Research Report

Participatory Governance and Policy Diffusion in Local Governments in Korea: Implementation of Participatory Budgeting

KDI Research Monograph, No. 2016-01

Provided in Cooperation with:

Korea Development Institute (KDI), Sejong

Suggested Citation: Kim, Soonhee (Ed.) (2016) : Participatory Governance and Policy Diffusion in Local Governments in Korea: Implementation of Participatory Budgeting, KDI Research Monograph, No. 2016-01, ISBN 979-11-5932-106-1, Korea Development Institute (KDI), Sejong, <https://doi.org/10.22740/kdi.rm.e.2016.01>

This Version is available at:

<http://hdl.handle.net/10419/200949>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.



Participatory Governance and Policy Diffusion in Local Governments in Korea: Implementation of Participatory Budgeting

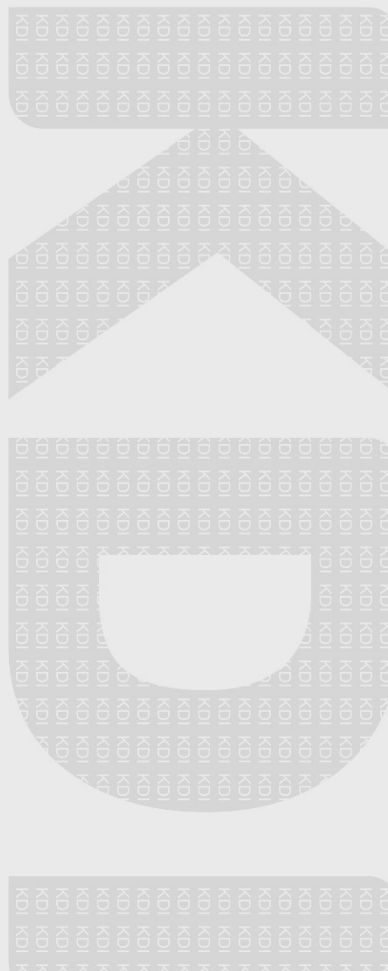
Edited by Soonhee Kim

KOREA DEVELOPMENT INSTITUTE



Participatory Governance and Policy Diffusion in Local Governments in Korea: Implementation of Participatory Budgeting

Edited by
Soonhee Kim



© January 2016
Korea Development Institute
263, Namsejong-ro, Sejong-si
30149, Korea

ISBN 979-11-5932-106-1

Price: ₩4,000



| Preface |

Government leaders' attention to participatory governance, public-private partnership, and community empowering has been increased in developing countries as well as developed countries as a way of enhancing public trust in government and overcoming economic and social challenges in governance. Korea is no exception. Especially, the evolution of participatory budgeting (PB) in the Republic of Korea shows very interesting dynamics in the context of democratization and decentralization. PB in Korea is a mandatory citizen participation program in local governments since enacting the Local Finance Act in 2011. The case of PB program in Korea presents an important policy diffusion process from a bottom-up approach to a top-down one concerning intergovernmental relations for implementing a citizen participation program.

As PB has been implemented in all the local governments in Korea, it provides a great opportunity to conduct a nation-wide assessment study of the PB adoption and diffusion, local government capacity for the PB implementation, and the impacts of the PB on public administration and values in local governance. Focusing on local governments' experiences of PB implementation, "Participatory Governance and Policy Diffusion in Local Governments in Korea: Implementation of Participatory Budgeting," provides theoretical and practical insights for understanding policy diffusion, implementation capacity, impacts, and challenges. It further elaborates several policy recommendations for enhancing PB implementation capacity given the ongoing challenges of PB implementation, including weak financial independency of local governments, the relation between local government and local council, and the low level of citizen participation in the PB program.

I would like to thank project manager Professor Soonhee Kim of the KDI School of Public Policy and Management along with co-authors Professor Junesoo Lee of the KDI School of Public Policy and Management and Professor Jooho Lee of the University of Nebraska Omaha for their dedicated efforts. The authors also gratefully acknowledge Hui-young Hwang and Seonghyun Yu of Korea University for their hard work as research assistants for this study. Special thanks go to Dr. Youngho Chung and his colleagues at Economic Information and Education Center at KDI for their support for implementing the survey of PB in local governments.

Joon-Kyung Kim
President of KDI

| Contents |

Preface

CHAPTER 1

Introduction

(Soonhee Kim)

1

CHAPTER 2

Participatory Budgeting Adoption and Diffusion in Korea

(Soonhee Kim and Jooho Lee)

- | | |
|--|----|
| 1. Introduction | 6 |
| 2. Assessing the Adoption and Diffusion of PB Policy and Tools | 8 |
| 3. Policy Implications and Conclusion | 33 |
| References | 38 |

CHAPTER 3

Implementation of Participatory Budgeting in Korea:

Capacity Assessment

(Jooho Lee and Soonhee Kim)

- | | |
|---|----|
| 1. Introduction | 40 |
| 2. PB Implementation Assessment | 41 |
| 3. PB Implementation and Capacity in Local Government | 46 |
| 4. Policy Implications and Conclusion | 65 |
| References | 72 |

CHAPTER 4

Impacts of the Participatory Budgeting System

(*Junesoo Lee*)

| | |
|---|----|
| 1. Introduction | 74 |
| 2. A Glance at the Impacts of the PB System | 75 |
| 3. Mixed Impacts of the PB System | 80 |
| 4. Policy Implications and Conclusion | 92 |
| References | 99 |

CHAPTER 5

Conclusion

(*Soonhee Kim*)

100

Appendix

106

I List of Tables I

| | | |
|-------------------|---|----|
| Table 1-1 | The Evolution of Laws for Participatory Budgeting in Korea | 2 |
| Table 2-1 | Policy Changes and PB Adoption in Korean Local Government | 10 |
| Table 2-2 | Two Types of PB Adopter by Region | 12 |
| Table 2-3 | PB Adopter by Executive's Political Party Affiliation | 14 |
| Table 2-4 | PB Adopter by Local Council Members' Political Party Affiliation | 15 |
| Table 2-5 | Perceived Organizational and Environmental Conditions Prior to PB Adoption | 16 |
| Table 2-6 | PB Practice Prior to PB Ordinance | 17 |
| Table 2-7 | Adoption of PB Tools in Ordinance | 20 |
| Table 2-8 | Adoption of PB Tools by Early and Late PB Adopters | 21 |
| Table 2-9 | Adoption of PB Policy Tools | 22 |
| Table 2-10 | The Sources of Learning While Adopting PB Tools | 24 |
| Table 2-11 | Number of Meetings and Attendees | 26 |
| Table 2-12 | Citizen Members of PB Committee and Selection Methods | 29 |
| Table 2-13 | Adoption of PB Implementation and Operation Policies | 31 |
| Table 2-14 | The Sources of Learning While Adopting PB Operation Policy | 32 |
| Table 3-1 | Annual Targeted Budget Allocation for PB | 42 |
| Table 3-2 | Project Expenditure Amount under PB Decisions | 43 |
| Table 3-3 | Three Major Policy Areas: Expenditure under PB Decisions | 44 |
| Table 3-4 | Top Three Factors Affecting Project Budget Amounts under PB | 45 |
| Table 3-5 | PB Implementation: Capacity Assessment in Local Government | 47 |
| Table 3-6 | Human Resources for PB Implementation | 48 |
| Table 3-7 | PB Civil Servant Responsibility | 48 |
| Table 3-8 | Presence of the PB operation Budget | 49 |
| Table 3-9 | PB Operation Budget | 49 |

| | | |
|-------------------|---|----|
| Table 3-10 | Support from the Higher Level of Government | 50 |
| Table 3-11 | Financial Support for Six Local Governments | 51 |
| Table 3-12 | Funded Policy/Project Areas in Six Local Governments | 51 |
| Table 3-13 | Non-monetary Support for PB in Local Government | 52 |
| Table 3-14 | Non-monetary Support Areas by Local government | 53 |
| Table 3-15 | Monetary Incentives for PB Participants | 54 |
| Table 3-16 | Types of Monetary Incentives for PB Participation | 55 |
| Table 3-17 | Non-Monetary Support for Citizens | 56 |
| Table 3-18 | Communication Methods Usage and Purpose | 58 |
| Table 3-19 | PB Participants' Knowledge on Budget: | |
| | PB Managers' Perceptions | 60 |
| Table 3-20 | Overall Project Approval Rate by Local Council | 61 |
| Table 3-21 | Project Approval Rate by Local Council (the Lower-level of Local Government) | 62 |
| Table 3-22 | Project Approval Rate by Local Council (the Higher-level of Local Government) | 63 |
| Table 3-23 | Proposals for PB Consideration | 63 |
| Table 3-24 | Proposal by the Lower-level Local Government | 64 |
| Table 3-25 | Proposals in the Higher-level of Local Government | 65 |
| Table 3-26 | Challenges of the PB Implementation: | |
| | PB Managers' Perspectives | 71 |
| Table 4-1 | Values of the PB system | 75 |
| Table 4-2 | Advantages of the PB System | 77 |
| Table 4-3 | Challenges of the PB Implementation: | |
| | PB Managers' Perspectives | 77 |
| Table 4-4 | Values and Impacts of the PB system | 79 |
| Table 4-5 | Representativeness of Citizens' Various Interests | 81 |
| Table 4-6 | Increase in Acceptance of Biased Opinions by Particular Individuals or Interest Groups | 81 |
| Table 4-7 | Improvement of Fairness in Policy Making Process | 82 |

| | | |
|-------------------|---|----|
| Table 4-8 | Increase in Conflicts among Interest Groups in Budget Allocation | 82 |
| Table 4-9 | Designing Creative and Diverse Solutions through Citizens’ Participation | 83 |
| Table 4-10 | Appropriate Response to Citizens’ Demands for Public Services | 83 |
| Table 4-11 | Increase in Policy Demands by Residents | 84 |
| Table 4-12 | Less Efficiency in Budget Allocation | 84 |
| Table 4-13 | Reduction of Corruption in Budget Process | 85 |
| Table 4-14 | Improvement of Efficiency in Budget Process | 86 |
| Table 4-15 | Delay in Decision Making Related to the Budget | 86 |
| Table 4-16 | Duplicate Works with Existing Participatory Programs | 86 |
| Table 4-17 | Additional Burden of Work due to the PB | 87 |
| Table 4-18 | Saving of Expenditure and Reduction of Waste | 87 |
| Table 4-19 | [Before PB] Difficult Access to Government Information | 88 |
| Table 4-20 | Improvement of Citizens’ Accessibility to the Government Information | 88 |
| Table 4-21 | Improvement of Transparency in Policy Making Process | 89 |
| Table 4-22 | Organizations and Functions not in Operation | 89 |
| Table 4-23 | Improvement of Citizens’ Understanding about Local Government and of Citizens’ Trust in the Government | 90 |
| Table 4-24 | Enhancement of Government Officials’ Understanding about Citizens and of their Trusts in Citizens | 90 |
| Table 4-25 | [Before PB] Lack of Citizens’ Participation in Decision Making Process | 91 |
| Table 4-26 | Plans for Improvement of PB System | 92 |
| Table 4-27 | Pairs of the Mixed Impacts of the PB System | 93 |
| Table 4-28 | Numerical Associations between “Fairness vs. Efficiency” and Local Governments’ Adoption Periods | 94 |

| | | |
|-------------------------|--|-----|
| Appendix Table 1 | Configuration of Local Governments in the Survey | 106 |
| Appendix Table 2 | The list of Local Government by PB Diffusion Phase | 107 |
| Appendix Table 3 | Financial Independence of Local Governments and PB project Budget Ratio | 111 |
| Appendix Table 4 | The Number of Proposal and Residence Population | 115 |

| List of Figures |

| | | |
|-------------------|--|----|
| Figure 2-1 | Diffusion of PB Ordinance in Korea | 9 |
| Figure 2-2 | Top Five Local Government Benchmarked While Adopting PB | 19 |
| Figure 2-3 | PB Governance Tools: Policy Adoption and Civil Servant Members | 28 |
| Figure 2-4 | Selection Criteria for Citizen Members during Open Recruiting Process | 30 |
| Figure 3-1 | Budget Documents Openness in PB | 57 |
| Figure 4-1 | Visualized Association between Fairness and Efficiency | 94 |

CHAPTER 1

Introduction

Soonhee Kim

(KDI School of Public Policy and Management, Korea)

Scholars in Korea address that the introduction of PB in local government aims for enhancing citizen's right to know, transparency, and accountability (Kwack, 2005; Lim, 2011; Jung, 2014; Yoon, Seong, and Lim, 2014). It further focuses on increasing efficiency of a budgeting process and responsiveness of local government to the needs of citizens through a practical budget plan based on citizens' participation and communication between citizens and public managers (Kwack, 2005).

As shown in Table 1-1 below, the evolution of PB in local government in Korea has a very interesting process in the context of decentralization. During the Roh Moo-Hyun administration, several local governments took a bottom-up and experimental approach to initiating a PB system. This first stage of the PB system development was focused on a voluntary approach by local government. In 2005, however, national government paid attention to the system and revised the Local Finance Act in order to ensure citizens' participation in the local government budgeting process and to encourage local governments' efforts for inviting citizens to participate in the local government budgeting process (Kwack, 2007). After five years investment in the PB system diffusion by the Ministry of Security and Public Administration in the national government, the PB system in Korea was settled as a mandatory policy, and all local governments were required to adopt and implement the PB system according to the Local

Table 1-1 | The Evolution of Laws for Participatory Budgeting in Korea

| Year (Presidency) | Law/Executive Order | Significant Change | Impact |
|---|---|--|---|
| 2003~2005 (President Roh, Moo Hyun) | - | - | <ul style="list-style-type: none"> • Voluntary adoption of participatory budgeting by five local governments (including Buk-gu, Gwangju), without a legal basis. |
| Jun. 2005 (President Roh, Moo Hyun) | <ul style="list-style-type: none"> • Local Finance Act (Amendment) | <ul style="list-style-type: none"> • Amended to provide a legal basis for citizens to participate in the budgeting process. (Article 39) | <ul style="list-style-type: none"> • Voluntary adoption and operation of participatory budgeting by individual local governments. |
| Aug. 2006 (President Roh, Moo Hyun) | <ul style="list-style-type: none"> • Standards for Participatory Budgeting Ordinance (MOPAS) | <ul style="list-style-type: none"> • Recommended the adoption of participatory budgeting in local governments. • Presented a minimum guideline for enacting a participatory budgeting ordinance. | <ul style="list-style-type: none"> • Voluntary establishment of ordinances that take local characteristics into account. |
| Oct. 2010 (President Lee, Myung Bak) | <ul style="list-style-type: none"> • Model Ordinance of Participatory Budgeting (MOPAS) | <ul style="list-style-type: none"> • Presented three different ways to enact a participatory budgeting ordinance in terms of format, contents, etc. | <ul style="list-style-type: none"> • Voluntary adoption of participatory budgeting by provincial or metropolitan governments. • Voluntary adoption of participatory budgeting by 42.2% of all local governments, as of the end of 2010* |
| Mar. 2011 (President Lee, Myung Bak) | <ul style="list-style-type: none"> • Local Finance Act (Amendment) | <ul style="list-style-type: none"> • Amended to make participatory budgeting mandatory. • Attachment of citizen opinions to the budget draft is voluntary | <ul style="list-style-type: none"> • Mandatory adoption and operation of participatory budgeting in local governments (details may differ from one local government to another since the law allows local governments to consider their own situational contexts). |
| May 2014 (President Park, Geun Hye) | <ul style="list-style-type: none"> • Local Finance Act (Amendment) | <ul style="list-style-type: none"> • Amended to make the attachment of citizen opinions to the budget draft mandatory. | - |

Note: MOPAS: Ministry of Public Affairs and Security.

Source: Adapted from Kim (2014), Lee (2011), and Yoon, Seong, and Lim (2014)

Finance Act 2011 (Yoon, Seong, and Lim, 2014). More details of the PB policy evolution are available from the PB research monograph published by Korea Development Institute (KDI) in 2014 (see Kim, 2014).

The 2011 Local Finance Act provides specific guidelines for the PB implementation and allows adopting various operation structure and process by each local government (Lim, 2011). Although all the local governments in Korea has adopted the PB system today, there is rare empirical research on a nation-wide assessment study of the PB adoption and diffusion, local government capacity for the PB implementation, and the impacts of the PB on public administration and values in local governance. While there is limited research on the national level assessment of the PB implementation, some scholars find the institutional complexity of the PB in Korea as different local governments applied various PB operation structures, processes, and decision mechanisms in the different context of finance conditions and community residents in local governments (Yoon, Seong, and Lim, 2014). Meanwhile, global attention has been paid to the adoption of various methods of fostering citizen participation in the PB system in Korea, including internet surveys, online bidding, cyber forum, online bulletin boards, public hearings, budget schools, and budget policy seminars for citizens (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013).

As Kim (2014) pointed out, a challenging theoretical and practical issue here is the legitimacy and effectiveness of the PB mandate to all the local governments when there is limited evidence on the positive and negative impacts of the PB on government performance and governance values in all different levels of local governments in Korea. Therefore, it is very timely to conduct the nationwide assessment study of the PB implementation in order to get a better strategy for delivering the PB effectively.

In order to conduct the comprehensive assessment of PB practices in the Korean local governments, the research team conducted a survey and utilized available secondary data. The primary dataset used in this report was gathered through a nationwide survey of the Korean local government in 2015. As the survey participants are all the local governments, sampling methods were not applied. The configuration of the local governments is all of the 242 local governments in Korea which consist of the 15 metropolitan governments and the 227 primary local governments. As the most appropriate survey participants, the

research team identified government officials who are equipped with the best knowledge about PB practices in their local governments. In order to develop a list of those survey participants, we used the Freedom of Information Act to request each local government to provide contact information about the survey participants. Using the collected contact information, Economic Information and Education Center at KDI contacted them and visited those who agreed to participate in the survey, and used the survey instrument to conduct face-to-face interview to collect survey data. As a result, 229 of 242 local governments were participated in the survey (see Appendix Table 1). The research team designed the survey instrument and tested it by conduction a face to face interview with a government official who is in charge of PB at a metropolitan city. Another secondary dataset used in this report was collected by conducting content analysis of PB-related local ordinance. By its complementary nature, the content analysis of local ordinance provides us with an opportunity to collect additional data about the timing of PB adoption, changes, and specific PB tools, implementation, and operation. Also, the research team utilizes other dataset drawn from diverse sources of secondary data. Based on the data analysis, this report presents three chapters regarding the PB system in Korea.

Chapter 2 aims to offer a systematic and comprehensive assessment study of PB policy adoption and diffusion in Korean local governments. This chapter consists of two broader topics of interest: PB ordinance as a measure of policy innovation and PB policy tools designed to implement and operate PB policy. By analyzing 2015 national survey data of PB practices and local PB ordinance contents, this chapter reports the findings of the current status of general PB policy and specific PB policy tools in the Korean local government. With regard to PB policy in general, this chapter takes historical and comparative approaches to understanding the patterns of PB policy adoption and diffusion over the past years and by geographical and political factors. As specific PB policy tools, this chapter focuses on three types of instruments including PB governance tools (e.g. PB committee), PB communication tools (e.g. PB websites), and PB education tools (e.g. budget school) in order to gain deeper understanding about how these PB tools are used in local governments. Based on the findings, this

chapter discusses implications and policy recommendations.

Chapter 3 focuses on an assessment of the PB implementation status, local government capacity, and PB participants capacity for the PB implementation. The budget appropriation amount for the PB and its decision mechanism are analyzed firstly. Then, the chapter explores specific policy/project areas that local government spent under the PB decisions and the factors affecting the PB budget. Chapter 2 further analyzes the following four capacity dimensions that could potentially influence on the effectiveness of the PB implementation: management capacity for the PB operation (e.g., resources, incentives for citizen participation, budget information sharing, and participation channels), political capacity (e.g., interactions with local council), participants' (citizens) knowledge of budget, and citizen engagement capacity. The chapter concludes with the analysis of the PB implementation challenges in local governments and discussion of policy implications.

Chapter 4 comprehensively described the results of the implementation of the PB system. The questions addressed in the chapter are: What kinds of impacts of the PB have we observed? What evaluation criteria do we have to use for such evaluation? What kinds of objectives and values do we expect to achieve through the PB? How much did the PB help us accomplish such objectives and values? By any chance, are there any paradoxes or dilemmas that the PB system poses? Such issues regarding the assessment of the impact of the PB were addressed, and thereby policy implications that can help improve the PB system were be derived as well.

In conclusion, the book sums up key findings from all three chapters and propose overall policy implications and recommendations for enhancing PB implementation capacity in local governments in Korea.

CHAPTER 2

Participatory Budgeting Adoption and Diffusion in Korea

Soonhee Kim

(KDI School of Public Policy and Management, Korea)

and

Joohoo Lee

(University of Nebraska, Omaha, USA)

1. Introduction

Participatory budgeting (PB) has been widely advocated by both theorists and practitioners of public administration (Guo and Neshkova, 2013) as its adoption and diffusion has been a global phenomenon (Sintomer, Herzberg, and RöCke, 2008; Wampler and Hartz-karp, 2012). Although scholars in public administration have conducted empirical studies on the adoption and diffusion of PB in Korean local governments (Sintomer, Traub-Merz, Zhang, and Herzberg, 2013; You and Lee, 2013; Kim and Hindy, 2013), these studies are limited to offering anecdotal evidence or broadly describing the history of PB adoption and diffusion. Thus, we have limited systematic observation and knowledge of the status of Korean local governments' adoption and diffusion of PB policies and specific PB policy tools designed for PB governance, communication, education, implementation, and operation in local ordinance and in practice. The purpose of this chapter is to address these research gaps by offering a systematic and comprehensive study of PB in Korean local governments in order to gain deeper understanding and advance our knowledge about the adoption and diffusion of specific PB policy tools as well as a general PB policy.

Policy innovation adoption and diffusion literature are used as a guiding framework in this report. By analyzing the 2015 National Survey data of PB practice, local ordinances, and multi-year local election data, this chapter reports the findings of the current status of PB policy and its tools in Korean local governments. This chapter consists of two broader topics of interest: PB ordinance as a measure of policy innovation and PB policy tools designed to implement and operate PB policy. With regard to a general PB policy, this chapter takes a historical approach to understanding the patterns of PB policy adoption and diffusion among local governments in Korea over the past years. As a measure of PB policy adoption, the survey and local ordinance data are used to gauge the timing of PB policy adoption. In addition, the adoption of PB ordinance was analyzed by geographic regions. For analytical purposes, two types of PB adopters (i.e., early and later adopters) are identified and used to further analyze their relationships with other factors. To understand the roles of politics in shaping PB adoption and diffusion, we analyze the timing of PB adoption by political factors such as political party affiliation by local elected officials (i.e. local executives and council members). By focusing on learning as one mechanism of policy innovation diffusion, this chapter discusses the benchmarked organizations that affect the adoption of PB ordinances of local governments.

Regarding specific PB policy tools, this chapter focuses on three types of tools, including PB governance tools, PB communication tools, and PB education tools. The PB governance tools examined are PB committee, local community meeting, PB operating committee, and public-private council. As PB communication tools, public hearings about PB and PB websites are identified and assessed. Also, we explore the practices of budget school and budget research group as examples of PB education tools. The adoption of these PB policy tools are compared to understand the differences and similarities between early and late PB adopters. In order to gain deeper understanding about how local governments learned to design, implement, and operate PB tools, we report on how survey respondents indicate the process of introducing PB policy tools and the sources of references for the adoption of various PB policy tools. Considering PB governance tools as core decision-

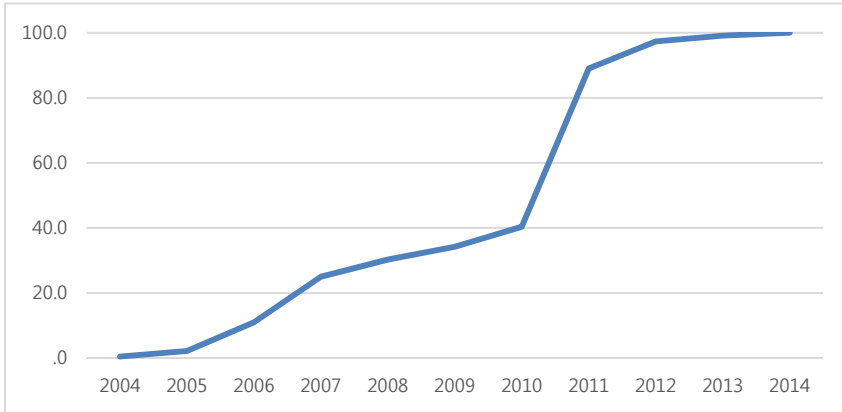
making mechanisms, we explore the implementation design, structure, and policies of PB committee, local community meeting, and public-private council. Further analyses are conducted to gain knowledge about the number of meetings and attendees, the portion of citizen and civil servant members, and the methods of selecting citizen members, such as open recruiting and recommendation in these PB governance tools. In a similar vein, this chapter reports on the adoption and practice of various PB operation policies determining how much budget is allocated to sponsor programs defined through PB processes, administrative operations assisting PB implementation, the scope of PB-sponsored programs, the selection of citizen participants and their roles, and designated civil servants for PB.

2. Assessing the Adoption and Diffusion of PB Policy and Tools

A. Adoption and Diffusion of PB Ordinance in Korean Local Governments Over Time

The first PB ordinance was enacted by Buk-gu, Gwangju City in March, 2004, followed by Dong-gu, Ulsan City in June, 2004 and Suncheon-si, Jeollanam-do Province in March, 2005. Since then, PB has been widely diffused among local governments in Korea. As shown in Figure 2-1, the survey of 229 local government reveals that 228 local governments (no response=1) have enacted PB ordinances as of 2015. The pattern of PB diffusion in Korea is consistent with a conventional S-shaped pattern of innovation diffusion over time (Rogers, 1995). One distinctive feature of the PB diffusion pattern in Korean local governments is the speed of PB diffusion. That is, PB has been rapidly diffused since 2011, when an amendment of the Local Finance Act was passed by the National Assembly of the Republic of Korea (hereafter National Assembly). The pattern provides evidence that the speed of PB diffusion was fueled by a ‘coercive’ pressure on local governments (Di Maggio and Powell, 1983). Before 2011, the adoption of PB ordinance

Figure 2-1 Diffusion of PB Ordinances in Korea (2004-2014)



was somewhat gradually diffused in that it took around six years to reach approximately 45% of the adoption rate. But, after 2011, it took only three years for the remaining 60% of local governments to enact PB ordinances by 2014.

The content analysis of PB ordinances allows us to capture nuanced differences in terms of the timing of enactment of PB ordinances in local governments before and after the National Assembly amended the Local Finance Act, and the Ministry of Public Affairs and Safety (MPAS) established guidelines. Table 2-1 shows the evolution of national public policies such as laws and recommendations directly related to PB adoption and diffusion in local governments in Korea. As discussed earlier, three local governments (i.e., Buk-gu, Gwangju City in March, 2004, Dong-gu, Ulsan City in June, 2004; Suncheon-si, Jeollanam-do Province in March, 2005) voluntarily enacted PB ordinances prior to the amendment of the Local Finance Act in June 2006, which provided a legal foundation for PB. Another three local governments (i.e. Buk-gu, Ulsan City; Seosan-si, Chungcheongnam-do Province; Daedeok-gu, Daejeon City) voluntarily established PB ordinances in June and July, 2006. After MPAS recommended the guidelines for PB enactment in August 2006, 83 local governments voluntarily established their PB ordinances. And, 12 more local governments later enacted PB ordinances after MPAS developed and offered specific models of PB ordinances.

Table 2-1 Policy Changes and PB Adoption in Korean Local Government (2004 – 2014)

| Time Period | Presidency | Law/Executive Order | Significant Change | PB Adopter ¹ |
|--------------------------------------|--|--|--|---|
| 2004 ~ May, 2005 | President Roh, Moo Hyun | | | 3 (Buk-gu, Gwangju City; Suncheon-si, Jeollanam-do Province; Dong-gu, Ulsan City) |
| June, 2005 ~ July, 2006 | President Roh, Moo Hyun | • Amended Local Finance Act, June, 2005 | • Provided a legal basis for citizens to participate in the budgeting processes. (Article 39) | 3 (Buk-gu, Ulsan City; Seosan-si, Chungcheongnam-do Province; Daedeok-gu, Daejeon City) |
| August, 2006 ~ September, 2010 | President Roh, Moo Hyun & President Lee, Myung Bak | • Established Standards for Participatory Budgeting Ordinance by MOPAS, August, 2006 | • Recommended the adoption of PB in local governments. • Presented a minimum guideline for enacting a PB ordinance. | 83 (e.g., Suwon-si, Gyeonggi-do Province, Gangwon-do Provincial Government; Gyeongsangnam-do Provincial Government) |
| October, 2010 ~ February, 2011 | President Lee, Myung Bak | • Established Model Ordinance of Participatory Budgeting by MOPAS, October, 2010 | • Recommended three different models to enact a PB ordinance in terms of format, contents, etc. | 12 (e.g., Gwangmyeong-si, Gyeonggi-do Province; Gangnam-gu, Seoul City) |

¹ A full list of local governments in each time period is available upon request.

Table 2-1 | (Continued)

| Time Period | Presidency | Law/Executive Order | Significant Change | PB Adopter |
|-----------------------------|--|--|---|--|
| March, 2011 ~ Present | President Lee, Myung Bak & President Park, Geun Hye | <ul style="list-style-type: none"> • Amended Local Finance Act, March, 2011 • Amended Local Finance Act, May, 2014 | <ul style="list-style-type: none"> • Mandated adoption and operation of PB in local governments • Attachment of citizen opinions to the budget draft is voluntary • Mandated the attachment of citizen opinions to the budget draft. | 126 (Seoul Metropolitan City; Chungcheongnam-do Provincial Government) |

Note: The authors modified Kim (2014, p. 77) by reclassifying time period and adding adopters of each time period.

Since the Local Finance Act was revised to mandate that all local governments adopt PB in March 2011, 126 local governments have created PB ordinances.

B. Early and Late PB Adopters by Regions

For analytical purposes, 227 Korean local governments adopting PB ordinances are reclassified into two types of policy innovators: early PB adopters and late PB adopters. Early adopters refer to the local governments that enacted PB ordinances prior to March 2011, when the Local Finance Act was amended to mandate local governments to adopt PB. Early adopters are characterized by voluntarily adopting policy innovation. Late adopters indicate the local governments that were forced to enact their local PB ordinances after March 2011. The content analysis of 227 local ordinances² reveals that 101 local governments

² After comprehensive analysis of local ordinances, we dropped two local

(44.5 %) are considered as early adopters, while 126 (55.5 %) are considered as late adopters (see Appendix Table 2).

Table 2-2 demonstrates that early and late PB adopters vary depending on their geographical locations. The distribution of the two types of PB adopters is significantly different by region ($X^2 = 0.000$). As early PB adopters, 17 of 18 local governments (94.4 %) in the Jeollanam-do Province jurisdiction voluntarily adopted PB ordinances

Table 2-2 Two Types of PB Adopter by Region

| | N | Early Adopter | % | Late Adopter | % |
|----------------------------|-----|---------------|-------------|--------------|-------------|
| Seoul | 26 | 1 | 3.8 | 25 | 96.2 |
| Busan | 15 | 2 | 13.3 | 13 | 86.7 |
| Daegu | 9 | 6 | 66.7 | 3 | 33.3 |
| Incheon | 11 | 3 | 27.3 | 8 | 72.7 |
| Gwangju | 5 | 4 | 80.0 | 1 | 20.0 |
| Daejeon | 6 | 4 | 66.7 | 2 | 33.3 |
| Ulsan | 5 | 2 | 40.0 | 3 | 60.0 |
| Sejong | 1 | 0 | 0 | 1 | 100 |
| Gyeonggi-do | 31 | 16 | 51.6 | 15 | 48.4 |
| Gangwon Province | 19 | 8 | 42.1 | 11 | 57.9 |
| Chungcheongbuk-do Province | 11 | 8 | 72.7 | 3 | 27.3 |
| Chungcheongnam-do | 16 | 4 | 25.0 | 12 | 75.0 |
| Jeollabuk-do Province | 9 | 6 | 66.7 | 3 | 33.3 |
| Jeollanam-do Province | 18 | 17 | 94.4 | 1 | 5.6 |
| Gyeongsangbuk-do Province | 26 | 9 | 34.6 | 17 | 65.4 |
| Gyeongsangnam-do Province | 19 | 11 | 57.9 | 8 | 42.1 |
| Total | 227 | 101 | 44.5 | 126 | 55.5 |

Note: Pearson Chi-Square = 0.000

governments because we found that one local government (Gangjin-gun, Jeollanam-do Province) does not have specific information about the month when PB ordinance was enacted, while another local government (Seongnam-si, Gyeonggi-do Province) has not enacted PB ordinance.

prior to March 2011. Meanwhile, as late PB adopters, 25 out of 26 governments (96.2 %) in Seoul were forced to enact PB ordinances since PB adoption was mandated in April 2011. The overall pattern shows that many early PB adopters are located in particular regions such as Jeollanam-do Province (25 out of 26 local governments; 94.4 %), Gwangju (4 of 5; 80 %), Chungcheongbuk-do Province (8 of 11; 72.7), Daegu (4 of 6; 66.7 %), Daejeon (4 of 6; 66.7 %), and Jeollabuk-do Province (6 of 9; 66.7 %). It is worthwhile to note that Buk-gu, Gwangju City and Suncheon-si, Jeollanam-do Province—two of the three earliest PB adopters—are located in certain regions and are geographically proximate. As the largest city, Gwangju City is located within the jurisdiction of Jeollanam-do Province and used to be a long-time capital city of Jeollanam-do Province until 2005. A local branch office of the Jeollanam-do Province Government is located in Suncheon-si. That is, it is likely that these two earliest adopters affected the diffusion of PB adoption among other local governments in the same regions, such as Gwangju City (80%) and Jeollanam-do Province (94.4%). This observation is consistent with regional effects as a policy innovation diffusion mechanism in policy innovation literature (Berry and Berry, 2014). In a similar vein, it was found that late adopters are concentrated in certain areas such as Seoul (25 out of 26 local governments; 96.2%), Busan (13 of 15; 86.7%), Chungcheongnam-do Province (12 of 16; 75%), Incheon (8 of 11; 72.7%), and Gyeong sangbuk-do Province (17 of 26; 65.4%). Notably, Seoul, Busan, and Incheon are the three largest cities in terms of population size in Korea.

C. Early and Later PB Adopters by Political Factors

Using local election panel data from 2002, 2006, 2010, and 2014, available at the National Election Commission, we collected data on elected civil servants' (e.g. mayor's, local council members') affiliation with a political party. It should be noted that we used local election data prior to local governments adopting PB ordinances. For example, as Buk-gu, Gwangju City enacted PB ordinance in March 2004, we used 2002 local election data to identify and measure the political party affiliation of the elected mayor in Buk-gu. Elected executives' political

affiliation was coded using three categories: majority party, minority party, or non-partisan. An elected executive's political party affiliation was coded as majority party if his or her political party affiliation is the same as the majority party at the National Assembly at that time when he or she was elected. It is coded as minority party if his or her political party affiliation is the same as the minority party at the National Assembly, while it is coded as non-partisan if he or she has no political affiliation to either majority or minority party. In a similar vein, elected council members in local government are coded using three categories: majority, minority, or equal number. Elected council members' political affiliation is coded as 1 if more than 50% of local council members have the same political party affiliation as the majority party at the National Assembly. It is coded as 2 if more than 50% of local council members have the same political party affiliation as the minority party at the National Assembly. And, it is coded as 3 if an equal number of council members belongs to either the majority or minority party at the National Assembly.

Table 2-3 describes the frequency and percentage of early and later PB adopters by executives' three categories of political party affiliation. It shows that 55 elected executives (54.4%) in early PB adopters had majority party affiliations, while 58 executives (46.03%) in late PB adopters were affiliated with the majority party. However, the relationship between the three categories of executives' political party affiliation and the two types of PB adopter are not significant ($X^2 = 0.181$). That is, elected executives with majority party affiliation in local governments are not significantly different from those with minority affiliation or non-partisan status in terms of early or late PB adoption.

Table 2-3 | PB Adopter by Executive's Political Party Affiliation

| | Majority party | | Minority party | | Non-partisan | | Total |
|---------------|----------------|-------|----------------|-------|--------------|-------|-------|
| | N | % | N | % | N | % | |
| Early Adopter | 55 | 54.4 | 29 | 28.71 | 17 | 16.83 | 101 |
| Late Adopter | 58 | 46.03 | 51 | 40.48 | 17 | 13.49 | 126 |
| Total | 113 | 49.78 | 80 | 35.24 | 34 | 14.98 | 227 |

Note: Pearson Chi-Square = 0.181

Table 2-4 | PB Adopter by Local Council Members' Political Party Affiliation

| | Majority | | Minority | | Equal Number | | Total |
|---------------|----------|-------|----------|-------|--------------|-------|-------|
| | N | % | N | % | N | % | |
| Early Adopter | 63 | 72.41 | 24 | 27.58 | 0 | 0 | 87 |
| Later Adopter | 88 | 70.97 | 23 | 18.55 | 13 | 10.48 | 124 |
| Total | 151 | 71.56 | 47 | 22.27 | 13 | 6.16 | 211 |

Note: Pearson Chi-Square = 0.004

Table 2-4 shows the frequency and percentage of early and later PB adopters by local council members' political party affiliation. It is observed that 63 (72.41%) and 88 (70.97%) local governments enacted PB under majority local council members while 24 (27.58%) and 23 (18.55%) local governments are early and late PB adopters respectively under minority local council members. That is, it appears that a greater number of local governments became early or later PB adopters when the majority controlled their local councils. In contrast to the results in Table 2-3 above, the results of the Pearson Chi-Square test show that the three categories of local council members' political party affiliation is significantly associated with early and late PB adopters ($X^2 = 0.004$).

D. Early and Late PB Adopters by Organizational Factors

What would be the organizational motivation behind the adoption of PB by local governments in Korea? Prior to adopting PB, did early or late adopters face similar or different degrees of organizational and environmental conditions? To answer these questions, we developed 13 survey items with a 5-point Likert scale. These survey items asked participants to indicate the extent to which their local governments faced such organizational and environment circumstances, prior to adopting PB in their local governments. Organizational and environmental conditions range from the lack of transparency in budget decisions, to the lack of citizen participation in local government. An ANOVA test was performed in order to understand whether or not early and late PB adopters faced similar or different organizational and environmental circumstances. In Table 2-5, respondents from early PB adopters reported slightly higher mean scores of all the survey items than those

Table 2-5 | Perceived Organizational and Environmental Conditions Prior to PB Adoption

| Variable | Early Adopter | Late Adopter | F statistics | P value |
|--|---------------|--------------|--------------|---------|
| Lack of transparency in budget decisions | 2.73 | 2.58 | 1.783 | 0.183 |
| Lack of fairness in budget decisions | 2.52 | 2.49 | 0.062 | 0.803 |
| Conflict during budget decision making processes | 2.57 | 2.46 | 0.964 | 0.327 |
| Corruption during budget decision making processes | 2.33 | 2.11 | 3.381 | 0.067 |
| Lack of compliance with budget decisions | 2.70 | 2.67 | 0.064 | 0.801 |
| Lack of understanding about citizens' service demand | 2.67 | 2.59 | 0.535 | 0.465 |
| Lack of citizen participation in administrative decision making | 3.19 | 3.02 | 1.734 | 0.189 |
| Lower level of citizen satisfaction with local government | 2.74 | 2.59 | 1.757 | 0.186 |
| Lack of opportunity to access government information | 3.02 | 2.89 | 1.192 | 0.276 |
| Lack of government programs reflecting citizens' interests | 2.77 | 2.69 | 0.492 | 0.484 |
| Lack of collaboration among local government, citizens and community | 2.78 | 2.62 | 1.903 | 0.169 |
| Lack of mechanisms of collecting citizen opinions and preferences ** | 2.76 | 2.52 | 4.609 | 0.033 |
| Abuse of the right to deliberate a budget by local government | 2.51 | 2.33 | 2.437 | 0.120 |

Note: **P < 0.05

from later PB adopters. For example, early PB adopters reported an average 2.73 score (out of 5 points) about the lack of transparency in budget decisions, while later PB adopters reported 2.58 scores about the same item on average. An ANOVA test, however, showed that the

different mean scores of most survey items are not statistically significant. That is, respondents perceived that prior to adopting PB, early and later PB adopters faced similar organizational and environment conditions, except that early adopters faced a greater difficulty in collecting citizen opinions and preferences.

E. PB Practice Prior to the Enactment of PB Ordinance

An innovative policy is often adopted prior to enacting ordinances in local governments. PB in Korean local government is no exception. In Table 2-6, respondents reported that 24 local governments (10.5%) actually used PB prior to the enactment of PB ordinances. According to the survey, as the earliest PB adopter, Buyeo-gun, Chungcheongnam-do has used PB in practice since 2000, but enacted PB ordinance in 2011. It took more than 10 years to adopt PB policy in ordinance. As the second earliest local government, Buk-gu launched PB systems in 2003 and legalized them in 2004. Of 16 upper-level local governments (i.e. province governments and special metropolitan cities), two metropolitan cities (i.e. Incheon and Daejeon) and four province governments (i.e. Chungcheongbuk-do, Chungcheongnam-do, Gyeongsangbuk-do, and Gyeongsangnam-do) practiced PB prior to the enactment of PB policy.

Table 2-6 PB Practice Prior to PB Ordinance

| | N | Local Government/Year | Year of PB Ordinance | Total |
|---------|---|---|----------------------|-------|
| Seoul | 2 | Gwangjin-gu in 2011 Yangcheon-gu in 2005 | 2013 2012 | 26 |
| Busan | 1 | Dong-gu, 2007 | 2011 | 15 |
| Daegu | 1 | Dalseo-gu, 2004 | 2007 | 9 |
| Incheon | 1 | Incheon Metropolitan City in 2005 | 2011 | 11 |
| Gwangju | 2 | Nam-gu, 2004 Buk-gu, 2003 | 2006 2004 | 5 |
| Daejeon | 2 | Daedeok-gu, 2005 Daejeon Metropolitan City, 2007 | 2005 2014 | 6 |
| Ulsan | 0 | N/A | N/A | 5 |
| Sejong | 0 | N/A | N/A | 1 |

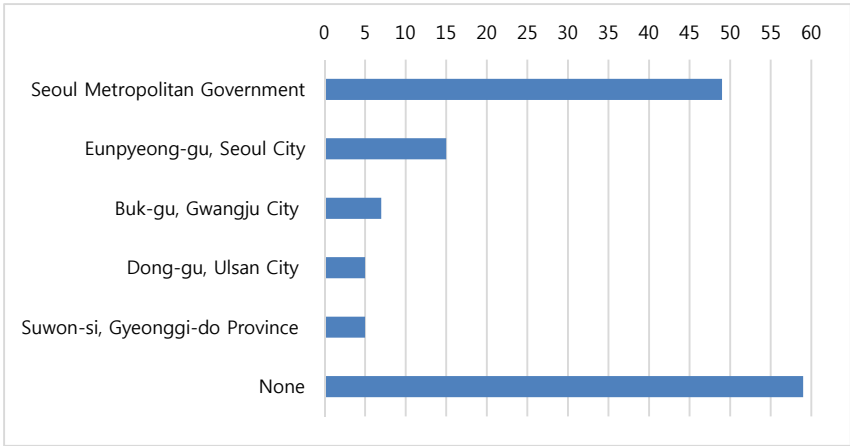
Table 2-6 (Continued)

| | N | Local Government/Year | Year of PB Ordinance | Total |
|----------------------------|----|---|--|-------|
| Gyeonggi-do | 3 | Guri-si, 2009 Seongnam-si, 2007 Ansan-si, 2005 | 2011 No PB ordinance 2012 | 31 |
| Gangwon Province | 1 | Wonju-si, 2010 | 2011 | 19 |
| Chungcheongbuk-do Province | 2 | Yeongdong-gun, 2009 Chungcheongbuk-do, 2011 | 2009 2011 | 11 |
| Chungcheongnam-do Province | 6 | Gyeryong-si, 2011 Geumsan-gun, 2010 Nonsan-si, 2013 Dangjin-si, 2012 Buyeo-gun, 2000 Chungcheongnam-do Province Government, 2005 | 2011 2011 2013 2012 2011 2012 | 16 |
| Jeollabuk-do Province | 0 | N/A | N/A | 9 |
| Jeollanam-do Province | 0 | N/A | N/A | 18 |
| Gyeongsangbuk-do Province | 1 | Gyeongsangbuk-do Provincial Government, 2005 | 2011 | 26 |
| Gyeongsangnam-do Province | 2 | Miryang-si, 2005 Gyeongsangnam-do, 2010 | 2006 2012 | 19 |
| Total | 24 | | | 227 |

F. Benchmarking PB Practices

Policy innovation is often adopted and diffused through the mechanisms of learning from other governments. In order to understand which local governments served as the sources of ‘normative pressure’ (DiMaggio and Powell, 1983) or knowledge diffusers of PB practices, we asked respondents to indicate the governments that their local governments benchmarked while adopting PB policy. In Figure 2-2, five top local governments are identified as the most frequently indicated benchmark cases by respondents. That is, 49 respondents (21.4%) reported Seoul Metropolitan Government (SMG) as the best practice case from which they gained knowledge about PB policy. Eunpyeong-gu, Seoul City was nominated by 15 respondents (6.5%), followed by Buk-gu, Gwangju City (n=7; 3.1%), Dong-gu, Ulsan City (n=5; 2.2%),

Figure 2-2 | Top Five Local Government Benchmarked While Adopting PB



and Suwon-si, Gyeonggi-do Province (n=5; 2.2%). It should be noted that three local governments (i.e., Buk-gu, Gwangju City, Dong-gu, Ulsan City, and Suwon-si, Gyeonggi-do Province) were earlier PB adopters, while SMG and Eunpyeong-gu, Seoul City were categorized as late PB adopters. It is also worthwhile to note that 59 respondents (25.8%) reported that there was no local government that they benchmarked for the adoption of PB policy.

G. Adoption of PB Policy Tools

Policy tools are required to execute public policy. PB literature (Ebdon and Franklin, 2006) has suggested various PB policy tools including citizen budget advisory boards, public hearings, surveys, and information technologies (e.g. PB websites). In order to systematically analyze and understand the adoption pattern of PB policy tools, this chapter classifies three types of PB policy tools: PB governance tools (i.e. local community meeting, PB committee, PB operating committee, public-private council), PB education tools (i.e. budget research group, budget school), and PB communication tools (i.e. public hearing about PB, PB websites).

In Table 2-7, the survey results demonstrated that PB governance tools vary; PB communication tools are widely adopted; and PB

Table 2-7 | Adoption of PB Tools in Ordinance

| Type | Tools | Stated in Ordinance | % | Not stated in Ordinance | % | Total |
|------------------|-------------------------|---------------------|------|-------------------------|------|-------|
| PB Governance | PB committee | 191 | 83.4 | 37 | 16.2 | 228 |
| | PB operating committee | 113 | 49.3 | 115 | 50.2 | 228 |
| | Local community meeting | 70 | 30.6 | 158 | 69.0 | 228 |
| | Public-private council | 61 | 26.6 | 167 | 72.9 | 228 |
| PB communication | Budget public hearing | 163 | 71.2 | 65 | 28.4 | 228 |
| | PB Websites | 136 | 59.4 | 92 | 40.2 | 228 |
| PB education | Budget school | 88 | 38.4 | 140 | 61.1 | 228 |
| | Budget research group | 75 | 32.8 | 153 | 66.8 | 228 |

education tools are adopted by local governments selectively. Specifically, it is found that the most common PB policy instrument is PB committee (n=191; 83.4%), followed by budget public hearing (n=163; 71.2%), PB websites (n=136; 59.4%), PB operating committee (n=113; 49.3%), budget school (n=88; 38.4%), budget research group (n=75; 32.8%), and local community meeting (n=70; 30.6%). Meanwhile, it is found that, as the least common PB tool, public-private councils (26.6 %) are used by only 61 local governments in their PB ordinances.

Which PB policy tools are more or less common among early and late PB adopters? Table 2-8 shows that, in general, late PB adopters use all the PB tools more frequently. For example, 84 early PB adopters and 106 later PB adopters have PB committees in their ordinances. But, early and later adopters of PB ordinances are not significantly different in terms of the adoption of PB committees ($X^2 = 0.858$). In other words, there are no significant differences between local governments that voluntarily or that mandatorily enacted PB ordinances in terms of the adoption of all the PB tools examined.

Table 2-8 | Adoption of PB Tools by Early and Late PB Adopters

| | | N | | Early PB Adopter | Late PB Adopter | Pearson Chi-Square |
|------------------|-------------------------|-----|-----|------------------|-----------------|--------------------|
| PB governance | PB committee | 227 | Yes | 84 | 106 | 0.858 |
| | | | No | 17 | 20 | |
| | PB operating committee | 227 | Yes | 48 | 65 | 0.594 |
| | | | No | 53 | 61 | |
| | Local community meeting | 227 | Yes | 33 | 37 | 0.665 |
| | | | No | 68 | 89 | |
| PB communication | Public-private council | 227 | Yes | 28 | 33 | 0.880 |
| | | | No | 73 | 93 | |
| | Budget public hearing | 227 | Yes | 70 | 92 | 0.558 |
| | | | No | 31 | 34 | |
| | PB Websites | 227 | Yes | 66 | 69 | 0.069 |
| | | | No | 35 | 57 | |
| PB education | Budget school | 227 | Yes | 37 | 50 | 0.681 |
| | | | No | 64 | 76 | |
| | Budget research group | 227 | Yes | 35 | 40 | 0.643 |
| | | | No | 66 | 86 | |

The adoption of policy innovation and its tools in local government is often influenced by external authorities. Central agencies and the National Assembly in Korea often develop policy recommendations, guidelines, or legal mandates as a guiding framework for local governments to reference, follow or comply. In response, local governments in Korea adopt and implement policy tools for PB by developing their own rules, referring to recommendations or mandates by central government. The survey results³ in Table 2-9 help us better

3 As described in Table 2-6 above, the survey results reveal that only 37 local governments do not have PB committees in their PB ordinances. In Table 2-8, however, 61 survey respondents reported that they do not actually use PB committees in practice. It appears that there is a gap between PB ordinance and practice. It can be speculated that some local governments have enacted PB committees in their PB ordinances, but they do not actually run them in practice. Or, espondents may not be aware of the presence of PB committees in PB ordinance. On the other hand, Table 2-6 shows that 158 local governments do not have local

Table 2-9 | Adoption of PB Policy Tools

| | | Self-development | | Recommended by Local Finance Act of 2005 | | Mandated by Local Finance Act of 2011 | | Not adopt in practice | |
|------------------|-------------------------|------------------|------|--|------|---------------------------------------|------|-----------------------|------|
| | | N | % | N | % | N | % | N | % |
| PB Governance | PB Committee | 19 | 8.3 | 53 | 23.1 | 96 | 41.9 | 61 | 26.6 |
| | PB operating committee | 22 | 9.6 | 28 | 12.2 | 59 | 25.8 | 120 | 52.4 |
| | Local community meeting | 36 | 15.7 | 23 | 10 | 46 | 20.1 | 124 | 54.1 |
| | Public-private council | 10 | 4.4 | 8 | 3.5 | 16 | 7 | 195 | 85.2 |
| PB Communication | Public Hearing about PB | 31 | 13.5 | 42 | 18.3 | 66 | 28.8 | 31 | 13.5 |
| | PB Websites | 75 | 32.8 | 54 | 23.6 | 73 | 31.9 | 27 | 11.8 |
| PB Education | Budget School | 47 | 20.5 | 22 | 9.6 | 42 | 18.3 | 118 | 51.5 |
| | Budget Research Group | 9 | 3.9 | 14 | 6.1 | 16 | 7 | 190 | 83 |

understand nuanced differences in terms of the background of introducing PB policy tools by local governments. Respondents reported that the 2011 Local Finance Act has served as the main driver for their local governments to adopt PB policies on the structure, responsibilities, and composition of key PB governance tools, including PB committees

community meetings in their PB ordinances. But, respondents confirm that 124 local governments do not use local community meetings in practice. The difference can be interpreted as due to some local governments actually using local community meetings in practice without enacting them in their PB ordinances.

(n=96; 41.9%), PB operating committees (n=59; 25.8%), and local community meetings (n=46; 20.1%), and PB communication tools such as public hearings about PB (n=66; 28.8%). But, many local governments voluntarily develop their 'home rules' that govern PB communication tools such as PB websites (n=75; 32.8%), and PB education tools including budget schools (n=47; 20.5%). It should be noted, however, that a majority of local governments do not adopt budget research groups (n=190; 83%) and public-private councils (n=195; 85.2 %) in practice.

As discussed earlier, learning has been identified as one of the key mechanisms for policy innovation diffusion (Berry and Berry, 2014). In particular, local governments have learned about PB practices from other local governments while adopting their PB ordinances. Which organizations have local governments learned from while adopting major PB tools? Respondents were asked to mention all the organizations consulted while adopting PB tools. The survey results in Table 2-9 reveal that when local governments designed PB governance tools, they mainly referred to other organizations for the adoption of PB committees (n=197; 87.6%), PB operating committees (n=125; 83.9%), local community meetings (n=110; 76.9%), and public-private councils (n=34; 77.3%). The results also show that while adopting PB committees, the majority of local governments (n=197; 87.6%) learned from other governments and NOGs, but only 28 local governments (12.4%) developed innovative policies by themselves. Specifically, 117 of 197 local governments (59.4%) mentioned the guidelines of a central agency, 67 mentioned other local governments (34.0%), and only three mentioned NGOs (1.5%) as primary references. More specifically, 29 of 67 (43.3%) local governments referred to other local governments in the same province, 24 (35.8%) to other province governments, 20 (29.9%) to other local governments in other provinces, and four (6.0%) to inter-local government collaboration. In other words, respondents indicated the guidelines of the central agency served as a main reference for the establishment of PB committees in their ordinances.

Table 2-10 The Sources of Learning While Adopting PB Tools

| Type | Tool | MPAS Guideline | Other Province- level Governments | Other local governments in the same province | Other local governments in other provinces | Inter-local government collaboration | NGO | Self- Development |
|---------------------|---------------------------------------|-------------------|---|---|--|--|--------------|----------------------|
| PB Governance | PB Committee (n=225) | 117 (52 %) | 24 (10.7 %) | 29 (12.9 %) | 20 (8.9 %) | 4 (1.8 %) | 3 (1.3%) | 28 (12.4 %) |
| | PB operating committee (n=149) | 67 (45.0%) | 20 (13.4 %) | 20 (13.4 %) | 13 (8.7 %) | 2 (1.3 %) | 3 (2.0%) | 24 (16.1 %) |
| | Local community meeting | 56 (39.2 %) | 16 (111.2 %) | 19 (13.3 %) | 13 (9.1 %) | 2 (1.4 %) | 4 (2.8%) | 33 (23.1 %) |
| | Public-private council (n=44) | 13 (29.5 %) | 9 (20.4 %) | 3 (6.8 %) | 4 (9.1 %) | 2 (4.5 %) | 3 (6.8%) | 10 (22.7 %) |
| PB Communication | Public hearing about PB (n=177) | 85 (48.0 %) | 17 (9.6 %) | 23 (14.7 %) | 13 (7.3 %) | 5 (2.8 %) | 2 (1.1%) | 32 (18.1 %) |
| | PB Websites (n=259) | 105 (40.5 %) | 28 (10.8 %) | 32 (12.35) | 11 (4.2 %) | 5 (1.9 %) | 2 (0.8 %) | 76 (29.3 %) |

Table 2-10 (Continued)

| Type | Tool | MPAS Guideline | Other Province- level Governments | Other local governments in the same province | Other local governments in other provinces | Inter-local government collaboration | NGO | Self- Development |
|-----------------|---------------------------------------|-------------------|--|---|---|--|--------------|----------------------|
| PB education | Budget school (n=145) | 49 (33.85) | 19 (13.1 %) | 17 (11.7 %) | 12 (8.3 %) | 4 (2.8 %) | 4 (2.8 %) | 40 (27.6 %) |
| | Budget research group (n=48) | 23 (47.9%) | 4 (8.3 %) | 4 (8.3 %) | 5 (10.4 %) | 0 (0 %) | 2 (4.2 %) | 10 (20.8 %) |

Note: Respondents were allowed to choose all that apply

Table 2-10 also illustrates that, while adopting PB communication tools, most local governments learned from other organizations about PB public hearings (n=145; 81.9%) and PB websites (n=183; 70.7%). In other words, fewer local governments developed policies by themselves in order to govern public hearings about PB (n=32; 18.1%) and PB websites (n=76; 29.3%). Two PB education tools, budget school and budget research group, show similar patterns as PB governance and communication tools do. That is, it is reported that local governments identified the guidelines of a central agency as the most common source of reference while adopting budget school (n=49; 33.8%) and budget research group (n=23; 47.9%). In addition, a fair number of local governments developed PB policies for budget school (n=40; 20.8%) and budget research group (n=10; 20.8%) by themselves. It is worthwhile to note that more local governments (n=52; 35.9%) referred to other local or province governments while adopting budget school policy. That is, more local governments adopted budget school policy by learning from other local experiences or by innovating themselves.

H. Structure of PB Governance Tools:

PB Committee, Local Community Meeting, and Public-Private Council

How do local governments structure PB governance tools? Among PB governance tools, this chapter focuses on the practices of PB committee, local community meeting, and public-private council. Respondents were asked to provide information about the number of meetings per year, the number of participants, and civil servant attendees. Table 2-11 shows that PB committees are held, on average, more than three times per year; local community meetings are held approximately four times per year; and public-private councils are held approximately two times a year. It is also reported that the average number of participants is approximately 33, 25, and 12 people at PB committees, local community meetings, and public-private councils respectively. On average, eight civil servants attend each PB committee meeting, while five local government officials attend at each public-private council meeting. But, high standard deviation scores warn that there are considerable variations in the number of meetings and attendees at PB committees and local

Table 2-11 | Number of Meetings and Attendees

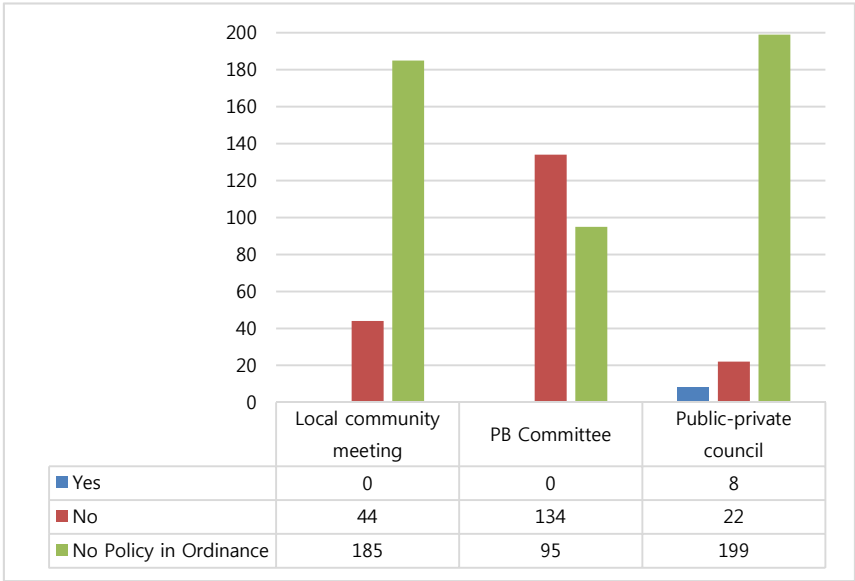
| | | Min. | Max. | Mean | S.D. |
|------------------------------------|---|------|------|-------|-------|
| PB Committee (N=165) | Number of meetings per year | 1 | 40 | 3.31 | 4.27 |
| | Number of participants per meeting | 6 | 100 | 32.59 | 20.14 |
| | Number of civil servants who attend per meeting | 1 | 190 | 7.66 | 16.43 |
| Local community meeting (N=101) | Number of meetings per year | 1 | 70 | 3.99 | 5.6 |
| | Number of attendees per meeting | 5 | 220 | 25.27 | 34.2 |
| Public-private council (N=28) | Number of meetings per year | 1 | 25 | 2.18 | 4.55 |
| | Number of attendees per meeting | 5 | 24 | 11.89 | 3.68 |
| | Number of officials who attend per meeting | 1 | 12 | 4.96 | 2.66 |

community meetings.

I. Adoption and Practice of PB Governance Tools

As discussed earlier, PB committees, local community meetings, and public-private councils serve as key governance instruments in shaping PB-related decision-making. These tools can be considered as a means of collaborative governance in that the mix of government (e.g., local government) and non-government actors (e.g. ordinary citizen participants, representatives of NGOs, and citizen experts) jointly make decisions on PB issues. In this regard, it is important for local governments to design specific policies determining the structure and processes of PB governance tools in their ordinances, which allow these policies to gain greater legitimacy. Also, this study pays attention to the composition and ratio of civil servants and citizens in PB governance structure because the composition and ratio serve a crucial feature of governance structure that affects many aspects of PB decisions. The content analysis of ordinances was conducted to collect information about (1) whether or not PB committees, local community meetings, and public-private councils are formally included in ordinances and (2) whether or not more than 50 percent of committee members are civil

Figure 2-3 PB Governance Tools: Policy Adoption and Civil Servant Members



servants (hereinafter ‘50 percent rule’) in three PB governance tools. In Figure 2-3, the results inform that more than half of local governments have a policy on PB committees (n=134; 58.5%), but fewer localities have policies on local community meetings (n=44; 19.2%) and public-private councils (n=40; 17.5%) in their ordinances. With regard to the percentage of civil servants, no local governments adopting policies of PB committee and local community meeting allow more than 50 percent of civil servants to serve on PB committees or at local community meetings. But, it is found that 22 of 30 local governments adopting a policy on public-private councils in ordinance do not employ the 50 percent rule, while eight of 30 governments (i.e. Goyang-si and Bucheon-si, Gyeonggi-do Province; Buk-gu and Seo-gu, Daegu City; Mokpo-si, Jeollanam-do Province; Gwanak-gu, Seoul City; Seogu, Incheon City; Incheon Metropolitan City) allow the same rule. That being said, government officials serve as more than 50 percent of the members of public-private councils in those eight local governments.

Public participation and PB literature (Ebdon and Franklin, 2006)

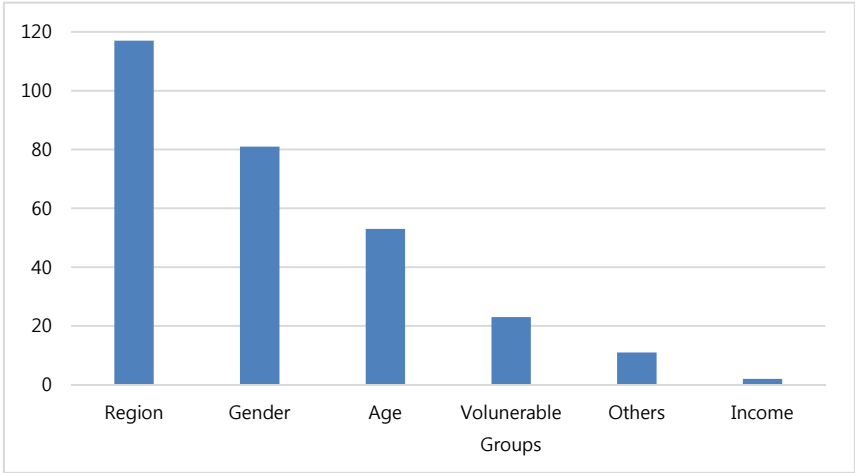
has highlighted citizen participants’ representativeness and expertise as one of the outstanding and ongoing challenges facing local governments. In particular, it becomes more salient when citizen participants, as partners, play more important roles in collaborative governance structures in a governance era (O’Leary and Bingham, 2006; Thomas, 2013). How do local governments select citizen members of PB committees? In Table 2-12, the survey results show that there are two primary methods of selecting citizen members: open recruiting and recommendation. Respondents reported that 168 local governments use an open recruiting method to select, on average, approximately 24 citizen members, and employ a recommendation method to select 23 members, on average, in their PB committees—61 local governments do not adopt PB committees. Through a recommendation method, various actors and organizations in the community are selected and authorized to affect the structure of PB committee. According to 149 respondents, approximately 10 citizens members, on average, are recommended by local community meetings; three members by local councils; three by NGOs; three by mayors; and eight by others.

In contrast to citizen members recommended by diverse actors, it is challenging for local governments to select appropriate and qualified citizen committee members who applied through an open recruiting channel. Thus, it is necessary to set up rules governing how to assess and select those citizen committee members. In particular, PB literature (Roberts, 2004; Dahl, 1989; Cleveland, 1975) has highlighted that the

Table 2-12 Citizen Members of PB Committee and Selection Methods

| | N | Minimum | Maximum | Mean | S.D |
|----------------------------|-----|---------|---------|-------|-------|
| Recruited member | 168 | 0.00 | 225.00 | 23.95 | 28.19 |
| Recommended member | 168 | 0.00 | 126.00 | 23.20 | 20.46 |
| by Local community meeting | 149 | 0.00 | 72.00 | 9.82 | 15.54 |
| by Local Council | 149 | 0.00 | 50.00 | 2.64 | 6.80 |
| by NGO | 149 | 0.00 | 50.00 | 3.05 | 7.00 |
| by Mayor | 149 | 0.00 | 40.00 | 3.09 | 6.66 |
| by Others | 149 | 0.00 | 126.00 | 7.56 | 15.00 |

Figure 2-4 Selection Criteria for Citizen Members during Open Recruiting Process



representativeness of citizen participants should be ensured. In this regard, it is crucial to examine what criteria are employed to assess citizen applicants and select some as members of citizen PB committees. In Figure 2-4, respondents reported that the region ($n=117$; 40.8%) where an applicant lives is the most common criteria, followed by gender ($n=81$; 28.2%) and age ($n=53$; 18.5%). Twenty-three local governments (8.0%) (e.g. Buk-gu, Gwangju City) inform that they consider whether or not an applicant belongs to vulnerable groups such as immigrants when selecting citizen PB committee members through open recruiting processes. But, only two local government respondents from Goheung-gun and Naju-si, Jeollanam-do Province answered that they use income as one of the selection criteria. Regarding term limit, 161 respondents inform that, on average, approximately 50 percent of citizen members of PB committees are not allowed to serve on the committee two terms in a row.

J. Adoption of PB Operation Policies

As discussed earlier, local governments' policy making and budget decisions are often shaped by external forces as well as internal

Table 2-13 Adoption of PB Implementation and Operation Policies

| | Total | Self-development | | Recommended by 2005 Local Finance Act | | Mandated by 2011 Local Finance Act | |
|---|-------|------------------|------|---------------------------------------|------|------------------------------------|------|
| | | N | % | N | % | N | % |
| Program Budget Size | 224 | 119 | 52 | 44 | 19.2 | 61 | 26.6 |
| Operational Budget Size | 224 | 121 | 52.8 | 42 | 18.3 | 61 | 26.6 |
| Program Scope | 224 | 115 | 50.2 | 45 | 19.7 | 64 | 27.9 |
| Selection of Citizen Participants and Their Roles | 224 | 105 | 45.9 | 48 | 21 | 73 | 31.9 |
| Designated civil servant | 224 | 129 | 56.3 | 41 | 17.9 | 55 | 24 |

demands and capabilities. In order to implement and operate PB ordinances, local governments should determine specific policies on how much budget is allocated to sponsor programs determined by PB, administrative operations assisting PB implementation, the scope of PB-sponsored programs, the selection of citizen participants and their roles, and civil servants designated to PB. According to the survey results in Table 2-13, more than 50 percent of local governments reported that they voluntarily adopted most of these policies. Specifically, it is reported that 119 local governments (52%) voluntarily developed policies determining the size of budget for PB-sponsored programs. But, 105 local governments (45.7%) reported that similar policies were mainly shaped by the recommendation or mandate of the Local Finance Act. In a similar vein, the size of operational budgets for PB-sponsored programs and the scope of PB-sponsored programs were voluntarily determined by 121 (52.8%) and 115 (50.2%) local governments respectively. It is also reported that 129 localities (56.3%) volunteered to set up a policy governing designated civil servants managing PB, while 96 local governments (31.9%) determined the same policy using the

Table 2-14 The Sources of Learning While Adopting PB Operation Policy

| | MPAS Guideline | Other Province- level | Other local governments in the same | Other local governments in other | Interlocal Government Collaboration | NGO | Self- Development |
|---|-------------------|-----------------------------|---|--|---|--------------|----------------------|
| Program Budget Size (n=328) | 97 (29.6 %) | 20 (6.1 %) | 29 (8.8 %) | 11 (3.4 %) | 4 (1.2 %) | 0 | 167 (50.9 %) |
| Operational Budget Size (n=278) | 92 (33.1 %) | 18 (6.5 %) | 29 (10.4 %) | 11 (4.0 %) | 7 (2.5 %) | 2 (0.7 %) | 119 (42.8 %) |
| Program Scope (n=278) | 95 (34.2 %) | 20 (7.2 %) | 29 (10.4 %) | 11 (4.0 %) | 5 (1.8) | 2 (0.7 %) | 116 (41.7 %) |
| Selection of Citizen Participants & Their Roles (n=285) | 105 (36.8 %) | 21 (7.4 %) | 32 (11.2 %) | 14 (4.9 %) | 4 (4.9 %) | 2 (0.7 %) | 107 (37.5 %) |
| Designated civil servant (n=265) | 87 (32.1 %) | 16 (6.3 %) | 25 (9.4 %) | 10 (3.8 %) | 4 (1.5 %) | 1 (0.4 %) | 125 (47.2 %) |

Note: Respondents were allowed to choose all that apply.

recommendation and mandate of the Local Finance Act. However, respondents inform that 105 local governments (45.9%) voluntarily adopted a policy for the selection of citizen participants and their roles, while 121 localities (52.9%) shaped the same policy by referring to the recommendation and mandate of the Local Finance Act.

With regard to sources of learning, respondents were asked to indicate all the sources that they learned from while adopting PB operation policies. Table 2-14 illustrates that ‘self-development’ was indicated as the most common source of learning while adopting policies of program budget size (n=167; 50.9%), operational budget size (n=119; 42.8%), program scope (n=116; 41.7%), the selection of citizen participants and their roles (n=107; 37.5%), and designated civil servant (n=125; 47.2%). The guidelines of MPAS are indicated as the second most common source of learning. That is, respondents reported that local governments learned from MPAS guidelines when they designed and developed PB operation policies on program budget size (n=97; 29.6%), operational budget size (n=92; 33.1%), program scope (n=95; 34.2%); the selection of citizen participants and their roles (n=105; 36.8%); and designated civil servants (n=87; 32.1%). Local governments also learned from not only central government, but also other local governments while adopting policy innovation. Among local governments, it is reported that other local governments in the same province were the most common source of learning. Respondents inform, however, that fewer local governments learn through interlocal government collaboration and from NGO while adopting PB operation policies.

3. Policy Implications and Conclusion

As discussed earlier, this chapter identified the Korean local governments that have adopted PB ordinances before and after March 2011, when PB was mandated by the amendment of the Local Finance Act. The findings propose that coercive pressure has served as the main driver of the diffusion of PB policy among Korean local governments. It appears that, as the sources of normative pressure, three local

governments (i.e., Buk-gu, Gwangju City, Dong-gu, Ulsan City, and Suwon-si, Gyeonggi-do Province) at earlier stages of PB diffusion, and two governments (i.e., SMG and Eunpyeong-gu, Seoul City) at late stages of PB diffusion, have been more frequently benchmarked by other local governments.

The collection of local election data allows an analysis of the relationship between political factors and early or late PB policy adoption. The findings may suggest that elected executives' political affiliations were limited to affecting the timing of PB adoption, but local council members' political affiliations played more important roles in adopting PB ordinances. That is, it is observed that when local council members are affiliated to the majority, local governments tend to adopt PB ordinances at both early and later stages of PB policy diffusion. Citizen participation scholars (Roberts, 2004) have voiced concerns about direct citizen participation as a potential tension between executive and legislative bodies in representative democratic systems. Along this line of thought, if PB, as a direct citizens' participation practice, is not appropriately used by, in particular, elected executives, local councils' legitimate power can be weakened. However, the findings imply that it is local councils, rather than elected executives, that affected the adoption and diffusion of PB ordinances as policy innovation.

With regard to PB governance tools, the findings suggest that, although PB committees have been widely adopted, less than 50 percent of local governments have not enacted PB operating committees, local community meetings, and public-private councils in ordinance. But, early and late PB adopters are not significantly different in terms of adopting these tools. In terms of the lack of enactment of PB governance tools in ordinance, it is not clear why these governments are inactive. This does not necessarily mean that these local governments do not actually use these PB governance tools in practice. But, it is speculated that these PB governance tools are shaped, designed, and implemented by executive bodies. Then, the lack of enactment of PB governance tools provides an opportunity for elected executives to reinforce control over these policy instruments. Considering the crucial roles of PB governance tools, it is recommended that local governments

enact these PB governance tools, which requires more active roles of local councils in adopting PB governance tools. The enactment of PB governance tools is supposed to strengthen the legality of PB governance and to minimize potential abuse of executives' political control over PB governance. In a similar vein, although PB scholars have highlighted the values of PB education as a critical success factor (Roberts, 2004; Ebdon and Franklin, 2006), more than 60 Korean local governments have not enacted budget schools and budget research groups. Again, the finding does not mean that these local governments do not use them in practice. But, without their legality, the availability and funding for these PB education tools can be vulnerable depending on executives' will, support, and interest, not to mention local governments' financial conditions. Thus, it is also recommended that non-adopters enact PB education tools in ordinance. With regard to PB communication tools, the findings imply that more than 60 percent of local governments have enacted public hearings for PB and PB websites in ordinance. Both offline (e.g. public hearings about PB) and online (e.g. PB websites) communication channels have served as effective means of enabling citizen and government participations to exchange their preferences and concerns through open and transparent processes. Thus, this chapter recommends that 40 non-adopters realize the value of PB communication tools by enacting them in ordinance.

In terms of practices of PB committees, local community meetings, and public-private councils, it is hard to assess the number of meetings and attendees of these PB governance tools because it is challenging to determine how often meetings should be held and how many citizen participants should be encouraged to attend in order to implement PB governance tools more effectively. But, this chapter suggests that local governments actively use performance management principles and techniques to assess these practices by, for example, developing performance measurement tools in order to collect performance information about PB governance tools—especially, to monitor how the number of meetings and attendees affect efficiency and effectiveness of PB governance tools. Moreover, it is recommended to compare other local governments with similar or different structures of PB committees, local community meetings, and public-private councils in order to

evaluate the outcomes of these PB governance tools.

As described in Figure 2-3, public-private councils are not widely diffused among Korean local governments. Only 30 local governments enacted public-private councils in their local ordinances. Twenty-two of 30 governments prohibit the ‘50 percent rule,’ while eight of them allow the same rule. That is, more than 50 percent of government officials are allowed to serve on the council in these local governments. In theory, these local governments can be characterized as government-centric governance structures in that civil servants are authorized to control the public-private councils, if such councils exist. This is especially true when conflict between citizen and civil servant members occurs due to the fact that preferred PB-sponsored programs, the amount of allocation, and the timing of implementation of these programs are too diverse and complicated to reach consensus. Even if citizen members are desirably represented in PB governance tools and are well informed and educated through PB communication and education tools, it is likely that the 50 percent rule can fundamentally limit the value of PB. Thus, it is suggested that these local governments consider striking a better balance between citizen and government official members’ decision-making power by relaxing the 50 percent rule. It should be noted that as this chapter focused on exploring the current status of PB-related rules and practices, it is limited to determining whether or not, or the extent to which, the 50 percent rule achieves PB values—or which PB values the 50 percent rule can achieve or deteriorate. Therefore, this recommendation should be further articulated by future studies such as in-depth case studies of these local governments and surveys of citizen members in public-private councils in these local governments.

Lastly, as the findings indicated earlier, PB committees consist of citizen members selected through open recruiting and recommendation. The current selection criteria for citizen members during open recruiting processes adopted by local governments put somewhat skewed emphasis on region, gender, and age. That is, 22 local governments use vulnerable groups (e.g. disability and foreign immigrants) and only two local governments employ income as selection criteria in the process of recruiting citizen volunteers for PB committees. Thus, in order to ensure better representativeness and balance the composition of citizen

members, it is recommended that local governments actively embrace more vulnerable groups and citizens with diverse income categories in PB governance structure.

Specifically, this research suggests that five upper-level governments (i.e., Seoul Metropolitan City, Gyeonggi-do Provincial Government, Chungcheongnam-do Provincial Government, Ulsan Metropolitan City, and Sejong Metropolitan Autonomous City) and 22 lower-level of governments (e.g. Suwon-si, Gyeonggi-do Province; Ulleung-gun, Gyeongsangbuk-do Province; Buk-gu, Gwangju City) should be considered as benchmarking cases that embrace vulnerable groups into their PB committees. Additionally, in order to reflect better representativeness of different income groups, it is suggested that local governments consider Goheung-gun and Naju-si, Jeollanam-do Province as benchmark cases.

References

- Berry, Frances Stokes and William D. Berry, "Innovation and Diffusion Models in Policy Research," In Paul A. Sabatier and Christopher M. Weible (Eds.), *Theories of the Policy Process*, Bolder: Westview Press, 2014, pp.223~258.
- Cleveland, H., "How do You Get Everybody in on the Act and Still Get Some Action?," *Public Management*, Vol. 57, 1975, pp.3~6.
- Dahl, R., *Democracy and its Critics*, New Haven, CT: Yale University Press, 1989.
- DiMaggio, J. Paul and W. W. Powell, "The Iron Cage Revisited: Institutionalism and Collective Rationality in Organizational Fields," *American Sociological Review*, Vol. 48, 1983, pp. 147~160.
- Ebdon, Carol and Aimee L. Franklin, "Citizen Participation in Budgeting Theory," *Public Administration Review*, Vol. 66, No. 3, 2006, pp.437~447.
- Guo, Hai and Milena I. Neshkova, "Citizen Input in the Budget Process: When Does It Matter Most?," *American Review of Public Administration*, Vol. 43, No. 3, 2013, pp.331~346.
- Kim, Soojin and Hindy, Schachter, "Citizen Participation in the Budget Process and Local Government Accountability," *Public Performance & Management Review*, Vol. 36, No. 3, 2013, pp. 456~471.
- O'Leary, Rosemary and Lisa Blomgren Bingham and Catherine Gerald, "Special issue on collaborative public management," *Public Administration Review*, Vol. 66, 2006, pp.1~170.
- Roberts, Nancy, "Public Deliberation in an Age of Direct Citizen Participation," *American Review of Public Administration*, Vol. 34, No. 4, 2004, pp.315~353.
- Sintomer, Yves, Carsten Herzberg, and Anja RöCke, "Participatory Budgeting in Europe: Potentials and Challenges: Participatory Budgeting in Europe," *International Journal of Urban and Regional Research*, Vol. 32, No. 1, 2008, pp.164~178.
- Sintomer, Y., Traub-Merz, and R., Zhang, *Participatory Budgeting in Asia and Europe: Key Challenges of Participation*, Palgrave Macmillan, 2013.
- Thomas, John Clayton, "Citizen, Customer, Partner: Rethinking the Place of the Public

- in Public Management,” *Public Administration Review*, Vol. 73, No. 6, 2013, pp.786~796.
- Wampler, Brian and Janette Hartz-karp, “Participatory Budgeting: Diffusion and Outcomes across the World,” *Journal of Public Deliberation*, Vol 8, No 2, 2012, pp. 1~4.
- You, J. and W. Lee, “A Mutually Reinforcing Loop: Budget Transparency and Participation in South Korea,” In Khagram, S., Renzio, P., and Fung, A. (Eds.), *Open Budgets: The Political Economy of Transparency, Participation, and Accountability*, Washington D.C.: The Brookings Institute, 2013, pp.105~129.

CHAPTER 3

Implementation of Participatory Budgeting in Korea: Capacity Assessment

Joohoo Lee

(University of Nebraska, Omaha, USA)

and

Soonhee Kim

(KDI School of Public Policy and Management, Korea)

1. Introduction

While all local governments in Korea are currently implementing PB program under mandate, a challenging practical question for local government and community is how to build managerial, individual, and institutional capacity for effectively implementing the PB program (Kim, 2014). The purpose of Chapter 3 is to present the results of a nationwide study on the PB implementation in local governments, especially focusing on an assessment of the PB implementation status, local government capacity, and PB participants capacity for the PB implementation. Firstly, the section of the PB implementation assessment analyses the budget appropriation amount in the PB and its decision mechanism. Related to the PB budget appropriation in local government, this chapter also explores specific program and project areas that local government spent under the PB budget decisions and the factors affecting the PB budget for the program and project. Secondly, it analyses several capacity dimensions that could potentially influence on the effectiveness of the PB implementation.

The capacity dimensions included in the chapter are the followings: management capacity for the PB operation (resources, incentives for

citizen participation, budget information sharing, and communication channels), political capacity (interactions with local council), participants' (citizens) knowledge of budget, and citizen engagement capacity. Finally, this chapter analyses ongoing challenges of the PB implementation and present some policy implications for the PB system in the context of local government in Korea.

2. PB Implementation Assessment

This section presents the results of an assessment study of PB implementation in local government focused on its budget appropriation and decision mechanism. An annual budget that is spent through PB decisions per local government and major policy areas covered under the PB budget appropriation are analyzed. Concerning, the PB decision mechanism, this study further explores the factors affecting PB budget allocations in a local government.

A. Appropriation of Budget for PB Decisions

Table 3-1 describes a specific budget allocation status by local government that is spent through the PB system on an annual basis. The survey was conducted with questionnaire asking about budget appropriation for PB decisions,¹ and its analysis was based on the nominal scale, such as Yes: appropriate a budget, and No: do not appropriate a budget. According to the results, only 27.9% (64 local governments) out of the total respondents appropriated annual budget in advance for PB, and 72.1% (165 local governments) did not.

1 Does you government appropriate a budget that is spent through the PB system on an annual basis?

Table 3-1 | Annual Targeted Budget Allocation for PB

| | Number of local governments | % |
|-----|-----------------------------|-------|
| Yes | 64 | 27.9 |
| No | 165 | 72.1 |
| N | 229 | 100.0 |

B. Project Budget Expenditure under PB Decisions

As for the survey results of annual project expenditure under PB decisions, the study finds that the average of the project expenditure has been decreased 19.06% from 2013 to 2014 (KRW 12,463,708,990 in 2013 and KRW 10,087,845,358 in 2014), and it also decreased 2.9% from 2014 to 2015 (KRW 9,795,000,726 in 2015). This study examines not only changes in annual budgets, but also a ratio of a PB project budget out of an overall annual expenditure budget in a local government. In details, the ratio of local government decreased from 1.36% in 2013 to 0.98% in 2014. Although the ratio slightly increased 1.01% in 2015, the portion of a PB budget in a total budget is insignificant because this change is small.

This study adopts coefficient of variation to compare differences in standard deviations.² According to the analysis results of coefficient of variation, the value in 2015 was greatest among the three executive years, in terms of 4.13 in 2013, 3.77 in 2014, and 4.64 in 2015. This means that deviations of the PB budget get greater among different local governments comparing to the situations in 2013 and 2014.

In sum, the ratio of the PB budget in total budget gets smaller than before, and its amount is also decreased. Meanwhile, the deviation of the PB budget among local governments is increased.

² In general, standard deviation is inappropriate to compare distributions of different groups having different mean values because mean is influenced by standard deviation. Accordingly, it is recommended to use coefficient of variation, which standardizes standard deviations by dividing standard deviation by mean, when two groups having different mean and standard deviation values are compared.

Table 3-2 Project Expenditure Amount under PB Decisions

(Unit: KRW)

| Year | N | Expenditure under PB Decisions | | | | |
|------|-----|--------------------------------|------------------|----------------|-----------------------|--------------------------------|
| | | Mini- mum value | Maximum Value | Average | Standard Deviation | Ratio (PB/Annual budget) |
| 2015 | 223 | 0 | 622,606,000,000 | 9,795,000,726 | 4,551,3605,251 | 1.01% |
| 2014 | 222 | 0 | 438,804,000,000 | 10,087,845,358 | 38,105,489,071 | 0.98% |
| 2013 | 222 | 0 | 619,316,000,000 | 12,463,708,990 | 51,523,271,839 | 1.36% |

C. Policy Areas under PB Decisions

Table 3-3 shows the top three policy/project areas that local government spent at most under the PB decisions during the most recent budget cycle.³ According to the survey results, 39.7% (91 local governments) out of the total respondents checked that a land/local development area occupies the highest portion. Transportation was ranked the second highest area with 14.8% (34 local governments). Culture and tourism (15.3%, 35 governments) was ranked as the third. In sum, land/local development, transportation, and culture and tourism are the key categories in the PB budget allocation, and the budgets for social welfare and public order and security are consistently allotted. In addition, the study finds that the PB budget has been allocated to various areas in local government as well except IT development policy area.

3 "Please check three categories that your government recently spent at most under the PB decisions during the most recent budget cycle."

Table 3-3 | Three Major Policy Areas: Expenditure under PB Decisions

| Policy area | 1st | | 2nd | | 3rd | |
|-----------------------------------|---------------------------|-------|---------------------------|-------|---------------------------|-------|
| | N of local government (%) | RA NK | N of local government (%) | RA NK | N of local government (%) | RA NK |
| Public administration in general | 11(4.8) | 7 | 13(5.7) | 7 | 24(10.5) | 4 |
| Public order and security | 25(10.9) | 3 | 32(14.0) | 2 | 30(13.1) | 2 |
| Education | 5(2.2) | 8 | 8(3.5) | 8 | 8(3.5) | 10 |
| Culture and tourism | 12(5.2) | 6 | 24(10.5) | 4 | 35(15.3) | 1 |
| Environment protection | 5(2.2) | 8 | 24(10.5) | 4 | 20(8.7) | 5 |
| Social welfare | 28(12.2) | 2 | 27(11.8) | 3 | 27(11.8) | 3 |
| Public health | 0 | 10 | 1(0.4) | 10 | 4(1.7) | 11 |
| Agriculture, maritime, & forestry | 15(6.6) | 5 | 23(10.0) | 5 | 15(6.6) | 7 |
| Industry/small-medium business | 1(0.4) | 9 | 3(1.3) | 9 | 7(3.1) | 9 |
| Transportation | 21(9.2) | 4 | 34(14.8) | 1 | 14(6.1) | 8 |
| Land/local development | 91(39.7) | 1 | 20(8.7) | 6 | 19(8.3) | 6 |
| IT development | 0 | 10 | 0 | 11 | 0 | 12 |
| Others | 1(0.4) | | 1(0.4) | | 1(0.4) | |
| Nonresponse | 14(6.1) | | 19(8.3) | | 25(10.9) | |
| N | 229 | | 229 | | 229 | |

D. Factors Affecting Project Budget Decisions under PB

The survey questionnaire⁴ asked respondents to select the top three factors affecting the determination of program/project budget amounts under PB decisions. According to the result (Table 3-4), 64.6% (148) of local governments out of the total respondents replied that financial

⁴ Please rank the top three factors (from the 1st to the 3rd) affecting the determination of project budget amounts under PB decisions.

Table 3-4 | Top Three Factors Affecting Project Budget Amounts under PB

| Factors | 1st | | 2nd | | 3rd | |
|--|--------------------------|-------|--------------------------|-------|--------------------------|-------|
| | #of local government (%) | RA NK | #of local government (%) | RA NK | #of local government (%) | RA NK |
| Operating expense of the previous year | 14(6.1) | 4 | 30(13.1) | 5 | 35(15.3) | 3 |
| Total annual expenditure | 25(10.9) | 2 | 66(28.8) | 1 | 42(18.3) | 1 |
| Financial condition of a local government | 148(64.6) | 1 | 34(14.8) | 3 | 23(10.0) | 4 |
| Willingness of elected executive leaders | 22(9.6) | 3 | 50(21.8) | 2 | 41(17.9) | 2 |
| Willingness of local council members | 3(1.3) | 6 | 5(2.2) | 6 | 20(8.7) | 5 |
| Successful deliberation/review of PB participants (citizens) | 9(3.9) | 5 | 31(13.5) | 4 | 41(17.9) | 2 |
| Demands by the central government | 1(0.4) | 7 | 1(0.4) | 8 | 4(1.7) | 7 |
| Demands by a local government at a higher level | 0 | 8 | 1(0.4) | 8 | 1(0.4) | 8 |
| Case studies from other local government | 1(0.4) | 7 | 2(0.9) | 7 | 7(3.1) | 6 |
| Others | 1(0.4) | | 0 | | 2(0.9) | |
| Nonresponse | 5(2.2) | | 9(3.9) | | 13(5.7) | |
| N | 229 | | 229 | | 229 | |

condition of a local government is the most considered factor.

Total annual expenditure (28.8%) was ranked as the second critical factor as well as the third through having responses by 42 local governments (18.3%). It is also worthwhile to note that willingness of elected executive leaders and successful deliberation/review of PB participants checked as important factors affecting their local government expenditure under PB decisions. These findings imply that while local government financial condition matters most, elected executive leaders and effective deliberation by PB participants make a difference in ultimate budget allocations.

Considering the gap in the response rate between the first ranked factor and the second and the third ranked ones, financial condition of a local government is one of the most critical factors determining the PB budget in most local governments. In particular, the fact that correlation between financial condition of a local government and total annual expenditure is high means that the top three factors identified are closely related to local government's financial conditions. This implies that the PB budget would be determined by financial condition or capacity of a local government and other factors, such as willingness of the elected executive leaders and/or deliberation by PB participants. The other factors affecting project budget under the PB decisions are identified as number of project proposals, resident participation, and residents' policy demand. These findings indicate that active citizenship still make a difference during the PB implementation.

3. PB Implementation and Capacity in Local Government

Scholars and practitioners emphasize organizational capacity matters for implementing PB effectively (Kim, 2014). Four dimensions of the PB implementation capacity are analysed in this study: managerial, individual of PB participants, political, and citizen engagement. The capacity of managerial dimension has assessed with several categories, including resources, participatory methods, incentives for citizen participation, and information sharing. Individual capacity is assessed

Table 3-5 PB Implementation: Capacity Assessment in Local Government

| Dimension | Factor | Indicator |
|---------------------------------|--------------------------------------|--|
| Managerial capacity | Resources | Human resources & operation budget |
| | | Financial & non-monetary supports |
| | Incentives for citizen participation | Monetary incentives |
| | | Non-monetary incentives |
| | Budget Information Sharing | Scope/range of information provided |
| | Communication methods | Usage and Purpose |
| Individual participant capacity | Citizen knowledge of budget | PB participants' (citizens) knowledge of local government budget |
| Political Capacity | Interaction with local council | Approval rate of project proposals |
| Citizen engagement capacity | Active participation | Number of project proposals submitted |

based on PB managers' perceptions of PB participants' (citizens) knowledge and understanding of local government budget that they observed during their participation in the PB implementation process. Political capacity states relationship with local council concerning the PB implementation. PB engagement capacity is measured by the number of proposals submitted by citizens during the PB implementation.

A. Managerial Capacity

1) Resource

Resources are composed of human resources for the PB implementation, PB operation budget, and financial and non-monetary support, which focus on different supports from central government and higher-level local governments.

a) Human Resources

Table 3-6 describes number of civil servants who take charge of the PB implementation in a local government. 89.1% out of the total

Table 3-6 | Human Resources for PB Implementation

| # of civil servants in charge of the PB implementation | # of local government | % |
|--|-----------------------|-------|
| 0 | 1 | 0.4 |
| 1 | 204 | 89.1 |
| 2 | 18 | 7.9 |
| 3 | 1 | 0.4 |
| 4 | 2 | 0.9 |
| 5 | 1 | 0.4 |
| 7 | 1 | 0.4 |
| Nonresponse | 1 | 0.4 |
| N | 229 | 100.0 |

Table 3-7 | PB Civil Servant Responsibility

| Responsibility | # of local government | % |
|---|-----------------------|-------|
| Full responsibility of PB only | 4 | 1.7 |
| Responsible for PB task and other works as well | 224 | 97.8 |
| Nonresponse | 1 | .4 |
| N | 229 | 100.0 |

respondents (229) allots only one civil servant in charge related to the PB management, and it is 10.4% that more than two civil servants in charge were allotted in the PB project management.

Table 3-7 shows whether the allotted civil servant fully takes charges of the PB project or not. According to the results, 97.8% out of the total respondents replied that he/she holds down other responsibilities as well.

b) PB Operation Budget

On the other hand, local governments are also appropriating PB system operation budget in order to promote citizens' participation. Through this operation budget, the local governments are able to

Table 3-8 Presence of the PB operation Budget

| | Presence of the separate budget for the PB system operation | |
|-----|---|------|
| | Number of local government | % |
| Yes | 161 | 70.3 |
| No | 68 | 29.7 |
| N | 229 | 100 |

Table 3-9 PB Operation Budget

(Unit: KRW)

| Approximate amount of PB operation budget based on the most recent fiscal year | | | | |
|--|---------------|----------------|---------------|--------------------|
| N | Minimum Value | Maximum value | Average | Standard Deviation |
| 161 | 630,000.00 | 734,000,000.00 | 30,269,788.82 | 73,116,771.77 |

diversify their incentive mechanism, since the budget can be practically used as conference costs, compensation for participants, travel grant, and promotional costs. As shown in Table 3-8, more than 70% of respondents have answered that they appropriate the separate budget for the PB system operation, while only 68(29.7%) local governments do not in contrast. In addition, Table 3-9 identifies the approximate amount of PB operation budget based on the most recent fiscal year. Among the 161 local governments which have answered that they earmark the budget, the average amount of annual budget is 30,269,788.82 KRW. It is also illustrated that they allot at least 630,000.00 KRW but not higher than 734,000,000.00 KRW for the budget.

c) Financial & Non-monetary Support

Table 3-10 shows whether local government received financial or non-monetary supports from the central government and/or higher-level local governments. The survey question⁵ was analyzed with a nominal

5 ① Does your government receive any financial supports from the central government and/or higher-level local government(s) due to the citizen's PB system operation? ② Does your government receive and non-monetary supports from the

Table 3-10 Support from the Higher Level of Government

| | Financial supports | Non-monetary supports |
|-----|--------------------------------|--------------------------------|
| | Number of local government (%) | Number of local government (%) |
| Yes | 6(2.6) | 16(7.0) |
| No | 223(97.4) | 213(93.0) |
| N | 229 | 229 |

scale basis, in terms of yes if experienced and no if not.

According to the results, only six local governments (2.6%) out of the total respondents (229) replied that they have received financial supports from a higher level of governments, and the list is Jungnang-gu, Sungdong-gu, Gangnam-gu, Eunpyung-gu, and Guro-gu in Seoul city, and Saha-gu in Busan city. As for non-monetary supports, 16 municipal governments (7%) have received relevant supports from higher level of governments: Hongsung, Taeahn, and Geochang district offices, Dobong-gu, Nowon-gu, Sungbuk-gu, Sungdong-gu, Jung-gu, Guro-gu, Gwanak-gu, and Saha-gu offices, Susan, Cheongju, Bucheon, and Yeongcheon metropolitan governments, and South and North Chungcheong provincial governments.

As for financial supports, Table 3-11 shows detailed information about the supports, including supporting governments, amount of funding, and types of assistance. Five district local governments under Seoul Metropolitan Government (SMG) received financial supports from the SMG. The fund is conditional supports, which must be spent for the particular projects that SMG determined. Saha-gu office under Busan metropolitan government has received financial supports from both the central government and Busan Metropolitan City, and the fund must be also spent for the particular projects.

Table 3-12 shows areas for the targeted funds in the six local governments that received financial support for the PB implementation. According to the results, the land/local development and culture/tourism have been marked by four local governments as the target funds. Public administration in general with two respondents was ranked as the third.

central government, higher-level local government(s), and/or other local government(s) due to the citizen's PB system operation?

Table 3-11 Financial Support for Six Local Governments

| | Supporting Government | | Amount of funding | | Types of funding | |
|--------------|-----------------------|--------------------------|-------------------|-------------------------------|---------------------|-------------------------|
| | Central Gov. | High-level of Local gov. | Central Gov. | High-level of Local gov.(Won) | Discretionary Grant | Non-discretionary grant |
| Junngang-gu | No | Yes | N/A | 1,150,000,000 | No | Yes |
| Seongdong-gu | No | Yes | N/A | 4,170,000,000 | No | Yes |
| Gangnam-gu | No | Yes | N/A | 561,600,000 | No | Yes |
| Eunpyeong-gu | No | Yes | N/A | 1,350,000,000 | No | Yes |
| Guro-gu | No | Yes | N/A | 2,000,000,000 | No | Yes |
| Saha-gu | Yes | Yes | 357,000,00 | 862,500,000 | No | Yes (both) |

Table 3-12 Funded Policy/Project Areas in Six Local Governments

| Program/Project area | 1 st | | 2 nd | | 3 rd | |
|----------------------------------|---------------------------|-------|---------------------------|-------|---------------------------|-------|
| | # of local government (%) | RA NK | # of local government (%) | RA NK | # of local government (%) | RA NK |
| Public order and security | 2(0.9) | 2 | 1(0.4) | 2 | 1(0.4) | 2 |
| Land/local development | 4(1.7) | 1 | | | | |
| Culture and tourism | | | 4(1.7) | 1 | | |
| Environment protection | | | 1(0.4) | 2 | 1(0.4) | 2 |
| Public administration in general | | | | | 2(0.9) | 1 |
| Social welfare | | | | | 1(0.4) | 2 |
| Transportation | | | | | 1(0.4) | 2 |
| Nonresponse | 223(97.4) | | 223(97.4) | | 223(97.4) | |
| N | 229 | | 229 | | 229 | |

Table 3-13 shows the status of non-monetary supports, such as PB staff training, citizen training, and other support/cooperation, from other governments including the central government, a higher level government, and the other local governments.

Table 3-13 Non-monetary Support for PB in Local Government

| | Support from Central Government | | Support from Higher-level local Government | | Support from other local Government | |
|----------------------------|---------------------------------|-------|--|-------|-------------------------------------|-------|
| | N of local government (%) | RA NK | N of local government (%) | RA NK | N of local government (%) | RA NK |
| PB staff training | 1(6.3) | 3 | 6(31.6) | 2 | 1(5.9) | 4 |
| Citizen training | | | 8(42.1) | 1 | 2(11.8) | 3 |
| Other support/ cooperation | 2(12.5) | 2 | 3(15.8) | 3 | 3(17.6) | 2 |
| N/A | 13(81.3) | 1 | 2(10.5) | 4 | 11(64.7) | 1 |

A respondent which receives non-monetary supports from the central government spent the fund for PB staff training (Seongdong-gu), and two respondents receive non-monetary supports in other support/ cooperation (Yeongcheonsi, Saha-gu). Eight respondents receive non-monetary supports in citizen training from their higher level of government (Cheongju-si, Nowon-gu, Seongbuk-gu, Junggu, Guro-gu, Saha-gu, Bucheon-si, Hongseong-gun), six respondents in PB staff training, and three in other support/cooperation (Seosan-si, Bucheon-si, Seongdong-gu, Gwanak-gu, Hongseong-gun, Taean-gun).

For those which receive non-monetary supports from the other local governments, three were supported in other support/cooperation (Yeong cheon-si, Saha-gu, Chungcheongnam-do), two in citizen training (Chungcheongnam-do, Dobong-gu), and one in PB staff training (Seong dong-gu).

In sum, there are more numbers of local governments which receive non-monetary supports (16 local governments) than financial supports (6 local governments), and the types of supports from a higher-level government focus on non-monetary supports. Compared to the central government, the higher level of local governments provide more support for the PB implementation in local governments. Therefore, these findings imply that local government may face limited resource capacity issues in the context of weak financial condition (see Appendix Table 3) and limited support from the central government for implementing the

Table 3-14 Non-monetary Support Areas by Local government

| | From Central government | | | From Higher-level local government | | | From Other local government | | |
|-------------------|-------------------------|------------------|------------|------------------------------------|------------------|------------|-----------------------------|------------------|------------|
| | PB staff Training | Citizen Training | Others | PB staff Training | Citizen Training | Others | PB staff Training | Citizen Training | Others |
| Dobong-gu | No | No | No | No | No | No | No | Yes | No |
| Nowon-gu | No | No | No | No | Yes | No | No | No | No |
| Seongbuk-gu | Yes | No | No | No | Yes | Yes | No | No | No |
| Seongdong-gu | No | No | No | Yes | No | No | Yes | No | No |
| Junggu | No | No | No | No | Yes | No | No | No | No |
| Guro-gu | No | No | No | No | Yes | No | No | No | No |
| Gwanak-gu | No | No | No | Yes | No | No | No | No | No |
| Chungcheongnam-do | No | No | No | No | No | No | No | Yes | Yes |
| Seosan-si | No | No | No | Yes | No | No | No | No | No |
| Hongseong-gun | No | No | No | Yes | Yes | No | No | No | No |
| Taeae-gun | No | No | No | Yes | No | No | No | No | No |
| Cheongju-si | No | No | No | No | Yes | No | No | No | No |
| Bucheon-si | No | No | No | Yes | Yes | No | No | No | No |
| Yeongcheon-si | No | No | Yes | No | No | Yes | No | No | Yes |
| Saha-gu | No | No | Yes | No | Yes | No | No | No | Yes |
| Geochang-gun | No | No | No | No | No | Yes | No | No | No |

PB mandate.

2) Incentives for PB Participants

In order to enhance citizens' actual motivation for PB, various incentives for PB participants (citizens) are being utilized by the local governments. The incentives consist of the following two sub-categories: financial incentives and non-financial incentives. Both financial and non-financial incentives act as salient factors in explaining the effectiveness of PB, since the two types of incentives are closely related with the local governments' management capacity.

a) Financial Incentives

Financial incentives given to the PB participants involve either direct or indirect cost. Direct financial incentives, such as transportation expenses and consultation fees, are directly given to the citizens who participate in PB. Table 3-15 shows that 146 local governments (63.8%) offer direct financial incentives for citizen PB participants. Only 83 out of 229 local governments have answered that they do not provide any

Table 3-15 Monetary Incentives for PB Participants

| | Presence of payment for citizens | |
|-----|----------------------------------|------|
| | Number of local government | % |
| Yes | 146 | 63.8 |
| No | 83 | 36.2 |
| N | 229 | 100 |

Table 3-16 Types of Monetary Incentives for PB Participation

| Specific types of monetary incentives for citizens | Number of local government | % |
|--|----------------------------|------|
| Transportation and/or food expenses | 13 | 5.7 |
| Consultation fees | 133 | 58.1 |
| N | 146 | 63.8 |

kind of direct financial incentives for the PB participants. To be more specific, as illustrated in Table 3-16, there are mainly two different types of direct financial incentives: transportation/food expenses and consultation fees. Of 146 13(5.7%) of local governments responded that they support for transportation and/or food expenses while 133(58.1%) of them support consultation fees. It is clearly evident that a large number of local governments are utilizing consultation fees rather than transportation and/or food expenses, as an effective method of direct financial incentive.

b) Non-Financial Incentives

Along with financial incentives, non-monetary support can be another effective incentive for the citizens who are interested in the PB program. Despite its salience, however, not many local governments are utilizing non-financial incentives yet. As shown in Table 3-17, only 14 out of 229 local governments implement non-financial incentives for participants, while the remaining 93.9% of them do not. According to the survey, the 14 local governments are providing non-monetary support such as promoting public projects, providing refreshments and brochures, sending text messages, presenting awards to participants with high attendance rate, treating meals, providing vehicles for actual inspection, certifying volunteer activity record, saving citizen participation points, or providing meeting spaces. Such low percentage of local governments with non-monetary support can be interpreted as widespread beliefs that financial incentives are still comparatively more efficient and effective method to boost the citizens' motivation.

Table 3-17 Non-Monetary Support for Citizens

| | Presence of non-monetary support for citizens | |
|-----|---|------|
| | Number of local government | % |
| Yes | 14 | 6.1 |
| No | 215 | 93.9 |
| N | 229 | 100 |

3) Budget Information Sharing

Figure 3-1 shows budget documents openness in local government in the context of PB implementation. Firstly, according to the responses of multiple choices of five document types, 215 out of the total 229 local governments (93.9%) have disclosed revenue/expenditure budget statement, which literally means that the majority of local governments have given information about revenue/expenditure budgets to the public. Secondly, 174 local governments (76%) have chosen to disclose supplementary budget statement, which led to the relatively high transparency score of information disclosure. The numbers of local governments which publicly provide revenue/expenditure final statement and mid-term local financial plan were 151(65.9%) and 141(61.6%) respectively. Thirdly, the disclosure of expenditure budget preparation (proposal) has been selected by only 50 (21.8%) local governments. PB system could focus on strengthening citizen participation in each budgetary phase of local governments. However, the results of this study show that local governments are more open to share the budget results such as revenue/expenditure budget statement compared to mid-term local financial plan and expenditure budget preparation (proposal), which are the essential documents to grasp the whole planning phase.

Figure 3-1 Budget Documents Openness in PB

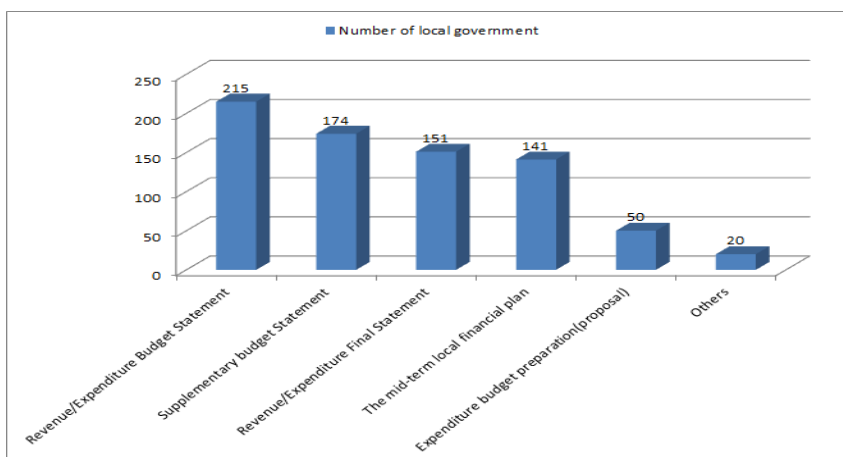
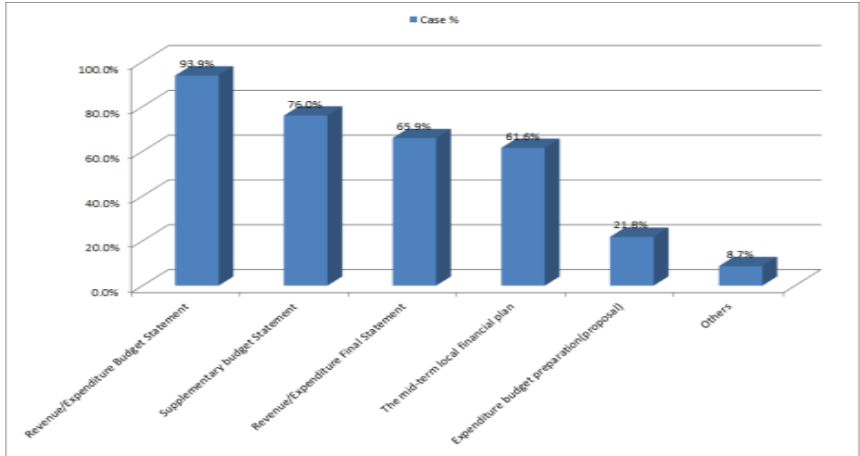


Figure 3-1 (Continued)



These findings indicate that the transparency level of budget documents is very limited to utilize the PB as a monitoring system to strengthening efficient and effective fiscal management in local government. In order to use the PB as an effective evaluation system for making a practical budget plan and efficiency in a budgeting process (Kwack, 2005), local government leaders' commitment to the fiscal transparency of midterm fiscal plan, investment examination system, and the issue of local debt should be emphasized during the PB implementation. Special attention should be paid to how the PB affects financial management soundness considering weak fiscal capacity in many local governments. Based on a panel data set of fiscal years of 2003-2008, Lee and Kim (2011) found that the PB affected the reduction of expenditure of local government budget. While the finding is not generalizable as the research was focused on the local governments that adopted the PB during the time period, it addressed a potential role of the PB for enhancing financial management in local governments.

4) Communication Methods: Usage and Purpose

Those which adopt the PB system implement many different

communication methods for effective PB implementation, such as e-mail, homepage, SMS, twitter, Facebook, periodicals, and public hearing. Table 3-18 describes how local government utilizes these communication tools for specific purposes, such as encouragement of citizen's participation, education about the budget, collection of citizen committee members, collection of citizens' opinions, providing minutes

Table 3-18 Communication Methods Usage and Purpose

| Purpose | ON-LINE Method | | | | | OFF-LINE Method | |
|--|----------------|---------------|---------------|---------------|---------------|-----------------|----------------|
| | E-mail | Home page | SMS | Twitter | Face Book | Periodicals | Public hearing |
| | N (%) | N (%) | N (%) | N (%) | N (%) | N (%) | N (%) |
| Encouragement of citizens' participation | 19 (6.4) | 114 (21.2) | 33 (11.1) | 24 (9.2) | 23 (9.1) | 70 (20.2) | 33 (9.0) |
| Education about the budget | 29 (9.8) | 48 (8.9) | 43 (14.4) | 7 (2.7) | 5 (2.0) | 48 (13.8) | 45 (12.2) |
| Getting citizen committee members' opinion | 46 (15.5) | 110 (20.4) | 45 (15.1) | 8 (3.1) | 7 (2.8) | 41 (11.8) | 72 (19.6) |
| Getting citizens' pinion | 41 (13.9) | 161 (29.9) | 18 (6.0) | 11 (4.2) | 15 (5.9) | 53 (15.3) | 71 (19.3) |
| Providing minutes about the budget | 13 (4.4) | 64 (11.9) | 3 (1.0) | 3 (1.2) | 1 (0.4) | 8 (2.3) | 7 (1.9) |
| Voting by citizen committee members for PB project selection | 6 (2.0) | 12 (2.2) | 4 (1.3) | 4 (1.5) | 3 (1.2) | 13 (3.7) | 33 (9.0) |
| Voting by citizens for program selection | 2 (0.7) | 17 (3.2) | 5 (1.7) | 4 (1.5) | 3 (1.2) | 12 (3.5) | 14 (3.8) |
| Not in operation | 140 (47.3) | 13 (2.4) | 147 (49.3) | 199 (76.5) | 197 (77.6) | 102 (29.4) | 93 (25.3) |

about the budget, voting by citizen committee members for program selection, and voting by citizen for program selection.

According to the results, the main purposes for 89 respondents to use email were focused on collection of input from citizen committee members (46, 15.5%), the public (41, 13.9%), and education about the budget (29, 9.8%). The result reports that PB webpage is the most popular method in the PB implementation, and it has been used for getting citizens' input and opinions (161, 29.9%), encouragement of citizens' participation (114, 21.2%), and getting citizen committee members' input and opinions (110, 20.4%). Short message service (SMS) has been used for getting citizen committee members' input and opinions (45, 15.1%), education about the budget (43, 14.4%), and encouragement of citizens' participation (33, 11.1%).

As a communication channel, Twitter has been adopted by 30 municipal governments, and Facebook has been adopted by 32 governments. These methods were focused on encouragement of citizens' participation and for getting citizens' input and opinions.

The other methods, such as e-mail, PB website, SMS, Twitter, and Facebook, could be efficient and convenient for citizens' easy access and engagement in the PB process. In particular, Twitter and Facebook can be critical promoting tools for encouraging young generations' participation in the PB. However, this study finds that other online communication methods except the PB website are comparatively less utilized than offline methods as the PB communication channels.

Among offline methods, pamphlet and brochure have been utilized for the purposes of encouragement of citizens' participation (70, 20.2%), getting citizens' input and opinions (53, 15.3%), and education about the budget (48, 13.8%). Public hearing has been used to collect citizen committee members' input and opinions (72, 19.6%), citizens' opinions (71, 19.3%), and to provide education about the budget (45, 12.2%).

In sum, these communication methods are less utilized for providing information and decision making, such as providing minutes about the budget, voting by citizen committee members for program selection, and/or voting by citizens for program selection. Meanwhile the methods have been more utilized for PB participation encouragement, public hearing and education of the budget.

B. PB Participants' Capacity

1) PB managers' perceptions of PB participants' capacity

PB participants' capacity is assessed based on PB managers' perceptions of PB participants' (citizens) knowledge and understanding of local government budget that they observed during their participation in the PB implementation process, such as local meeting for PB, PB committee, PB operating committee, Public-Government coordination committee, budget research association (community of practice), budget school, public hearing on budget, and PB webpage. Questions in the questionnaire are asked with different point scale from 1 to 5. Scale one means the most positive perception of PB participants' knowledge and understanding of local government budget, while scale five indicates the most negative case.

As for the averages PB managers' perceptions of PB participants' (citizens) knowledge and understanding of local government budget, the study finds the average score of local community meeting as 3.24, PB committee as 2.85, PB operating committee as 2.93, public-private council as 2.44, budget research association as 2.64, budget school as 3.04, budget public hearing as 3.12, and PB website as 3.14 (Table 3-19).

PB public managers tend to assess PB participants' (citizens)

Table 3-19 | PB Participants' Knowledge on Budget: PB Managers' Perceptions

| Participation structure/method | N of local Governments* | Average | Standard deviation |
|--|-------------------------|---------|--------------------|
| Local community meeting | 105 | 3.2476 | .74396 |
| PB committee | 168 | 2.8512 | .85219 |
| PB operating committee | 109 | 2.9266 | .92001 |
| Public-private council | 34 | 2.4412 | .99060 |
| Budget research group(community of practice) | 39 | 2.641 | .95936 |
| Budget school | 111 | 3.045 | .83544 |
| Budget public hearing | 139 | 3.1223 | .84665 |
| PB webpage | 202 | 3.1386 | .76659 |

Note: * The number of local governments that runs each type of PB operation systems.

knowledge and understanding of local government budget in public-government coordination committee and budget research association (community of practice) better than the same concerns in other areas.

However, the numbers of local governments adopting public-government coordination committee (34) and budget research association (community of practice) (39) are relatively less than those operating other systems; therefore, there are limitations to compare two different groups in direct ways. In the case of public-government coordination committee and budget research association (community of practice) excluded, PB public managers more positive perceptions the PB participants' knowledge and understanding of local government budget in PB committee and PB operating committee,⁶ compared to the PB participants' knowledge and understanding of local government budget in local meeting, budget public hearing, and the PB website.

C. Political Capacity

1) PB project approval by local council

Political dimension is composed of the role of local council, and it is measured by the number of PB project proposals approved by local council. Table 3-20 shows percentage of project approval (%). The average percentage for the approval is 64.7%. However, the range for the approval, in terms of the gap between maximum and minimum values is huge, and standard deviation is also high. This means that the differences among local governments are great.

Table 3-21 shows statistical results of project approval rates by different local government types at a lower level of local government administration.⁷ According to the results, a local council's approval rate was highest in Gu (74.48%), and the next is City (68.67%). Gun was the lowest level with 52.65%. To compare relative sizes of different

6 In this study, the critical point assessing positive or negative perception is three. If the point is below 3, the perception is positive, while above 3 it is negative.

7 This study divided the local government types by the lower-level of local government and the higher-level of local government.

Table 3-20 Overall Project Approval Rate by Local Council

| | N | Minimum value | Maximum Value | Average | Standard deviation |
|------------------------------------|-----|---------------|---------------|---------|--------------------|
| Percentage of project approval (%) | 219 | 0 | 100 | 64.76 | 39.26 |

**Table 3-21 Project Approval Rate by Local Council
(the Lower-level of Local Government)**

| | Type of lower-level of local government | N | Minimum value | Maximum value | Average (%) | Standard deviation | Coefficien of variation |
|---------------------------------|---|----|---------------|---------------|-------------|--------------------|-------------------------|
| Project Approval Percentage (%) | Gun (County) | 70 | 0 | 100 | 52.65 | 41.82 | 0.79 |
| | Gu (District) | 64 | 0 | 100 | 74.48 | 35.44 | 0.47 |
| | City | 71 | 0 | 100 | 68.67 | 37.03 | 0.53 |

**Table 3-22 Project Approval Rate by Local Council
(the Higher-level of Local Governments)**

| | Type of lower-level of local government | N | Minimum value | Maximum value | Average (%) | Standard deviation | Coefficient of variation |
|---------------------------------|---|---|---------------|---------------|-------------|--------------------|--------------------------|
| Project Approval Percentage (%) | Do-Province | 7 | 0 | 100 | 48.71 | 45.05 | 0.92 |
| | Metropolitan | 7 | 0 | 100 | 73.42 | 36.93 | 0.5 |

standard deviations, this study used coefficient variation, and it found that the deviation in Gun level is relatively greater than other levels in Gu and City.

In sum, the average approval rate is the highest at the district-level, Gu local government. This implies that the district level local government gains greater political support from local council compared

to Gun and city governments and that its deviation of project approvals is smaller than other levels in City or Gun.

Table 3-22 shows statistical results about local council's project approval rates by Province and Metropolitan city government. According to the results, metropolitan city governments show a higher approval rate (73.42%) than the rate at the provincial level (48.71%). Relative variation coefficient values are higher in provincial level (0.92) than in metropolitan level (0.5), and deviation for approval rates is greater in provincial level (45.05) than in metropolitan level (36.93).

In sum, Metropolitan city governments tend to have greater political support from local councils, and their deviations of approval rates are smaller than rates in other levels.

D. Citizen Engagement Capacity

PB citizen engagement capacity was assessed by the number of proposals submitted by citizens for PB decisions at the first stage of the PB implementation. This study also addresses PB public managers' **perceived achievement of the PB implementation**.

1) Project Proposal submission for PB consideration

The analysis of the 221 local governments participated in the survey shows that local governments received approximately 100 proposals, on average, in 2014 from local community citizens for the consideration of PB decisions. However, it is found that standard deviation of number of proposals (277.17) was considerably large.

Table 3-24 shows statistical results about number of project proposals by local government type at the lower level of local governments (see Appendix Table 4). The average number of proposals for City level is 120.23, 63.75 for Gun level, and 48.17 for Gu level. The standard deviation scores also show similar pattern. However, when the coefficient variation values are considered, the standard deviations were changed as Gun (2.05), City (1.54), and Gu (1.01). In general standard deviation, City has the greatest standard deviation, while Gun

Table 3-23 | Proposals for PB Consideration

| | N | Minimum Value | Maximum Value | Average | Standard deviation |
|---------------------|-----|---------------|---------------|---------|--------------------|
| Number of proposals | 221 | 0 | 3593 | 97.97 | 277.17 |

Table 3-24 | Proposal by the Lower-level of Local Government

| | Type of lower-level of local government | N | Minimum value | Maximum value | Average (%) | Standard deviation | Coefficient of variation |
|--|---|----|---------------|---------------|-------------|--------------------|--------------------------|
| Number of proposals for PB consideration | Gun (county) | 70 | 0 | 714 | 63.75 | 130.9 | 2.05 |
| | Gu (district) | 64 | 0 | 209 | 48.17 | 48.68 | 1.01 |
| | City | 72 | 0 | 1022 | 120.23 | 186.1 | 1.54 |

Table 3-25 | Proposals in the Higher-level of Local Government

| | Type of lower-level of local government | N | Minimum value | Maximum value | Average (%) | Standard deviation | Coefficient of variation |
|---------------------|---|---|---------------|---------------|-------------|--------------------|--------------------------|
| Number of Proposals | Provincial Level | 7 | 0 | 327 | 71.57 | 117.53 | 1.64 |
| | Metropolitan Level | 8 | 50 | 3593 | 618.37 | 1229.42 | 1.98 |

has the greatest deviation in the condition that the relative comparison was considered through coefficient of variation.

In sum, communities in City offer greater citizen engagement capacity to City governments at the lower level of local governments, and the deviation of Gun level is greater than City and Gu levels.

Table 3-25 shows the number of project proposals received by Province and Metropolitan governments(see also Appendix Table 4). According to the results, there is a gap in average of the number of project proposals between Provincial (71.57) and Metropolitan governments (618.37). There

is a great difference as well in standard deviations, and the coefficient of variation for Metropolitan governments (1.98) is greater than Provincial governments (1.64).

In sum, the citizen's participation in PB in Metropolitan governments is more proactive than that of Provincial government, and the deviation measured by coefficient of variation is greater in Metropolitan level than the one in Provincial level.

4. Policy Implications and Conclusion

A. Findings and Implications

Overall, this study finds that 64 local governments have appropriated annual budget in advance for PB decisions and the ratio of the PB budget in total budget has been decreased between 2013 and 2015. While the PB budget has been allocated to various areas in local government, the top three areas of the PB budget allocations include land/local development, transportation, and culture and tourism. The budgets for social welfare and public order and security are also allotted.

The study also finds that financial condition of a local government is one of the most critical factors determining the PB budget in most local governments along with willingness of a local government head and/or deliberation by PB participants. This implies that the resource amount of project/programs under the PB could be continuously challenging as the financial capacity of many local governments is limited (see Appendix Table 3).

Not surprisingly, 89.1% out of the total respondents (229) allots only a public manager in charge related to the PB management. Only 10.4% out of the total 229 respondents indicated that two public employees in charge were allotted in the PB project management. And 97.8% out of the total respondents replied that the public managers in charge of the PB management hold down other responsibilities as well.

Another important local government capacity issue is operation cost of the PB. The study finds that more than 70% of total local

governments have appropriated the separate budget for the PB system operation. Concerning the operation cost, this study result shows that only six municipal governments (2.6%) out of the total respondents (229) have received financial supports from a higher level of governments (five local districts in Seoul and one district in Busan). As for non-monetary supports, 16 municipal governments (7%) have got some support for relevant services (e.g., cooperation and training for citizens and staff) from a higher level of government. Compared to the central government, the higher level of local government provided more support for the PB implementation in local governments. Accordingly, these findings imply that local governments may face limited resource capacity issues in the context of a weak financial condition and limited supports from the central government for implementing the PB mandate.

In terms of openness of budget documents and information during the PB implementation, the results of this study show that local governments have more openness to the budget results such as revenue/expenditure budget statement, compared to mid-term local financial plan and expenditure budget preparation (proposal), which are the essential documents to grasp the whole planning phase. If citizens are not able to browse the ex post stage of revenue/expenditure final statement, it may imply that citizen may have limited information to critically assess how the local governments are operating the actual fixed budget and how they are utilizing their revenue and expenditure.

Another important success factor in PB implementation is citizens' active participation. The study results showed that a large number of local governments are utilizing consultation fees rather than transportation and/or food expenses, as an effective method of direct financial incentive. Meanwhile, only 14 out of 229 local governments implement non-financial incentives for participants. Again, this result addresses the variation of the PB implementation in local governments as some local governments have limited resources to provide monetary incentives for promoting active participation compared to the other local governments.

This study also assesses local government utilization of various communication tools in the context of PB implementation. Communication methods are less utilized for providing information and

decision making about the budget and program selection, but more utilized for PB participation encouragement, such as public hearing and education of the budget. In order to enhance accountability of the PB, local government may need to put more efforts for active sharing of the PB budget and program/project selection. It should be worthwhile to conduct further research on the reasons for not much utilization of various communication tools.

PB public managers showed relatively more positive assessment of the PB participants' (citizens) knowledge and understanding of local government budget in public-government coordination committee, budget research association (community of practice), PB committee, and PB operating committee compared to the PB participants in budget school, budget public hearing, PB webpage, and PB local meeting.

In terms of PB budget approval rate by local council, the study finds that the average approval rate is the highest at the district-level, Gu local government (74.5%) followed by Metropolitan city government (73.4%). Meanwhile, the average number of proposals submitted by citizens for City level is around 120, 63.7 for Gun level, and 48.2 for Gu level. The citizen's participation in PB in Metropolitan level is more proactive than the level in Provincial level, and the deviation measured by coefficient of variation is greater in Metropolitan level than the one in Provincial level.

B. Challenges and Policy Implications

What are the challenging issues of the PB implementation in local government? Public managers of the PB responded many challenging issues that could be directly related to citizen capacity and the local government capacity of the PB implementation. It is worthwhile to note that 141 PB public managers noted more detailed list of challenging issues of the PB compared to their responses to the achievement of PB overall. Policy implications for the PB implementation can be summarized under three challenging issues of the PB implementation, including *PB participants' (citizens) capacity, local government capacity, and PB governance issues related to its decision mechanisms*. PB participants (citizens) capacity dimension

While PB managers' overall assessment of the PB participants' knowledge and understanding of budget is relatively positive, the PB managers pointed out that the most significant PB implementation challenge was "lack of citizens' awareness, participation and citizen ownership of PB" indicated by 19 public managers. Furthermore, as shown in Table 3-26 below, some PB public managers pointed out lack of balanced views on policy or project and limited knowledge of assessing inefficiency and feasibility of programs/projects proposed. A public manager also addressed an issue of excessive interventions of public employees in the PB implementation process. Other individual PB manager indicated PB participants' inefficient deliberation and adoption of programs proposed, participants' limited capacity for writing program proposals in a systematic way, and lack of participants' expert overall.

These findings demand for more attention to the factors affecting active and sustainable citizen participation and participants' satisfaction through engaging in the PB (Choi, 2009; Lim, 2011; Lee, 2011; Fung, 2006; Ebdon and Franklin, 2004; Nabatchi, 2012). It further emphasizes education as an important goal of PB as citizens can utilize the PB as an opportunity for learning about the complexity of the budget decision with access to government information and documents (Ebdon, 2002; Ebdon and Franklin, 2004). Therefore, local government leaders should keep in mind that the role of citizen participation programs in developing participants' awareness on duties of citizens and the development of civic virtue and community ownership through the participation experience and quality discussion (Box 1998). Accordingly, in order to enhance PB participant's capacity, it requires a revisit of the budget school program and includes other trainings of a fair and objective decision making, alternative dispute resolution, and writing skill for a project/program proposal (Lim and Kim, 2010; Fung 2006; Ebdon and Franklin 2006). However, how local governments provide this kind of expanded training program given the weak financial resources could be a challenge. It may demand not only for the national government and local government collaborative efforts for paying attention to citizenry education issues in the context of the PB implementation but also for NGOs' and media's attention to the PB

system in order to get more PB information out to citizens.

1) Local Government Capacity Dimension

The study finds that many local governments have faced some challenges of inadequate resources for the PB implementation. Consistent with the findings of the survey data earlier, some PB managers pointed out the following issues as challenging issues of the PB implementation: the lack of full time personnel in charge of PB (13), deficient budget for PB consideration (12), lack of public relations regarding PB system (4), lack of drives and initiatives of mayor and local council (3), and lack of permanent organizations dedicated to PB (e.g., PB committee for citizens) (2). Considering variations in the local government capacity of the PB implementation, it is time to build a community practice of the PB managers in order to share some best practices and knowledge to facilitate the PB implementation.

Beyond local government's weak financial condition as a barrier to the PB implementation mentioned earlier, interestingly, 16 PB managers pointed out redundancy between PB and existing budget process and participation channels (e.g., local council's tasks, seminar with mayor, citizens' policy monitoring groups, etc.). This issue implies that some local governments face challenges to design their PB system and strategies in a way minimizing the redundancy with the other budget system and the participation programs (Simonsen and Robbins, 2000). Instead of the PB mandate, this finding also brings attention to the value of a bottom-up approach of PB design in local government with the consideration of specific local government's citizen participation programs.

2) PB Decision and Governance Issues

One of the most important findings of this study is to bring up concerns of the PB decision mechanism and representativeness in the context of local governance (Ebdon and Franklin, 2004; Fung, 2006). Forty-six PB managers indicated their concerns of the PB decision mechanism and governance issues. These issues are the highest number

pointed out by the PB managers compared to the two dimensions analyzed above. In terms of the PB decision mechanism, the PB managers addressed “a biased prioritization of policy programs” that could focus more on personal, or short-term, or perceptible programs than on holistic, or long-term, or urgent community concerns (13). Related to this issue, six PB managers addressed complicated and inefficient process of PB system as a challenging issue. In addition, the PB managers noticed conflict among PB participants’ self-interests (13) as challenging issues (13).

Seven managers expressed their concerns regarding limited fair representativeness of vested interests in the context of limited representativeness of participants (3). These concerns requires for addressing an important institutional capacity of the PB decision mechanism related to governance values of representativeness, professionalism, fair and open decision making processes, and protection of public interest in local community (Kim, 2014). Without the representativeness of the PB participants, transparency and fairness of recruiting and selecting the PB participants, it could be difficult for getting legitimacy of budget decision-making through the PB. Therefore, it demands for collaborative leadership from senior public managers, PB managers, and elected political leaders to design a better structure of the PB decision mechanism and representativeness of the decision processes.

Conflict with local council issues have been raised as well, including the following issues: conflict with local council due to PB’s encroachment of local council’s representative function (7), conflict with local council related to limited authority of participants (1), and conflict with local council due to the difficulty of local council to reject the proposals approved by PB participants). Government leaders, PB participants, and citizens should keep in mind that the important role of the PB in establishing a sustained mechanism of joint management of public resources through shared decisions on the allocation of budgetary funds (Santos, 1998). These findings implies that a participatory approach of diverse stakeholders and investment in the PB design stage are very important in order to minimize institutional conflicts among local council members, elected mayors or governors, and local residents.

Table 3-26 | Challenges of the PB Implementation: PB Managers' Perspectives

| Categories | Challenges of PB | Count |
|----------------------------|---|-------|
| Participants' capacity | Lack of citizens' awareness, participation and citizen ownership of PB | 19 |
| | Lack of participants' understanding of budget system | 4 |
| | Lack of participants' expert overall | 3 |
| | Lack of participants' balanced and unbiased views on policy | 1 |
| | Lack of participants' understanding of Inefficiency & feasibility of programs/projects proposed | 1 |
| | Participants' inefficient deliberation and adoption of programs proposed) | 1 |
| | Excessive interventions of public employees | 1 |
| | Biased programs proposed for specific community interest only focused | 1 |
| | Lack of participants capacity for writing program proposals in a systematic way | 1 |
| | Participants' excessive claim on their authorities (e.g., encroachment of local council's functions) | 1 |
| Local government capacity | Redundancy between PB and existing participation channels (e.g., local council; seminar with mayor; citizens' policy monitoring groups; etc.) | 16 |
| | Lack of full time personnel in charge of PB; overload of PB works | 13 |
| | Deficient budget for PB | 12 |
| | Lack of public relations regarding PB system | 4 |
| | Lack of drives and initiatives of mayor and local council | 3 |
| | Lack of permanent organizations dedicated to PB(e.g., PB committee for citizens) | 2 |
| Governance of PB decisions | Biased prioritization of policy programs (focusing more on personal/short-term/perceptible programs than on holistic/long-term/urgent programs) | 13 |
| | Conflict among participants' self-interests | 13 |
| | Conflict with local council (encroachment of local council's representative function) | 7 |
| | Biased representativeness of vested interests | 7 |
| | Complicated and inefficient process of PB system | 6 |
| | Limited representativeness of participants | 3 |
| | Conflict with local council (limited authority of participants) | 1 |
| | Conflict with local council (hard for local council to reject the proposals approved by citizen participants) | 1 |
| Others | | 7 |
| Grand total | | 141 |

References

- Box, R., *Citizen governance: Leading American communities into the 21st century*, Thousand Oaks, C.A: Sage Publication, 1998.
- Choi, H. D., "Participatory budgeting in Buk-gu, Korea," In OECD (Ed.), *Focus on citizens: Public engagement for better policy and services*, Paris: OECD, 2009, pp.135~141.
- Ebdon, C. and A. L. Franklin, "Searching for a role for citizens in the budget process," *Public Budgeting and Finance*, Vol. 24, No. 1, 2004, pp.32~49.
- Ebdon, C. and A. L. Franklin, "Citizen participation in budgeting theory," *Public Administration Review*, Vol. 66, No. 3, 2006, pp.437~447.
- Ebdon, C., "Beyond the public hearing: Citizen participation in the local government budget process," *Journal of Public Budgeting, Accounting & Financial Management*, Vol. 14, No. 2, 2002, pp.273~294.
- Fung, A., "Varieties of participation in complex governance," *Public Administration Review*, Vol. 66, No. 1, 2006, pp.66~75.
- Jung, W. Y., "Evaluation of the citizen-participatory budgeting system and problems," *National Association Korean Local Government Studies*, Vol. 16, No. 2, 2014, pp.241~257. (in Korean)
- Kwack, C. G., "Basic model of participatory budgeting and design of operation system," *The Korean Association for Local Finance*, Vol. 10, No. 1, 2005, pp.247~276 (in Korean).
- Kwack, C. G., "Institutionalizing process of citizen participatory budgeting system and its performance: The case of Buk-gu of Gwangju metropolitan city," *The Korean Association for Local Finance*, Vol. 12, No. 3, 2007, pp.175~211 (in Korean).
- Kim, Soonhee (Eds.), *Citizen Participation, Transparency, and Public Trust in Government: Participatory Budgeting in Local Governments of Korea*, Sejong: Korea Development Institute, Korea, 2014.
- Lim, S. I., "Participatory budgeting and its future," *Local Finance & Tax*, Vol. 40, 2011, pp.68~95 (in Korean).
- Lee, Y. H., *Local strategies for participatory budgeting*, Gyeonggi: Gyeonggi Research

- Institute, 2011 (in Korean).
- Lee, S. H. and S. H. Kim, "Effects of the Citizen Participatory Budgeting System on Local Governments' Expenditure," *Korean Public Administration Quarterly*, Vol. 23, No. 1, 2011, pp.319~342 (in Korean).
- Lim, S. H. and B. S. Kim, "The effectiveness of citizen participation channels: A study of participatory budgeting in Bukgu, Gwangju city," *Korean Public Administration Review*, Vol. 44, No. 3, 2010, pp.61~86 (in Korean).
- Nabatchi, T., "Putting the public back in public values research: Designing participation to identify and respond to values," *Public Administration Review*, Vol. 72, No. 5, 2012, pp.699~708.
- Santos, B. S., "Participatory budgeting in Porto Alegre: Toward a redistributive democracy," *Politics and Society*, Vol. 26, No. 4, 1998, pp.461~510.
- Sintomer, Y., R. Traub-Merz, J. Zhang, and C. Herzberg, *Participatory budgeting in Asia and Europe, key challenges of participation*. Hampshire, U.K.: Palgrave Macmillan, 2013.
- Simonsen, W. and M. D. Robbins, *Citizen participation in resource allocation*. Boulder, CO: Urban Policy Challenges, 2000.
- Yoon, S. I., S. K. Seong, and D. W. Lim, "Institutional differentiation of participatory budgeting: Analyzing institutionalization and its' implication," *Journal of Institute for Social Sciences*, Vol. 25, No. 3, 2014, pp.385~410 (in Korean).

CHAPTER 4

Impacts of the Participatory Budgeting System

Junesoo Lee

(KDI School of Public Policy and Management, Korea)

1. Introduction

In the previous chapters the origin and the diffusion patterns of the Participatory Budgeting (PB) system in Korea were described. In short, the intent of the PB was to improve the accountability of local governments by making a formal channel through which local residents may participate in the government budgeting system more directly and more broadly.

Of course the diffusions of such PB system vary according to the environments surrounding each local government (Zhang and Yang, 2009; Yoon, Seong, and Lim, 2014). Some governments adopted the PB earlier or more actively than others thanks to their unique contexts conducive to the PB system such as financial support, leader's initiatives, political environment, etc. Others, on the other hand, were more reluctant to adopt the PB due to their own unfavorable conditions.

As a result of the implementation of the PB system, what kinds of impacts of the PB have we observed? In detail, what evaluation criteria do we have to use for such evaluation? What kinds of objectives and values do we expect to achieve through the PB? How much did the PB help us accomplish such objectives and values? By any chance, are there any paradoxes or dilemmas that the PB system poses? Such issues regarding the assessment of the impact of the PB will be addressed in this chapter, thereby policy implications that can help improve the PB system will be derived as well.

2. A Glance at the Impacts of the PB System

A. Values of the PB system

As specified in the previous chapters, the respondents of the survey who are in charge of the PB in each local government were asked to assess various values that the PB system is expected to help achieve. One of the questions they answered and their responses are summarized in Table 4-1.

The values of the PB system most desired by the PB staff were transparency of administration, mutual understanding and trust between citizens and government, and responsiveness to citizens' demands for public services.

Table 4-1 | Values of the PB system

| | Frequency | Percentage* | Percentage of cases* |
|--|-----------|-------------|----------------------|
| Improvement of transparency in policy making process | 72 | 10.50 | 31.40 |
| Improvement of citizens' understanding about local government and of citizens' trust in the government | 70 | 10.20 | 30.60 |
| Enhancement of receptiveness by citizens in policy making and implementation process | 69 | 10.00 | 30.10 |
| Appropriate response to citizens' demands for public services | 69 | 10.00 | 30.10 |
| Designing creative and diverse solutions through citizens' participation | 57 | 8.30 | 24.90 |
| Representativeness of citizens' various interests | 49 | 7.10 | 21.40 |
| Improvement of citizens' accessibility to the government information | 47 | 6.80 | 20.50 |
| Increase in citizens' satisfaction of policy | 46 | 6.70 | 20.10 |
| Enhancement of cooperation among citizens, community organizations and local government | 45 | 6.60 | 19.70 |
| Improvement of fairness in policy making process | 43 | 6.30 | 18.80 |

Table 4-1 | (Continued)

| | Frequency | Percentage* | Percentage of cases* |
|---|-----------|-------------|----------------------|
| Saving of expenditure and reduction of waste | 35 | 5.10 | 15.30 |
| Enhancement of government officials' understanding about citizens and of their trusts in citizens | 25 | 3.60 | 10.90 |
| Enhancement of accountability in administration | 22 | 3.20 | 9.60 |
| Improvement of efficiency in budget process | 21 | 3.10 | 9.20 |
| Reduction of corruption in budget process | 17 | 2.50 | 7.40 |

Note. * Among the 15 items listed above, the respondents were asked to point to the three most important goals of the PB. Therefore the Percentage means the relative frequency of each item, and the Percentage of cases means the percentage of respondents who pointed out certain item. For instance, the first item "improvement of transparency in policy making process" was pointed to as an important goal of the PB by 31.4% respondents.

B. Advantages and Challenges of the PB system

The PB staff as the respondents of the survey were also asked to express their own thoughts in an open-ended question regarding the advantages and challenges of the PB. The responses were collected and categorized as seen in Table 4-2 and Table 4-3 which summarize the major advantages and challenges of the PB that were perceived by the PB staff in decreasing order.

According to the content analysis of the open-ended questions, the most perceived values of the PB system turned out to be transparency, responsiveness, fairness in process, direct democracy, etc. in budgeting process.

On the other hand, the PB staff of local government felt that the major challenges of the PB system are lack of actual participation, institutional redundancy, overload of work, lack of knowledge of participants, conflict of interests, etc.

Table 4-2 | Advantages of the PB System (Collected via Open-ended Questions)

| Advantages of PB | Frequency |
|--|-----------|
| Improvement of transparency in budgeting system | 20 |
| Improvement of citizens' understanding of administration | 17 |
| Design of more citizen-friendly programs | 15 |
| Improvement of direct democracy | 15 |
| Reflection of more diverse ideas of citizens | 8 |
| Improvement of citizens' satisfaction with policy (process) | 5 |
| Improvement of fairness in budgeting system | 4 |
| Improvement of citizens' trust in local government | 4 |
| Improvement of citizens' sense of responsibility for community | 3 |
| Development of more innovative ideas on policy | 2 |
| Improvement of government's understanding of citizens | 2 |
| Increase in citizens' compliance with policy | 2 |
| Reinforcement of citizens' participatory capability | 2 |
| Total | 99 |

**Table 4-3 | Challenges of the PB implementation: PB Managers' Perspectives
(Collected via Open-ended Questions)**

| Challenges of PB | | Frequency |
|--|--|-----------|
| Lack of citizens' awareness, participation and citizenship | | 19 |
| Redundancy between PB and existing participation channels (e.g., local council; seminar with mayor; citizens policy monitoring groups; etc.) | | 16 |
| Lack of full time personnel in charge of PB; overload of PB works | | 13 |
| Biased prioritization of policy programs (focusing more on personal/short-term/perceptible programs than on holistic/long-term/crucial ones) | | 13 |
| Conflict among participants' self-interests | | 13 |
| Lack of participants professionalism | Poor understanding of budget system | 4 |
| | Lack of unbiased citizenship | 1 |
| | Inefficient programs proposed | 1 |
| | Inefficient deliberation and adoption of programs proposed | 1 |
| | Excessive interventions of public officials | 1 |
| | Biased programs proposed | 1 |
| | Difficulty in writing program proposals | 1 |
| | Lack of participants professionalism | 3 |

Table 4-3 | (Continued)

| Challenges of PB | | Frequency |
|---|---|-----------|
| Deficient budget for PB | | 12 |
| Conflict with local council | Encroachment of local council's representative function | 7 |
| | Limited authority of participants | 1 |
| | Hard for local council to reject the proposals approved by citizen participants | 1 |
| Biased representativeness of vested interests | | 7 |
| Complicated and inefficient process of PB system | | 6 |
| Lack of public relations regarding PB system | | 4 |
| Lack of drives and initiatives of mayor and local council | | 3 |
| Biased representativeness of participants | | 3 |
| Lack of permanent organizations dedicated to PB | | 2 |
| Participants' excessive claim on their authorities (e.g., encroachment of local council's functions) | | 1 |
| Others | | 7 |
| Total | | 141 |




C. Impacts of the PB system

Summing up the PB staff's responses on the advantages and challenges of the PB system in Tables 4-2 and 4-3, we can analyze the value system that the PB is expected to satisfy. Table 4-4 shows the result of such analysis.

As seen in the first column of the table, there are three perspectives through which we can assess the PB system's impacts. First, there are some values from the view of government. Second, some other values are pursued from the perspective of citizens who would participate in the PB. Third, the impacts of the PB system can be also evaluated from a perspective common to both government and citizens.

The second column represents the values of the PB system in each of the three perspectives. Especially for the common values, the sub-values are categorized into "formative" and "summative" ones. Based on the framework of program evaluation (Rossi, Lipsey, and Freeman, 2004), the formative values are the ones regarding inputs and process of the PB system, whereas the summative values are others regarding result and

Table 4-4 | Values and Impacts of the PB system

| Perspectives | Values of the PB system | | Perceived Impacts or value achieved | |
|---------------------------|--|--|---|-----|
| Values on government side | Communication & understanding of citizens | | High | |
| | Organizational learning | |  | |
| | Leadership & commitment | | | |
| | Budget for PB | | | |
| | Staff for PB | | | Low |
| Values on citizen side | Understanding and learning of public affairs | | High | |
| | Satisfaction with policies | |  | |
| | Trust in government | | | |
| | Civic responsibility | | | |
| | Conformity to policy | | | |
| | Knowledge of budgeting system | | | |
| | Conflict resolution among citizens' demands | | | |
| | Participation in the PB system | | | Low |
| Common values | Formative values (input & process of PB) | Transparency (open access to budgeting information) | High | |
| | | Responsiveness (devising citizen-friendly policies) |  | |
| | | Fairness in process (equal opportunity of direct participation) | | |
| | | Accessibility (new channel to participate) | | |
| | | Representativeness (proportional representing of the people) | | |
| | Summative values (result & performance of PB) | Productivity (“lead-time” in policy process) | | Low |
| | | Fairness of result (equal distribution of resources) | | |
| | | Effectiveness of result (“the most benefits for the most people”) | | |
| | | Efficiency (redundancy with existing participation channels) | | |

Note: The shaded cells represent the values assessed as good impacts of the PB, whereas other cells means the values judged as bad ones.

performance of the PB system.

Based on the actual opinions provided by the PB staff of local governments, the perceived impacts of the PB system for each value (i.e., whether each value is attained well or not through the PB system) can be assessed and sorted as seen in the third column.

In short, for the values on government side, respondents perceived that *communication & understanding of citizens* and *organizational learning* are beneficially influenced by the PB, whereas they also felt that some conditions such as *leadership & commitment* and *budget/staff for PB* did not support their PB systems as much as expected.

When it comes to the values on citizen side, some values such as *understanding and learning of public affairs*, *satisfaction with policies*, *trust in government*, *civic responsibility* and *conformity to policy* were positively evaluated as impacts of the PB system. However, *knowledge of budgeting system*, *conflict resolution among citizens' demands*, and *participation in the PB system* turned out to be not so satisfactory.

Finally, as for the common values, what turned out to be good after the PB was implemented are *transparency*, *responsiveness*, *fairness in process*, and *accessibility*. At the same time, such values as *representativeness*, *productivity*, *fairness of result*, *effectiveness of result*, and *efficiency* were judged as bad as a result of the PB system.

3. Mixed Impacts of the PB System

In the previous section, the contrasts of advantages and challenges of the PB system were addressed briefly. Among such mixed impacts of the PB, some pairs of paradoxical impacts can be grouped so that we can see the trade-offs of the value system of the PB as follows.

A. Openness (Open to any Participants) vs.

Representativeness (Proportional Representation of the People)

Since its inception, the PB system has been designed to provide a formal channel open to all citizens through which they can put their voices in the budgeting process (Kim, 2014). As Table 4-5 shows, it

Table 4-5 | Representativeness of Citizens' Various Interests

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 6 | 2.6 |
| Slightly agreed | 65 | 28.4 |
| Neutral | 106 | 46.3 |
| Slightly disagreed | 41 | 17.9 |
| Strongly disagreed | 8 | 3.5 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

Table 4-6 | Increase in Acceptance of Biased Opinions by Particular Individuals or Interest Groups

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 20 | 8.7 |
| Slightly agreed | 63 | 27.5 |
| Neutral | 99 | 43.2 |
| Slightly disagreed | 41 | 17.9 |
| Strongly disagreed | 6 | 2.6 |
| Total | 229 | 100.0 |

seems to be true that the PB helped reflect “more” voices of citizens in budgeting process.

However, such “more” openness to the general public did not necessarily guarantee equal representativeness of the participants. The problem of the PB participants’ representativeness has been widely concerned about (Lim, 2011; Fung, 2015). As seen in Table 4-6, despite the wider open channel for citizens’ participation to budgeting process through the PB, the voices of citizens that were actually accepted in the decision making of budgeting were rather biased.

Such paradox may mean that a wider and freer participation opportunity alone may rather provide more chances to those who already have more power and bases of participation such as interest groups than to those less powerful or individual citizens.

B. Fairness in Process (Equal Opportunity of Direct Participation) vs. Fairness in Result (Equal Distribution of Resources)

The second pair of the paradoxical impacts is fairness in process and fairness in result. Table 4-7 implies that many PB staff perceived that the PB system fairly helped improve fairness in policy making process, i.e., slightly agreed (27.9%) and neutral (41.9%).

However Table 4-7 also shows a mixed perception of the PB staff that the improvement of fairness in policy making process is not as obvious as expected, i.e., slightly disagreed (21.4%).

Such mixed assessment on the fairness in process might stem from questionable fairness in both process and result of decision making through the PB system. Table 4-8 shows that more conflicts among interest groups are observed in budget allocation. In other words, although the budgeting process seems to be fair thanks to the PB, the actual result of budget allocation is still biased and further fails to achieve an equal distribution of resources despite the PB system. This

Table 4-7 | Improvement of Fairness in Policy Making Process

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 7 | 3.1 |
| Slightly agreed | 64 | 27.9 |
| Neutral | 96 | 41.9 |
| Slightly disagreed | 49 | 21.4 |
| Strongly disagreed | 10 | 4.4 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

Table 4-8 | Increase in Conflicts among Interest Groups in Budget Allocation

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 21 | 9.2 |
| Slightly agreed | 58 | 25.3 |
| Neutral | 99 | 43.2 |
| Slightly disagreed | 43 | 18.8 |
| Strongly disagreed | 8 | 3.5 |
| Total | 229 | 100.0 |

biased allocation of resources is also in line with the biased representativeness previously mentioned.

C. Responsiveness (Devising Citizen-friendly Policies) vs. Effectiveness (“the Most Benefits for the Most People”)

Many PB staff felt that the PB encouraged people to provide their creative thoughts to resolve public problems, as shown in Table 4-9. Such creative ideas include more innovative breakthrough of existing problems and also more citizen-friendly policies of newly discovered problems.

As a result of such grass-rooted design of polices, the PB staff perceived that they responded citizens’ demands for public services more closely and more appropriately than before as seen in Table 4-10.

Still, just like the classic dilemma of “equity vs. efficiency” (Gupta, 2011), the more responsiveness in the process of the PB system was also

Table 4-9 | Designing Creative and Diverse Solutions through Citizens’ Participation

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 6 | 2.6 |
| Slightly agreed | 46 | 20.1 |
| Neutral | 117 | 51.1 |
| Slightly disagreed | 45 | 19.7 |
| Strongly disagreed | 12 | 5.2 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

Table 4-10 | Appropriate Response to Citizens’ Demands for Public Services

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 8 | 3.5 |
| Slightly agreed | 78 | 34.1 |
| Neutral | 92 | 40.2 |
| Slightly disagreed | 41 | 17.9 |
| Strongly disagreed | 7 | 3.1 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

Table 4-11 | Increase in Policy Demands by Residents

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 14 | 6.1 |
| Slightly agreed | 83 | 36.2 |
| Neutral | 90 | 39.3 |
| Slightly disagreed | 31 | 13.5 |
| Strongly disagreed | 11 | 4.8 |
| Total | 229 | 100.0 |

Table 4-12 | Less Efficiency in Budget Allocation

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 17 | 7.4 |
| Slightly agreed | 60 | 26.2 |
| Neutral | 111 | 48.5 |
| Slightly disagreed | 37 | 16.2 |
| Strongly disagreed | 4 | 1.7 |
| Total | 229 | 100.0 |

accompanied by a problem of effectiveness in the result of the system as follows. Firstly, Table 4-11 shows that more policy demands were flowed in after the PB was adopted, naturally of course.

But what is problematic is not the increase in demands itself but the distorted prioritization in the budget allocation due to such newly flooded demands of citizens. Table 4-12 shows that many PB staff thought that the overloaded demands from citizens through the PB system rather aggravated the efficiency of budget allocation. As one respondent put it, biased prioritization of policy programs is serious because the participants of the PB system focus more on “personal/short-term/perceptible” problems than on “holistic/long-term/crucial” ones. The result of all of the distorted and near-sighted decision making is just more inefficiency to all, i.e., less social surplus in economics language.

Such distorted and diminished efficiency can be also observed in another survey responses. As seen in Table 4-13, the PB staff noticed that the reduction of corruption in budgeting process was not as good as expected, but rather situation was aggravated even after the PB was

Table 4-13 | Reduction of Corruption in Budget Process

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 2 | 0.9 |
| Slightly agreed | 31 | 13.5 |
| Neutral | 118 | 51.5 |
| Slightly disagreed | 59 | 25.8 |
| Strongly disagreed | 16 | 7.0 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

adopted. It implies that more demands from citizens through the PB system made the budgeting process a “dirty battle field” among diverse interest groups to some extent.

D. Accessibility (New Channel to Participate) vs. Efficiency (Redundancy with Existing Participation Channels)

It is certain that the PB system is an exemplary case which provides more access for citizens to participate in government affairs. However, such new channel for citizen participation placed new burden on administration, and therefore resulted in reduced efficiency.

The overall assessment of the efficiency in budget process is shown in Table 4-14. More PB staff disagree on the improvement of efficiency in budget process after the PB adoption than those who think the opposite.

Such inefficiency occurred in many forms. First, as Table 4-15 shows, delay in decision making of budgeting was evident after the PB system was adopted.

One of the culprits of such delay and inefficiency in the PB process is, as seen in Table 4-16 and Table 4-17, the fact that the PB system is a kind of redundant activity that is overlapped with existing participatory programs such as citizens advisory committee, local council, open discussion with mayor, and citizens policy monitoring groups, for instance. Many respondents of the survey pointed out that they are overloaded with the PB tasks although they already have operated similar channels of citizens participation.

Table 4-14 | Improvement of Efficiency in Budget Process

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 2 | .9 |
| Slightly agreed | 33 | 14.4 |
| Neutral | 107 | 46.7 |
| Slightly disagreed | 59 | 25.8 |
| Strongly disagreed | 25 | 10.9 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

Table 4-15 | Delay in Decision Making Related to the Budget

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 21 | 9.2 |
| Slightly agreed | 72 | 31.4 |
| Neutral | 94 | 41.0 |
| Slightly disagreed | 38 | 16.6 |
| Strongly disagreed | 4 | 1.7 |
| Total | 229 | 100.0 |

**Table 4-16 | Duplicate Works with Existing Participatory Programs
(e.g., Citizens Committee)**

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 22 | 9.6 |
| Slightly agreed | 71 | 31.0 |
| Neutral | 107 | 46.7 |
| Slightly disagreed | 24 | 10.5 |
| Strongly disagreed | 5 | 2.2 |
| Total | 229 | 100.0 |

Table 4-17 | Additional Burden of Work due to the PB

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 58 | 25.3 |
| Slightly agreed | 102 | 44.5 |
| Neutral | 58 | 25.3 |
| Slightly disagreed | 10 | 4.4 |
| Strongly disagreed | 1 | .4 |
| Total | 229 | 100.0 |

Table 4-18 | Saving of Expenditure and Reduction of Waste

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 2 | .9 |
| Slightly agreed | 29 | 12.7 |
| Neutral | 106 | 46.3 |
| Slightly disagreed | 69 | 30.1 |
| Strongly disagreed | 20 | 8.7 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

What are the result of all of such redundancy and inefficiency? Table 4-18 exhibits that we do not likely observe saving of expenditure and reduction of waste after the PB is adopted.

Beyond just administration of local government, some PB staff also commented on the inefficiency due to the overlapped functions of the PB system and local councils. As Table 4-2 having shown, the PB system is also viewed as an encroachment of local council's representative function. Such problem of representativeness of PB participants may be more serious than apparently seen because it is hard for local council to reject the proposals approved by citizen participants through the PB system, as a PB staff mentioned in the survey.

The problem of the redundant function of the PB and local council is more than just inefficiency. In the first place, the PB system which consists of civil participants without legitimate electoral process can favor biased interests, and therefore undermine representative democracy, that is opposite to the original intent of the PB system that was designed to promote direct democracy.

As having been seen in Table 4-8, the presence of the PB system does not necessarily preclude conflict among interests. Conflicts and compromising among various interest also occur in the PB as does in local councils. So we can say that the PB is a kind of "mini-local council." But the problem of the PB is that it may have less legitimate representativeness than local councils which consist of elected members do.

E. Information Transparency (More Access to Government Information and Affairs) vs. Knowledge Literacy (Professionalism Required for Participation)

The PB system means a more accessibility for citizens to observe and participate in government matters in person. So it is undeniable that the PB system made a difference in terms of information transparency between before and after its adoption, as seen in Table 4-19, Table 4-20, and Table 4-21. The information made known publicly by the PB system

Table 4-19 | [Before PB] Difficult Access to Government Information

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 72 | 31.4 |
| Slightly agreed | 86 | 37.6 |
| Neutral | 56 | 24.5 |
| Slightly disagreed | 14 | 6.1 |
| Strongly disagreed | 1 | .4 |
| Total | 229 | 100.0 |

Table 4-20 | Improvement of Citizens' Accessibility to the Government Information

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 9 | 3.9 |
| Slightly agreed | 81 | 35.4 |
| Neutral | 99 | 43.2 |
| Slightly disagreed | 29 | 12.7 |
| Strongly disagreed | 8 | 3.5 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

Table 4-21 | Improvement of Transparency in Policy Making Process

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 11 | 4.8 |
| Slightly agreed | 65 | 28.4 |
| Neutral | 98 | 42.8 |
| Slightly disagreed | 44 | 19.2 |
| Strongly disagreed | 8 | 3.5 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

are those regarding budgeting and policies.

However, contrasted with the more information transparency through the PB system, many PB staff reported in the survey that the participants' capabilities to understand and utilize such information do not reach the degree that is supposed or expected to be.

As having been seen in Table 4-2, there are problems of PB participants' literacy and knowledge of budgeting system, i.e., lack of participants professionalism. The detailed problems of such deficient professionalism of PB participants are as follows: poor understanding of budget system; lack of unbiased citizenship; inefficient programs proposed by citizens; inefficient deliberation and adoption of programs proposed; excessive interventions of public officials; biased programs proposed; difficulty in writing program proposals; etc.

Table 4-22 shows a summary of a survey question that asked the PB staff about whether local governments set and operated each of the organizations or functions listed. Noteworthy is the fact that so many local government do not have organizations (i.e., budget research groups and budget school) which can help resolve lack of budget literacy. Considering the positive association between knowledgeability and efficiency in citizen participation (Hong, 2015), education for participants or general citizens as potential participants would be crucial to benefiting more from the information transparency.

Table 4-22 | Organizations and Functions not in Operation

| Organizations and functions | Percentage of “not in operation” |
|-----------------------------|----------------------------------|
| Regional meeting | 54.1 |
| Citizens budget committee | 26.6 |
| Citizens sub-committee | 52.4 |
| Coordination committee | 85.2 |
| Budget research group | 83.0 |
| Budget school | 51.5 |
| Public hearing about budget | 39.3 |
| PB Website | 11.8 |
| Citizens survey | 26.6 |

F. Learning (Mutual Understanding between Government and Citizens) vs. Participation (Active Joining in the PB)

Also being a communication channel, the PB system provides new opportunity of communication between citizens and government. Table 4-23 and Table 4-24 exhibit that the PB system had positive impact on the mutual understanding and trust between citizens and local government.

However, such positive effect of mutual learning was attenuated regrettably by lack of participation. Table 4-25 shows that citizens' participation in governmental matters was weak before the PB was adopted.

Table 4-23 Improvement of Citizens' Understanding about
Local Government and of Citizens' Trust in the Government

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 8 | 3.5 |
| Slightly agreed | 85 | 37.1 |
| Neutral | 92 | 40.2 |
| Slightly disagreed | 34 | 14.8 |
| Strongly disagreed | 7 | 3.1 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

Table 4-24 Enhancement of Government Officials' Understanding about
Citizens and of their Trusts in Citizens

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 3 | 1.3 |
| Slightly agreed | 72 | 31.4 |
| Neutral | 102 | 44.5 |
| Slightly disagreed | 41 | 17.9 |
| Strongly disagreed | 8 | 3.5 |
| Nonresponse | 3 | 1.3 |
| Total | 229 | 100.0 |

Table 4-25 | [Before PB] Lack of Citizens' Participation in Decision Making Process

| | Frequency | Percentage |
|--------------------|-----------|------------|
| Strongly agreed | 8 | 3.5 |
| Slightly agreed | 79 | 34.5 |
| Neutral | 77 | 33.6 |
| Slightly disagreed | 56 | 24.5 |
| Strongly disagreed | 8 | 3.5 |
| Nonresponse | 1 | .4 |
| Total | 229 | 100.0 |

Table 4-26 | Plans for Improvement of PB System

| Category | Expansion from current status of practices (%) | Keeping current status of practices (%) | Shrinking from current status of practices (%) |
|---|--|---|--|
| Program budget of the PB | 21.0 | 71.2 | 7.9 |
| Operation budget of the PB | 20.5 | 72.1 | 7.4 |
| Program scope of the PB | 19.2 | 74.2 | 6.6 |
| Promotion and/or encouragement of citizens' participation | 46.7 | 50.7 | 2.6 |
| Number of citizen committee members | 17.9 | 74.2 | 7.4 |
| Authority of citizen committee members | 16.2 | 77.7 | 5.7 |
| Budget education for citizen participants | 34.9 | 61.6 | 3.1 |

But even after the PB adoption, citizen participations did not show much increase. As having been seen in Table 4-2, the most frequently commented challenge of the PB system was “lack of citizens' awareness, participation and citizenship.”

The problem of low participation is also reflected in another survey responses like Table 4-26. The two most feasible PB plans for local governments turned out to facilitate citizens participation in the PB

system: “promotion and/or encouragement of citizens’ participation (46.7% of all local governments); “budget education for citizen participants (34.9% of all local governments)”.

4. Policy Implications and Conclusion

A. Summary of the Mixed Impacts of the PB System

As mentioned in the previous sections, the PB system begets some mixed impacts which can be paired as a set of trade-off relationships of various values. Although it is true that advantages and challenges of the PB system are continuous variables rather than discrete or dichotomous ones, it would be helpful to see the contrasts of the contradictory or trade-offed values in order to gain an insight of the paradoxical impacts of the PB system. With this in mind, Table 4-27 summarizes the six pairs of the mixed impacts of the PB system.

Table 4-27 | Pairs of the Mixed Impacts of the PB System

| Pair # | Advantages | Challenges |
|--------|--|---|
| 1 | <i>Openness:</i> Open to any participants | <i>Representativeness:</i> Dis-proportional representation of the people |
| 2 | <i>Fairness in process:</i> Equal opportunity of direct participation | <i>Fairness in result:</i> Unequal distribution of resources |
| 3 | <i>Responsiveness:</i> Devising citizen-friendly policies | <i>Effectiveness:</i> Less social surplus |
| 4 | <i>Accessibility:</i> New channel to participate | <i>Efficiency:</i> Redundancy with existing participation channels |
| 5 | <i>Information transparency:</i> More access to government information and affairs | <i>Knowledge literacy:</i> Lack of professionalism required for participation |
| 6 | <i>Learning:</i> Mutual understanding between government and citizens | <i>Participation:</i> Inactive joining in the PB |

B. Preparedness Dealing with the Mixed Impacts of the PB System

Among the conflicting values mentioned above, the most salient paradoxical relationship might be characterized as “fairness vs. efficiency”. The former is about more subjective value such as equity in process, whereas the latter is relatively more objective value such as rational resource allocation as a result.

Visualizing the contrast of the two values, Figure 4-1 shows the local governments’ positions and the relative size of each position in terms of the combinations of the two values—fairness and efficiency. We can see a slightly negative associations between the two values not only visually but also numerically as also seen in Table 4-28.

Would there be any difference in such negative relationship according to the local governments’ characteristics? Table 4-28 shows the associations of some critical variables. First, it exhibits the negative association between fairness and efficiency ($r=-0.24$). Second, although

Figure 4-1 Visualized Association between Fairness and Efficiency

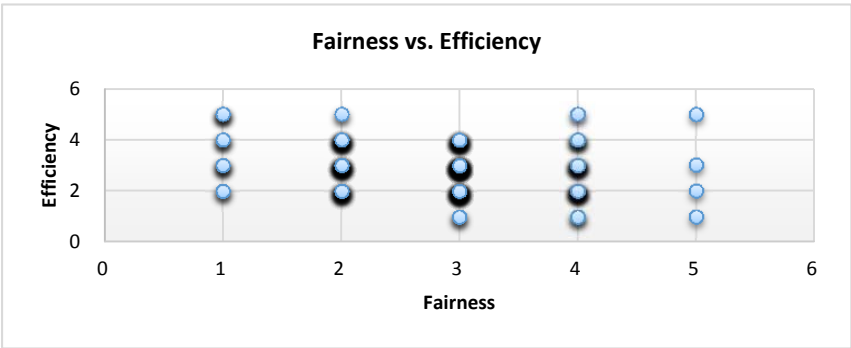


Table 4-28 Numerical Associations between “Fairness vs. Efficiency” and Local Governments’ Adoption Periods

| Associations | | Pairwise correlations |
|--|---------------------------------|-----------------------|
| Fairness | Efficiency | -0.24** |
| Gap between fairness and efficiency (in absolute value) | PB adoption period (in year) | -0.07 |

Note: ** $P<0.01$

it is not a strong magnitude ($r=-0.07$), it still shows that the local governments which adopted the PB later than other ones experienced the less negative relationships between fairness and efficiency. It is speculated that the preparedness of local government to implement the PB system would have positively influenced the local governments' capacity to resolve the conflicting relationship between fairness and efficiency.

C. Resolving the Mixed Impacts of the PB System

The mixed impacts of the PB system are kinds of conflict between different values pursued by the PB system. Then how can we resolve such conflict? How can we maximize the advantages of the PB system, and at the same time minimize the challenges of it?

1) Maximizing the Unique Advantages of the PB System: "Fostering Individual Citizens' Accountability"

One of the most beneficial advantages that distinguish the PB system from others may be "Fostering Individual Citizens' Civil Accountability".

Different from other participation systems which invite mostly civil professionals or interest groups, the PB is more broadly open to "general" and "individual" citizens. Such unique characteristics of the PB make it a laboratory of "school of democracy."

Furthermore, among various advantages of civil participation, the participation experience helps participants have more sense of public affairs and personal accountability as a responsible member of society. In other words, citizens participate not only as customers of public service but also as collaborative governance partners who take care of community.

Therefore, in order to facilitate such advantages and also to minimize the challenges of the PB system, several reforming measures are conceivable as follows.

- Minimize the problem of inefficiency by reducing the scope of the PB that has been overlapped with other participation

programs which involve professionals, civil experts, or interest groups rather than general individual citizens.

- Instead of generalizing (i.e., broadening the scope of the PB), specialize the PB system as a vehicle for educating and fostering civil accountability.
- In detail, when recruiting and appointing citizen participants, consider not only professionalism or representativeness of general population, but also broader effect of experience and civic education. i.e., getting involved more social classes such as age, gender, income, ethnicity, etc.
- When operating participants committee, design the decision making procedure by focusing more on democratic values (e.g., inclusiveness; fairness) than on efficiency or productivity. It should be tolerated even if decisions are made for a longer time as long as it can provide a learning opportunity to participants and let them have more sense of civic accountability.
- In the same vein, put more resources in civic education. As described in the previous chapters, there are few local governments which are establishing and operating organizations specialized in civic education for the PB system. However, considering the educational values of the PB for the general public, investing more resources in civic education should be justified even under the same budget constraint.

2) Differentiating the Deliberation Procedure for Different Policy Domains

Still economic or financial values such as productivity and efficiency are not be allowed to be ignored in the PB. What is notable is the fact that the difficulty of measuring economic and financial values may vary according to different policy domains. Therefore in order to balance different values in the PB procedure, the following measures are recommendable.

- Considering the type and size of each policy being deliberated by citizen participants, differentiate deliberation procedure for different policy domains. For instance, for a local development

program in which economic values are relatively easier to assess, adopt additional cost-benefit analysis procedure

- Beyond an assessment of single project, when comparing multiple projects in different policy domains where economic values are hard to be standardized in terms of monetary values, adopt an additional cost-effectiveness analysis step in the deliberation process.

3) Diffusing the Advantages of the PB System to Other ones

The benefits of the PB such as transparency, responsiveness, and mutual understanding and trust between government and citizens seem to be obvious based on the survey results. If so, the unique characteristics of the PB, that is to foster individual citizens' participation and thereby enhance both public and civic accountability, has much room to be diffused to other corners of local government in at least two ways as follows.

- Facilitate inter-programs learning.
 - As mentioned earlier, there are many participation programs operated by local governments other than the PB such as citizens advisory committee, local council, open discussion with mayor, and citizens policy monitoring groups, for instance.
 - Each of the participation programs has its own advantages and challenges. The direct and individual participation like the PB had better to be diffused to other participation programs. And vice versa, the PB system should be open to new opportunity learning from other participation programs and being reformed.
- Export "PB element" to local councils.
 - The common ground of local councils and the PB is to reflect the public's voices in budget allocation process.
 - On the other hand, what distinguishes them is whether the representatives are going through a legitimate electoral process. This gets the PB in trouble in terms

of legitimate representativeness. Some of the respondents of the survey even mentioned that the PB is overstepping into the boundaries of local council.

- Still, one of the undeniable advantages of the PB is “micro-communications with the general public” that is usually ignored by local council even though it is expected to do so.
- Still, keep independence of the PB system.
 - Some respondents commented that the PB systems are sometimes utilized just to justify the decisions already made by local governments or local councils.
 - Such phenomena would not be absolutely wrong because budgeting process is a procedure of everlasting compromising between legal institutions. No single entity holds absolute initiatives, theoretically at least.
 - However, in order to minimize the negative impacts of such “reverse influence” from the local governments or local councils to the PB system, the foremost preventive measure to use might be a strong leadership of mayor. From the stage of the citizen participants selection to the final stage of voting, mayor should pay significant attention to the independence of the PB system by using his or her authority over the PB system configuration and operation.

Therefore, in order for local councils to regain the original function as the representative institution of the public, it would be desirable to adopt the methods and techniques of getting individual citizens closely involved in decision making process that have been developed for the PB.

References

- Fung, A., "Putting the Public Back into Governance: The Challenges of Citizen Participation and Its Future," *Public Administration Review*, Vol. 75, No. 4, 2015, pp.513~522.
- Gupta, D. K., *Analyzing Public Policy. Concepts, Tools, & Techniques*, CQ: Press, 2011.
- Hong, S., "Citizen Participation in Budgeting: A Tradeoff Between Knowledge and Inclusiveness?," *Public Administration Review*, Vol. 75, No. 4, 2015, pp.572~582.
- Kim, Soonhee (Eds.), *Citizen Participation, Transparency, and Public Trust in Government: Participatory Budgeting in Local Governments of Korea*, Sejong: Korea Development Institute, Korea, 2014.
- Lim, S. I., "Participatory budgeting and its future," *Local Finance & Tax*, Vol. 40, 2011, pp.68~95 (in Korean).
- Rossi, P. H., Lipsey, M. W., & Freeman, H. E., *Evaluation. A Systematic Approach*, Sage, 2004.
- Yoon, S. I., S. K. Seong, and D. W. Lim, "Institutional differentiation of participatory budgeting: Analyzing institutionalization and its' implication," *Journal of Institute for Social Sciences*, Vol. 25, No. 3, 2014, pp.385~410 (in Korean).
- Zhang, Y, and K. Yang, "Citizen Participation in the Budget Process: The Effect of City Managers," *Journal of Public Budgeting, Accounting & Financial Management*, Vol. 21, No. 2, 2009, pp.289~317.

CHAPTER 5

Conclusion

Soonhee Kim

(KDI School of Public Policy and Management, Korea)

This study has provided the results of a nationwide assessment study of the PB implementation in Korea, including PB policy diffusion, implementation, capacity, and challenges. The results of Chapter 2 imply that PB has been rapidly diffused among Korean local governments, especially since 2011 when PB adoption was mandated by Korean national government while the adoption of PB ordinance was somewhat gradually diffused before 2011. It is also observed that when local council members are affiliated to a majority party, local governments tend to adopt PB ordinance at both early and later stages of PB policy diffusion. The finding imply that it is local council, rather than executives, that affects the adoption and diffusion of PB ordinance as policy innovation.

With regard to PB governance tools, the findings imply that although PB committee structure has been widely adopted, less than 50 percent of local governments do not enact PB operating committee, local community meeting structure, and public-private council in ordinance.

In a similar vein, more than 60 Korean local governments have not enacted budget school and budget research group. Given the crucial roles of these PB governance tools for effective deliberations of PB decision-making, it is recommended that local governments may enact such PB governance tools to strengthen the legality of PB governance and ensure a democratic and transparent deliberation of decision-making.

In addition, it is essential for executive and legislative leaders to express their interests in PB education and to provide financial and managerial supports for the PB education. It seems to be desirable that upper-level local governments and central government agencies provide not only guides or advice, but also supports to the lower-level local governments suffering from the lack of human and financial resources of running PB education tools. In addition, a collaborative approach among key stakeholders in the community could be considered. For instance, local governments, citizen experts, NGOs specialized in budget and finance management issues in government could share human resources to assist operating budget schools and budget research groups.

Another challenging question regarding PB participants is how local governments effectively manage the succession of PB committee participants. Although this concern demands for a further research, there are several strategies that local government could consider. The first strategy can be a solid record management approach that local governments document all the decisions made, actions taken, discussion made during PB processes. Documentation (either electronically or paper-based) should be considered as strategic management of information resources. All the information generated through PB processes should be systematically stored and organized so that incoming citizen participants can easily access to the information. Also, local governments should provide outgoing citizen participants with opportunities to share their experience with incoming participants (e. g., presentation during training session for incoming participants, exit survey). In addition to these strategies, local government should develop a succession planning determining the criteria of selecting citizen leaders in the PB committee. Finally, local governments may encourage PB participants to adopt a mentoring program where outgoing and incoming citizen leaders share tailored information and experience.

With regard to PB communication tools, the findings imply that more than 60 percent of local governments have enacted public hearing for PB and PB websites in ordinance. Both offline (e.g. public hearing about PB) and online (e.g. PB websites) communication channels have served as an effective means of enabling citizen and government

participations to exchange their preferences and concerns through open and transparent processes. Thus, the rest of 40 local governments may appreciate the value of PB communication tools by enacting them in ordinance.

Although public-private council for PB decision-making has not been widely diffused among Korean local governments, several local governments allowed a 50 percent rule where more than 50 percent of civil servants serve on the council. More attention to the rule is necessary as the 50 percent rule might limit the value of PB and empowerment of PB participants. Future research is necessary to conduct the impacts of the rule on the PB decision-making process and results.

Lastly, as the findings indicated earlier, PB committee citizen members are selected through open recruitment and recommendation. The current selection criteria for PB committee participants put emphasis on the representativeness of PB participants concerning region, gender, and age. Approximately only 20 local governments use vulnerable groups and income as selection criteria in the process of recruiting PB committee participants. Thus, in order to ensure better representativeness and make balanced composition of citizen members, it is recommended that local governments actively promote to embrace more vulnerable groups and citizens with diverse income categories in PB governance structure.

Focusing on the assessment of the PB implementation status, local government capacity, and PB participants capacity for the PB implementation, Chapter 3 and Chapter 4 analyzed the status of the PB implementation, impacts, and ongoing challenges in the local governments. The significant findings of the Chapter 3 and Chapter 4 include weak capacity of civic engagement, limited resources for the PB operation, limited representativeness of PB decision mechanism, and mixed results of the PB effectiveness. We should acknowledge several facts of local governance in understanding the PB implementation. Firstly, many local governments have the short history of the PB implementation in Korea except the early adopters of local governments that applied a bottom-up approach of the PB development since 2004. Therefore, the PB adoption due to a mandatory policy could be a burden

and challenge not only for some local governments, but also for civic engagement in the local communities. Secondly, there is very limited financial and non-financial support from the central government that could facilitate the PB implementation. This matters as many local government face the weak level of finance independence in Korea.

Thirdly, many local governments face governance challenges of the PB decision mechanism. As the central government decided a top-down mandatory PB policy without a national assessment study of the PB needs in local governments, many local government did not have much time for figuring out the demand and needs for the PB policy by each local governance context. Accordingly, a poor and fast design of the PB brought some challenging issues, including the redundancy between the PB and existing budget process and other participation channels, conflicts with local councils, weak representativeness of the PB participants, and weak decision mechanism for making a fair, community oriented, and public interest oriented budget allocation.

Finally, as elaborate in Chapter 4, the PB system begets some mixed impacts which can be paired as a set of trade-off relationships of various values. This report presented six contrasts of such contradictory values as follows: Openness (open to any participants) vs. Representativeness (proportional representation of the people); Fairness in process: (equal opportunity of direct participation) vs. Fairness in result: (equal distribution of resources); Responsiveness (devising citizen-friendly policies) vs. Effectiveness (“the most benefits for the most people”); Accessibility (new channel to participate) vs. Efficiency (redundancy with existing participation channels); Information transparency (more access to government information and affairs) vs. Knowledge literacy (professionalism required for participation); Learning (mutual understanding between government and citizens) vs. Participation (active joining in the PB).

However, as mentioned in the policy implication discussion in all three chapters, there are several strategies that the Korean government could consider for enhancing the effectiveness of the PB in local government. Overall, the key policy implication of this nationwide assessment study of the PB in Korea is that the central government and local governments may revisit the purpose of the PB and open up a

continuous dialogue to figure out a way to reform the PB structure and process to meet the PB purpose. The mixed impacts of the PB system above are kinds of conflict between different values pursued by the PB system. Then, how can we resolve such conflict? How can we maximize the advantages of the PB system, and at the same time minimize the challenges of it? One of the conceivable breakthroughs is to specialize the PB system as an actual “school of democracy” by focusing more on the unique advantages of the PB system, that is developing participants’ awareness on duties of citizens and the development of civic virtue and community ownership through the participation experience and democratic values (e.g., inclusiveness and fairness), while putting aside some other values that are hard to attain through the PB such as productivity, efficiency, and effectiveness. Another idea of the PB reform is to export the unique advantage of the PB system, that is “micro-communications with the general public” usually ignored by local council even though it is expected to do so, to local councils.

These approaches demand for a participatory approach of diverse stakeholders and investment in the PB design stage that are very important to minimize institutional conflicts among local council members, elected mayors or governors, and local residents. By doing so, the stakeholders may identify shared goals of the PB and evaluate the PB process in order to continuously redesign the PB to achieve the shared goals of the PB and representativeness for creating a fair and public interest oriented decision mechanism throughout the PB implementation. Furthermore, it is time to build a voluntary community practice of the PB managers in order to share some best practices and knowledge and explore opportunities to collaborate with the central government, community organizations, and NGOs to facilitate the PB implementation.

Finally, the authors acknowledge that further research is necessary to get a full picture of the PB implementation. Special attention should be paid to a qualitative study of the PB implementation with in-depth case studies of local government along with the data collection of PB participants’ (citizens) experiences of the PB. For example, several local governments by the different stage of the PB adoption could be selected for the in-depth case studies. The case studies can pay attention

to the following issues not covered in this study: 1) the variations in motivation and incentives of the PB adoption, 2) the gaps in the PB efficiency and effectiveness perceived by public managers and PB participants (citizens), 3) the role of elected mayors and governors, 4) the role of PB in controlling finance management in the local government, and 5) the capacity of the local community. The results of the in-depth case studies could assist the development of PB reform strategies in the short term and long term.

Appendix

Appendix Table 1 Configuration of Local Governments in the Survey

| Region | Number of local government | Survey respondents (refusals) |
|-------------------|----------------------------|----------------------------------|
| Seoul | 26 | 26(0) |
| Busan | 16 | 15(1) |
| Daegu | 9 | 9(0) |
| Incheon | 11 | 11(0) |
| Gwangju | 5 | 5(0) |
| Daejeon | 6 | 6(0) |
| Ulsan | 5 | 5(0) |
| Sejong | 1 | 1(0) |
| Gyeonggi-do | 32 | 32(0) |
| Gangwon-do | 19 | 19(0) |
| Chungcheongbuk-do | 11 | 11(0) |
| Chungcheongnam-do | 16 | 16(0) |
| Jeollabuk-do | 16 | 11(5) |
| Jeollanam-do | 25 | 19(6) |
| Gyeongsangbuk-do | 24 | 24(0) |
| Gyeongsangnam-do | 19 | 19(0) |
| Jeju | 1 | 0(1) |
| Total | 242 | 229 |

Appendix Table 2 | The List of Local Government by PB Diffusion Phase

| PB Diffusion Phase | Local Government |
|----------------------------|--|
| 2003 – May, 2005 | Buk-gu(Gwangju City), Suncheon-si(Jeollanam-do Province), Dong-gu(Ulsan City) |
| June, 2005 – July, 2006 | Daedeok-gu(Daejeon City), Buk-gu(Ulsan City), Seosan-si(Chungcheongnam-do Province) |
| Aug. 2006 – Oct, 2010 | Sokcho-si(Gangwon-do Province), Yangyang-gun(Gangwon-do Province), Inje-gun(Gangwon Province), Jeongseon-gun(Gangwon-do Province), Cheorwon-gun(Gangwon Province), Pyeongchang-gun(Gangwon Province), Hongcheon-gun(Gangwon Province), Hwacheon-gun.(Gangwon Province), Gwacheon-si(Gyeonggi-do Province), Gwangju-si(Gyeonggi-do Province), Geoje-si(Gyeongsangnam-do Province), Dongducheon-si(Gyeonggi-do Province), Suwon-si(Gyeonggi-do Province), Siheung-si(Gyeonggi-do Province), Anseong-si(Gyeonggi-do Province), Yangju-si(Gyeonggi-do Province), Yangpyeong-gun(Gyeonggi-do Province), Yeosu-si(Gyeonggi-do Province), Uiwang-si(Gyeonggi-do Province), Pocheon-si(Gyeonggi-do Province), Hanam-si(Gyeonggi-do Province), Gyeongsangnam-do Provincial Government, Goheung-gun(Jeollanam-do Province), Gwangsan-gu(Gwangju City), Nam-gu(Gwangju City), Dong-gu(Gwangju City), Gurye-gun(Jeollanam-do Province), Gunsan-si(Jeollabuk-do Province), Gunwi-gun(Gyeongsangbuk-do Province), Gimhae-si(Gyeongsang nam-do Province), Naju-si(Jeollanam-do Province), Namwon-si(Jeollabuk-do Province), Namhae-gun(Gyeongsangnam-do Province), Damyang-gun(Jeollanam-do Province), Nam-gu(Daegu City), Dalseo-gu(Daegu City), Dong-gu(Daegu City), Suseong-gu(Daegu City), Jung-gu(Daegu City), Seo-gu(Daegu City), Jung-gu (Daejeon City), Dongnae-gu(Busan), Mokpo-si(Jeollanam-do Province), Muan-gun(Jeollanam-do Province), Muju-gun(Jeollabuk-do Province), Miryang-si(Gyeongsangnam-do Province), Boseong-gun(Jeollanam-do Province), Buan-gun(Jeollabuk-do Province), Sangju-si(Gyeongsangbuk-do Province), Sinan-gun(Jeollanam-do Province), Yeosu-si(Jeollanam-do Province), Yeonggwang-gun(Jeollanam-do Province), Yeongam-gun(Jeollanam-do Province), Yeongyang-gun(Gyeongsangbuk-do Province), Yeongcheon-si(Gyeongsangbuk-do Province), Wando-gun(Jeollanam-do Province), Wanju-gun(Jeollabuk-do Province), Ulleung-gun(Gyeongsangbuk-do Province), Uiryeong-gun(Gyeongsangnam-do Province), Iksan-si(Jeollabuk-do Province), Jangseong-gun(Jeollanam-do Province), Jang heung-gun(Jeollanam-do Province), Jeongeup-si(Jeollabuk-do Province), Jindo-gun(Jeollanam-do Province), Cheongdo-gun(Gyeongsangbuk-do Province), Cheongsong-gun(Gyeongsangbuk-do Province), |

Appendix Table 2 (Continued)

| PB Diffusion Phase | Local Government |
|----------------------------|---|
| Aug, 2006 – Oct, 2010 | Nonsan-si(Chungcheongnam-do Province), Yesan-gun(Chungcheongnam-do Province), Hongseong-gun(Chung cheongnam-do Province), Yeongdong-gun(Chungcheongbuk-do Province), Okcheon-gun(Chungcheongbuk-do Province), Eumseong-gun(Chungcheongbuk-do Province), Jecheon-si(Chung cheongbuk-do Province), Jeungpyeong-gun(Chung cheongbuk-do Province), Jincheon-gun (Chungcheongbuk-do Province), Cheongju-si(Chungcheongbuk-do Province), Chungju-si(Chungcheongbuk-do Province), Ha dong-gun(Gyeong sangnam-do Province), Haman-gun(Gyeongsangnam-do Province), Hamyang-gun(Gyeong sangnam-do Province), Hapcheon-gun(Gyeongsangnam-do Province), Haenam-gun(Jeollanam-do Province), Haeundae-gu(Busan City). |
| Nov, 2010 – Mar, 2011 | Gapyeong-gun(Gyeonggi-do Province), Gwangmyeong-si(Gyeonggi-do Province), Bucheon-si(Gyeonggi-do Province), Icheon-si(Gyeonggi-do Province), Dong-gu(Daejeon City), Seo-gu(Daejeon City), Sacheon-si(Gyeongsangnam-do Province), Gangnam-gu(Seoul City), Namdong-gu(Incheon City), Bupyeong-gu (Incheon City), Yeonsu-gu(Incheon City), Imsil-gun(Jeollabuk-do Province). |
| April, 2011 – May, 2014 | Gangneung-si(Gangwon-do Province), Goseong-gun(Gangwon-do Province), Donghae-si(Gangwon-do Province), Samcheok-si(Gangwon-do Province), Yang gu-gun(Gangwon-do Province), Yeongwol-gun(Gangwon Province), Wonju-si (Gangwon-do Province), Chuncheon-si(Gangwon Province), Taebaek-si(Gang won-do Province), Gangwon-do Provincial Government, Hoengseong-gun (Gangwon Province), Goyang-si(Gyeonggi-do Province), Guri-si(Gyeonggi-do Province), Gun po-si(Gyeonggi-do Province), Gimpo-si(Gyeonggi-do Province), Namyangju-si(Gyeonggi-do Province), Geochang-gun(Gyeongsangnam-do Province), Ansan-si(Gyeonggi-do Province), Anyang-si(Gyeonggi-do Province), Yeoncheon-gun (Gyeonggi-do Province), Osan-si(Gyeonggi-do Province), Yongin-si(Gyeonggi-do Province), Uijeongbu-si(Gyeonggi-do Province), Paju-si(Gyeonggi-do Province), Pyeongtaek-si(Gyeonggi-do Province), Hwanseong-si(Gyeonggi-do Province), Gyeonggi-do Provincial Government, Gyeongsan-si(Gyeongsangbuk-do Province), Gyeongsangbuk-do Provincial Government, Gyeongju-si(Gyeong sangbuk-do Province), Goryeong-gun(Gyeongsangbuk-do Province), Goseong-gun(Gyeong sangnam-do Province), Gwangju Metropolitan City, Gumi-si (Gyeong sangbuk-do Province), Geumjeong-gu(Busan City), Gijang-gun(Busan City), Gim je-si(Jeollabuk-do Province), Gimcheon-si(Gyeongsangbuk-do Province), Dal seong-gun(Daegu City), Buk-gu(Daegu City), Daegu Metropolitan City, Yuseong-gu(Daejeon City), Daejeon Metropolitan City, Mungyeong-si(Gyeong sangbuk-do Province), |

Appendix Table 2 | (Continued)

| PB Diffusion Phase | Local Government |
|---------------------------------------|---|
| <p>April, 2011</p> <p>– May, 2014</p> | <p>Bong hwa-gun(Gyeongsangbuk-do Province), Busan Metropolitan City, Gangseo-gu (Busan City), Nam-gu(Busan City), Dong-gu(Busan City), Buk-gu(Busan City), Seo-gu(Busan City), Busanjin-gu(Busan City), Sasang-gu(Busan City), Saha-gu(Busan City), Sancheong-gun(Gyeongsangnam-do Province), Gangdong-gu(Seoul City), Gangbuk-gu(Seoul City), Gangseo-gu(Seoul City), Gwanak-gu(Seoul City), Gwangjin-gu(Seoul City), Guro-gu(Seoul City), Geumcheon-gu(Seoul City), Nowon-gu(Seoul City), Dobong-gu(Seoul City), Dongdaemun-gu(Seoul City), Dongjak-gu(Seoul City), Mapo-gu(Seoul City), Seodaemun-gu(Seoul City), Seocho-gu(Seoul City), Seongdong-gu(Seoul City), Seongbuk-gu(Seoul City), Songpa-gu(Seoul City), Yangcheon-gu(Seoul City), Yeongdeungpo-gu(Seoul City), Yongsan-gu (Seoul City), Eunpyeong-gu(Seoul City), Jongno-gu(Seoul City), Jung-gu(Seoul City), Jungnang-gu(Seoul City), Seoul Metropolitan City, Seongju-gun(Gyeong sangbuk-do Province), Sejong Metropolitan Autonomous City, Suyeong-gu(Busan City), Sunchang-gun(Jeolla buk-do Province), Andong-si(Gyeongsangbuk-do Province), Yangsan-si(Gyeong sangnam-do Province), Yeongdeok-gun(Gyeong sangbuk-do Province), Yeongdo-gu(Busan City), Yeongju-si(Gyeongsangbuk-do Province), Yecheon-gun(Gyeong sangbuk-do Province), Ulsan Metropolitan City, Jung-gu(Ulsan City), Ulju-gun(Ulsan City), Ulsin-gun(Gyeongsangbuk-do Province), Ganghwa-gun(Incheon City), Uiseong-gun(Gyeongsangbuk-do Province), Gye yang-gu(Incheon City), Nam-gu(Incheon City), Dong-gu(Incheon City), Seogu(Incheon City), Ongjin-gun(Incheon City), Jung-gu(Incheon City), Incheon Metroplitan City, Jeollanam-do Provincial Government, Jinan-gun(Jeollabuk-do Province), Jinju-si(Gyeongsang nam-do Province), Changnyeong-gun(Gyeongsangnam-do Province), Chang won-si(Gyeongsangnam-do Province), Gyeryong-si(Chungcheongnam-do Province), Gongju-si(Chungcheongnam-do Province), Geumsan-gun(Chung cheongnam-do Province), Dangjin-si(Chungcheongnam-do Province), Boryeong-si(Chungcheong nam-do Province), Buyeo-gun(Chungcheongnam-do Province), Seoecheon-gun (Chungcheongnam-do Province), Asan-si(Chungcheongnam-do Province), Cheon an-si(Chungcheongnam-do Province), Cheongyang-gun(Chung cheongnam-do Province), Taean-gun(Chungcheongnam-do Province), Chung cheongnam-do Provincial Government, Geosan-gun(Chungcheongbuk-do Province), Boeun-gun (Chungcheongbuk-do Province), Chungcheongbuk-do Provincial Government, Chilgok-gun(Gyeongsangbuk-do Province), Tongyeong-si(Gyeongsangnam-do Province), Pohang-si(Gyeongsangbuk-do Province).</p> |

Appendix Table 3 | Financial Independence of Local Governments and PB Project Budget Ratio

| Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) | Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) |
|---------------------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|
| Gangwon-do Province | | | | Sacheon-si | 20.4(0.37) | 21.6(3.23) | 21(4.02) |
| Donghae-si | 17.5(-) | 19.5(-) | 19.5(0.06) | Sancheong-gun | 11.5(0.54) | 12.8(1.15) | 12.8(1.29) |
| Yeongwol-gun | 12.7(15.33) | 21.4(8.61) | 20.8(8.72) | Yangsang-si | 44.1(0) | 42.3(0) | 40.3(2.10) |
| Gyeonggi-do Province | | | | Jinju-si | 28.4(0) | 31.2(0) | 30.3(0) |
| Gwangmyeong-si | 49.5(0.00) | 48(0.00) | 45.6(0.00) | Changnyeong-gun | 15.4(0.99) | 13.7(1.93) | 14(5.48) |
| Guri-si | 43(109.93) | 43.7(80.59) | 42.3(80.27) | Changwon-si | 42.8(1.70) | 42.6(1.02) | 41.6(1.16) |
| Gunpo-si | 48.5(0.47) | 45.7(0.14) | 45.7(0.31) | Tongyeong-si | 22.5(0) | 21.7(0) | 21(0) |
| Namyangju-si | 40.8(-) | 36.7(-) | 38.7(-) | Hadong-gun | 13.1(2.03) | 13.8(0.62) | 13.2(1.13) |
| Siheung-si | 54(0.21) | 51.3(0.26) | 54.7(0.23) | Haman-gun | 24.2(0.60) | 25.5(0.71) | 24.8(0.81) |
| Anyang-si | 55.3(0.29) | 52.7(0.50) | 53.2(0.17) | Hapcheon-gun | 12.1(2.03) | 11.1(2.57) | 13.4(2.36) |
| Uiwang-si | 47.7(0.12) | 47.1(0.20) | 45.6(0.24) | Gyeongsangbuk-do | | | |
| Hanam-si | 52.3(0.46) | 53.1(0.54) | 49.5(0.57) | Government | 22.1(0) | 25(0) | 24.4(0) |
| Gyeongsangnam-do Province | | | | Gyeongsan-si | 27.5(6.45) | 26.5(5.94) | 27.5(3.64) |
| Hamyang-gun | 10.7(0.19) | 13.1(0.19) | 14.3(0.19) | Gyeongju-si | 25.2(0) | 26.2(0) | 25.4(0) |
| Gwangju City | | | | Goryeong-gun | 14.7(0) | 13.1(0) | 13.7(0) |
| Nam-gu | 14.4(0.11) | 18.6(0.04) | 12.9(0.37) | Gumi-si | 42(0.52) | 41.3(0.28) | 41.1(0.40) |
| Buk-gu | 16.8(0.07) | 15.9(0.14) | 14.1(0.13) | Gunwi-gun | 9.1(0) | 11(0) | 11.7(0) |
| Daegu City | | | | Gimcheon-si | 19(3.44) | 23.1(3.20) | 24.1(2.97) |
| Buk-gu | 23.6(-) | 20.5(-) | 20.5(-) | Mungyeong-si | 19.8(0) | 19.5(0) | 20.2(0) |
| Daejeon City | | | | Bonghwa-gun | 10.5(0) | 10.1(0) | 9.7(0) |
| Yuseong-gu | 37.2(0.09) | 34.1(0.09) | 33.2(0.14) | Sangju-si | 13.1(1.19) | 13.6(1.19) | 13.4(1.00) |
| Busan City | | | | Seongju-gun | 15(0) | 14.4(0) | 15.6(0) |
| Gangseo-gu | 47.8(2.08) | 52(0.37) | 50.3(2.31) | Andong-si | 13.7(0) | 13.8(0.08) | 13.8(0.08) |
| Geumjeong-gu | 26.6(-) | 26.3(0.03) | 23.5(0.03) | Yeongdeok-gun | 12.3(0.00) | 13.6(0.00) | 13.1(0.00) |

Appendix Table 3 (Continued)

| Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) | Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) |
|------------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|
| Busanjin-gu | 30.8(0.06) | 26.1(0.05) | 24.2(0.02) | Yeongyang-gun | 7.7(0.00) | 9.2(0.00) | 10.8(0.00) |
| Seo-gu | 13.6(0.08) | 14(0.04) | 14.5(0.05) | Yeongju-si | 18.5(0.05) | 18.2(0.07) | 20.5(0.22) |
| Seoul City | | | | Yeongcheon-si | 19.8(0) | 19(0) | 18.8(0) |
| Gangdong-gu | 39.1(0.30) | 34.9(0.27) | 32.2(0.30) | Yecheon-gun | 10.1(0) | 10.7(0) | 11.3(0) |
| Gangseo-gu | 29.7(0.15) | 27.6(0.14) | 26(0.12) | Ulleung-gun | 14.9(2.42) | 15.7(2.45) | 17.6(2.38) |
| Gwanak-gu | 33(0.41) | 31.1(0.44) | 25.3(0.18) | Uljin-gun | 15(1.62) | 15.9(1.99) | 15.8(1.22) |
| Geumcheon-gu | 39.1(0.28) | 33.7(0.28) | 31.6(0.25) | Uiseong-gun | 10.4(0) | 12.8(0) | 14.8(0) |
| Nowon-gu | 22.3(0.12) | 19(0.11) | 17.5(0.10) | Cheongdo-gun | 11.6(0) | 11.2(0) | 12.5(0) |
| Dobong-gu | 27.6(0.10) | 24.9(0.12) | 22.8(0.11) | Cheongsong-gun | 9.1(0) | 9.9(0) | 11.6(0) |
| Dongdaemun-gu | 35.9(0.09) | 32.9(0.14) | 29.4(0.07) | Chilgok-gun | 21.9(0) | 22.2(0) | 23.2(0) |
| Dongjak-gu | 40(-) | 34.4(0.29) | 28.7(0.55) | Pohang-si | 39.2(0.00) | 35.1(0) | 36.1(0.01) |
| Mapo-gu | 46.1(0.95) | 42.6(0.09) | 40.9(0.30) | Gwangju City | | | |
| Seongdong-gu | 48.7(0.05) | 45(0.14) | 39.4(0.26) | Gwangsan-gu | 22.3(0.03) | 21.6(0.00) | 21.4(0.11) |
| Seongbuk-gu | 30.5(0.13) | 26.8(0.16) | 24.4(0.17) | Dong-gu | 16.8(1.65) | 17.4(0.52) | 14.3(0.57) |
| Songpa-gu | 55.1(-) | 51.3(0.11) | 49.3(0.06) | Daegu City | | | |
| Yangcheon-gu | 35.8(0.25) | 31.9(0.23) | 28.7(0.26) | Nam-gu | 17.4(0.01) | 15.7(0) | 14.8(0.02) |
| Yeongdeungpo-gu | 49.4(0.14) | 49.2(0.12) | 46.3(0.12) | Dalseo-gu | 29.7(1.64) | 26.3(1.35) | 24.8(1.13) |
| Yongsan-gu | 55.4(0.02) | 51.2(0.09) | 47.9(0.10) | Dalseong-gun | 36.6(0) | 35.8(0) | 36.3(2.39) |
| Eunpyeong-gu | 29.2(0.25) | 24.5(0.23) | 22(0.20) | Dong-gu | 20.1(0) | 18.2(0) | 17.8(0) |
| Jongno-gu | 61(0.36) | 61.1(0.33) | 56.2(0.39) | Seo-gu | 19.9(0) | 18.4(0) | 16.9(0) |
| Jungnang-gu | 28(0.15) | 25.9(0.01) | 23.9(0.12) | Suseong-gu | 29.4(0.11) | 28(2.06) | 26.3(1.91) |

Appendix Table 3 (Continued)

| Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) | Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) |
|----------------------------|--------------|--------------|--------------|------------------|--------------|--------------|--------------|
| Ulsan City | | | | Jung-gu | 34.7(0) | 31.8(0) | 31.7(0) |
| Buk-gu | 37.8(11.01) | 35.7(4.81) | 34.9(19.01) | Daejeon City | | | |
| Incheon City | | | | Daedeok-gu | 21(2.43) | 18.6(1.60) | 18.7(0.37) |
| Gyeyang-gu | 23.9(0.54) | 21.5(0.07) | 22.4(0.16) | Dong-gu | 15.8(0.01) | 14.5(0) | 13.7(0) |
| Jeollanam-do Province | | | | Seo-gu | 23.9(0) | 21(0) | 20.3(0) |
| Goheung-gun | 10.2(1.20) | 10.9(1.73) | 11.6(1.76) | Jung-gu | 19.8(0) | 18(0) | 17.7(0) |
| Gurye-gun | 9.5(0.20) | 9.4(1.34) | 9.8(1.68) | Busan city | | | |
| Naju-si | 18.2(0.61) | 18.5(0.63) | 16.7(0.73) | Gijang-gun | 37.4(0) | 36.4(0) | 35.3(0.08) |
| Yeonggwang-gun | 12.2(0.05) | 1.7(0.05) | 11.8(0.07) | Nam-gu | 26.9(1.41) | 24.3(0.14) | 26.1(0.21) |
| Yeongam-gun | 20.3(0.20) | 18.9(0.19) | 16.7(0.25) | Dongnae-gu | 25.9(0.02) | 23.4(0.86) | 22.7(0.47) |
| Wando-gun | 10.8(0.29) | 10.9(0.65) | 12.1(1.48) | Dong-gu | 9.8(4.26) | 18.1(2.32) | 17.2(0.37) |
| Jeollabuk-do Province | | | | Buk-gu | 15.9(1.60) | 15(0.05) | 15.5(0.00) |
| Gunsan-si | 27.1(-) | 27.9(-) | 26.2(0.05) | Sasang-gu | 25.8(2.15) | 24.6(0.15) | 24.8(0.37) |
| Buan-gun | 10.1(0.13) | 10.1(0.15) | 13.8(0.19) | Saha-gu | 22(0.60) | 21.7(0.09) | 19.2(0.69) |
| Wanju-gun | 25.8(1.00) | 34.3(1.01) | 29.6(1.12) | Suyeong-gu | 26.1(0) | 26.6(1.70) | 23.7(0.47) |
| Iksan-si | 20.7(0.24) | 20.5(0.00) | 20.8(0.03) | Yeongdo-gu | 14.4(1.37) | 13.5(0.38) | 11.4(1.79) |
| Jeongeup-si | 12.1(0.40) | 13.6(0.40) | 13.4(0.37) | Haeundae-gu | 34.1(0.32) | 32.8(0.34) | 31.3(0.25) |
| Jinan-gun | 13.6(2.65) | 13.6(5.17) | 16(7.46) | Seoul City | | | |
| Chungcheongnam-do Province | | | | Gangnam-gu | 75.9(0.56) | 70.3(0.58) | 66.2(0.20) |
| Government | 29.4 (4.36) | 28.9(3.42) | 27.4(3.58) | Gangbuk-gu | 26.2(0.05) | 24.1(0.02) | 21.8(0.04) |
| Asan-si | 48.5(1.17) | 47.3(0.54) | 39.9(0.23) | Gwangjin-gu | 34.2(0.00) | 32.1(0.18) | 30.9(0.17) |
| Nonsan-si | 16.1(-) | 15.4(0.82) | 16.7(0.78) | Guro-gu | 32.1(0.32) | 30.9(0.26) | 27.1(0.24) |

Appendix Table 3 (Continued)

| Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) | Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) |
|----------------------------|--------------|--------------|--------------|-----------------------|--------------|--------------|--------------|
| Chungcheongbuk-do Province | | | | Seodaemun-gu | 39.2(0.52) | 33.7(0.37) | 30.4(0.44) |
| Yeongdong-gun | 13.7(0.37) | 14.4(0.27) | 17.4(0.48) | Seocho-gu | 73.8(0.72) | 69(0.30) | 64(0.42) |
| Okcheon-gun | 15.7(2.86) | 15.1(2.68) | 15.3(2.61) | Jung-gu | 70.9(0.26) | 71.6(0.13) | 65.7(0.07) |
| Eumseong-gun | 55(0.27) | 28.7(0.17) | 26.3(0.13) | Ulsan City | | | |
| Jecheon-si | 20.8(-) | 18.7(0.04) | 18.5(0.09) | Dong-gu | 34.3(7.69) | 31.5(7.20) | 31.(8.98) |
| Jincheon-gun | 28.7(-) | 32.7(0.50) | 2(0.58) | Ulju-gun | 45.7(4.41) | 47.2(6.51) | 50.4(4.08) |
| Cheongju-si | 36.4(0.09) | 36(0.22) | 34(0.21) | Jung-gu | 21.2(0.00) | 17.8(0.00) | 19.4(0.00) |
| Metropolitan City | | | | Incheon City | | | |
| Seoul | 87.7(0.21) | 82.6(0.20) | 82.7(0.20) | Ganghwa-gun | 12.9(0.23) | 13.6(0.15) | 14.9(0.00) |
| Sejong | 38.8(2.30) | 50.6(3.23) | 54.8(1.60) | Nam-gu | 25.6(1.58) | 22.2(0.48) | 22.6(0.18) |
| Gwangju | 40.1(0.30) | 40.5(0.21) | 43.8(0.24) | Namdong-gu | 39.6(0.38) | 35.3(0.00) | 33.9(0.73) |
| Daejeon | 52.2(0.30) | 49(0.21) | 48.8(0.24) | Dong-gu | 26.1(0.25) | 25.3(0.02) | 30.1(0.18) |
| Gangwon-do Province | | | | Bupyeong-gu | 27(0.18) | 24(0.10) | 22.5(0.08) |
| Government | 21.7(0.8) | 21.9(0.32) | 21(0.91) | Seogu | 43.9(0) | 40.4(0.34) | 40(0.23) |
| Gangneung-si | 21.3(0.51) | 20(0.11) | 20.3(1.31) | Yeonsu-gu | 42.3(3.81) | 40.3(2.24) | 39.2(1.33) |
| Goseong-gun | 11.8(0) | 10.9(0) | 13.4(0) | Ongjin-gun | 14.3(0.36) | 20.2(0.86) | 20.2(0.24) |
| Samcheok-si | 17.1(0) | 21.4(0) | 18(0) | Jung-gu | 54.3(4.88) | 53.5(1.57) | 53.7(0.10) |
| Sokcho-si | 19.7(0.21) | 21(0.18) | 20(0.01) | Jeollanam-do Province | | | |
| Yanggu-gun | 15.2(0.00) | 15.3(0.00) | 17(0.00) | Government | 16.3(0.04) | 16.7(0.15) | 17.4(0.14) |
| Yangyang-gun | 12.2(1.51) | 12.5(2.19) | 10(2.15) | Gangjin-gun | 7.3(0.27) | 8.1(0.01) | 10.3(0.23) |
| Wonju-si | 26.7(0.12) | 27.6(0.07) | 27.3(0.02) | Damyang-gun | 17(0.06) | 16.1(0.07) | 17.6(0.07) |
| Inje-gun | 11.1(4.4) | 12.2(1.17) | 11.5(1.79) | Mokpo-si | 22.2(0.18) | 23.2(0.42) | 22.8(0.50) |
| Jeongseon-gun | 22.9(0) | 22(0) | 28.7(0) | Muan-gun | 11.7(0.11) | 13.6(0.26) | 13.5(0.11) |
| Cheorwon-gun | 10.7(21.2) | 10(6.52) | 12.1(12.85) | Boseong-gun | 10.2(0.02) | 10.4(0.17) | 10(0.35) |

Appendix Table 3 | (Continued)

| Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) | Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) |
|----------------------|--------------|--------------|--------------|----------------------------|--------------|--------------|--------------|
| Chuncheon-si | 27.9(25.5) | 27.6(3.61) | 26(0) | Suncheon-si | 21.8(10.84) | 23.1(13.05) | 24.3(10.31) |
| Taebaek-si | 31.3(0) | 29.9(0.64) | 26.3(0.76) | Sinan-gun | 8.4(0.06) | 7.6(0.07) | 7.4(0.08) |
| Pyeongchang-gun | 14.3(0.24) | 13.2(0.3) | 12.3(0.26) | Yeosu-si | 31.9(22.68) | 31(8.06) | 29.4(6.40) |
| Hongcheon-gun | 15.9(0.35) | 16.1(0.37) | 16.3(1.32) | Jangseong-gun | 12.3(0.17) | 12.7(0.19) | 15.5(0.23) |
| Hwacheon-gun | 11.8(0) | 12(0) | 12.1(0) | Jangheung-gun | 9.5(0.10) | 9.6(0.10) | 9.9(0.42) |
| Hoengseong-gun | 18.6(1.71) | 18.9(1.88) | 19.5(2.00) | Jindo-gun | 11.7(0.09) | 12.9(0.14) | 9.4(0.19) |
| Gyeonggi-do Province | | | | Haenam-gun | 8.5(2.03) | 8.6(0.96) | 8.9(1.39) |
| Government | 60.1(0.41) | 53.7(0.26) | 53.6(0.29) | Jeollabuk-do Province | | | |
| Gapyeong-gun | 27.5(2.03) | 28.4(8.58) | 25.2(2.42) | Gimje-si | 12.7(0) | 11.2(3.52) | 11.4(2.86) |
| Goyang-si | 54.7(0.52) | 53.8(1.49) | 48.8(0.16) | Namwon-si | 8.6(0) | 9.2(0) | 10.9(0.02) |
| Gwacheon-si | 48(0.69) | 47.3(0) | 48.7(0.01) | Muju-gun | 14.1(0) | 15.7(0) | 17(0) |
| Gwangju-si | 55.4(0.81) | 60.2(0.61) | 52.2(1.39) | Sunchang-gun | 8.6(17.72) | 11.2(2.79) | 11.8(2.75) |
| Gimpo-si | 53.5(0.37) | 50.7(0.9) | 52.6(0.65) | Imsil-gun | 12.6(0.57) | 12.2(0.52) | 13.1(0.58) |
| Dongducheon-si | 19.6(0) | 20.8(0) | 18.5(0) | Chungcheongnam-do Province | | | |
| Bucheon-si | 45.9(0.24) | 45.3(0.21) | 41(0.09) | Gyeryong-si | 22.1(0.04) | 20.5(0.03) | 23.4(0.03) |
| Seongnam-si | 65.2(3.36) | 64.3(4.01) | 61.9(2.98) | Gongju-si | 17.5(0.12) | 17.7(0.08) | 18.7(0.09) |
| Suwon-si | 60.2(1.55) | 58.9(0.6) | 59.6(0.25) | Geumsan-gun | 18(0.15) | 16.5(0.06) | 18.1(0.23) |
| Ansan-si | 55.9(0.34) | 47.6(1.03) | 47.9(0.6) | Dangjin-si | 30.6(0.48) | 31.6(0.40) | 32.9(0.54) |
| Anseong-si | 38.5(0) | 40.8(0.44) | 37.3(0.4) | Boryeong-si | 19.7(0.66) | 20.3(0.99) | 19.9(0.96) |
| Yangju-si | 31.8(0) | 33.7(0) | 34.5(0) | Buyeo-gun | 11.3(0.77) | 10.7(0.66) | 10.9(0.66) |
| Yangpyeong-gun | 23.8(1.93) | 22.9(0.02) | 22.9(0.34) | Seosan-si | 27.8(0.10) | 26.9(0.12) | 28.5(0.07) |
| Yeoju-si | 38.2(0) | 37.6(0) | 24.1(0.11) | Seocheon-gun | 12.2(0) | 11.3(0) | 12.5(0) |

Appendix Table 3 | (Continued)

| Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) | Local government | 2013 (Ratio) | 2014 (Ratio) | 2015 (Ratio) |
|---------------------------|--------------|--------------|--------------|----------------------------|--------------|--------------|--------------|
| Yeoncheon-gun | 22.5(0) | 23.4(0) | 24.5(0) | Yesan-gun | 13.8(0) | 13.2(0.08) | 19.1(1.03) |
| Osan-si | 45.8(0.02) | 48.1(0.64) | 42.5(0.65) | Cheonan-si | 46.6(0.19) | 44.1(0.59) | 42.7(0.51) |
| Yongin-si | 63.8(1.50) | 61.4(0.04) | 60.7(0.12) | Taeon-gun | 18.5 (1.70) | 18(0.97) | 18.6(0.14) |
| Icheon-si | 40.6(15.47) | 42.7(10.84) | 47.4(5.27) | Hongseong-gun | 18.1(2.65) | 18.6(2.48) | 19.8(2.56) |
| Paju-si | 46.3(1.07) | 45.2(0) | 44(0.48) | Chungcheongbuk-do Province | | | |
| Pyeongtaek-si | 45.1(0.4) | 44.6(0.22) | 44.5(2.05) | Government | 27.4(5.92) | 27.3(5.95) | 27.9(3.58) |
| Pocheon-si | 29.5(1.07) | 27.4(0.99) | 28.2(0) | Geosan-gun | 14.1(2.14) | 13.5(1.94) | 13(0.85) |
| Hwaseong-si | 58.4(0.30) | 61.3(0.23) | 61.5(0.06) | Boeun-gun | 12.3(0.19) | 11.6(0.13) | 11.7(0.13) |
| Gyeongsangnam-do Province | | | | Jeungpyeong-gun | 16.8(2.06) | 15.3(2.12) | 17.2(1.86) |
| Government | 34.4(9.98) | 36.5(6.63) | 37.8(8.9) | Cheongwon-gun | 32.2(-) | 32.2 (-) | (-) (-) |
| Geoje-si | 45.2(0.57) | 44.3(0.45) | 41.5(0.36) | Chungju-si | 18.8(0.37) | 18.8(0.05) | 19.9(0.32) |
| Geochang-gun | 11.3(0) | 11.7(3.49) | 14.1(7.34) | Metropolitan City | | | |
| Goseong-gun | 14.5(0) | 13.8(0) | 14.6(0) | Daegu | 46.5(3.34) | 46.4(2.88) | 47.7(0.00) |
| Gimhae-si | 37.4(0.19) | 39.1(0.21) | 39(0.02) | Busan | 51.8(0.24) | 52.6(0.54) | 51.7(0.60) |
| Namhae-gun | 13.5(0.67) | 14.2(0.66) | 15.3(0.61) | Ulsan | 62.7(1.64) | 59.5(2.90) | 63.1(1.31) |
| Miryang-si | 20(0.92) | 22.2(1.17) | 19.1(1.03) | Incheon | 64.6(0) | 63.9(0.08) | 60.4(0.03) |
| Namhae-gun | 13.5(0.67) | 14.2(0.66) | 15.3(0.61) | Ulsan | 62.7(1.64) | 59.5(2.90) | 63.1(1.31) |
| Miryang-si | 20(0.92) | 22.2(1.17) | 19.1(1.03) | Incheon | 64.6(0) | 63.9(0.08) | 60.4(0.03) |

Appendix Table 4 | The Number of Proposal and Residence Population

| | N of Proposal | Population | | N of Proposal | Population |
|------------------------------------|------------------|------------|--|------------------|------------|
| Gangneung-si, Gangwon-do Province | 35 | 215,807 | Yeongdeok-gun, Gyeongsangbuk-do Province | 80 | 39,586 |
| Goseong-gun, Gangwon-do Province | 0 | 30,269 | Yeongyang-gun, Gyeongsangbuk-do Province | 50 | 18,197 |
| Donghae-si, Gangwon-do Province | 4 | 94,562 | Yeongju-si, Gyeongsangbuk-do Province | 0 | 110,780 |
| Samcheok-si, Gangwon-do Province | 0 | 72,314 | Yeongcheon-si, Gyeongsangbuk-do Province | 0 | 100,689 |
| Sokcho-si, Gangwon-do Province | 11 | 82,432 | Yecheon-gun, Gyeongsangbuk-do Province | 0 | 45,104 |
| Yanggu-gun, Gangwon-do Province | 0 | 23,888 | Ulleung-gun, Gyeongsangbuk-do Province | 30 | 10,264 |
| Yangyang-gun, Gangwon-do Province | 30 | 27,521 | Uljin-gun, Gyeongsangbuk-do Province | 30 | 52,104 |
| Yeongwol-gun, Gangwon Province | 2 | 40,191 | Uiseong-gun, Gyeongsangbuk-do Province | 821 | 55,212 |
| Wonju-si, Gangwon-do Province | 54 | 327,292 | Cheongdo-gun, Gyeongsangbuk-do Province | 50 | 43,993 |
| Inje-gun, Gangwon Province | 35 | 32,475 | Cheongsong-gun, Gyeongsangbuk-do | 16 | 26,453 |
| Jeongseon-gun, Gangwon-do Province | 10 | 39,425 | Chilgok-gun, Gyeongsangbuk-do Province | 0 | 122,058 |
| Cheorwon-gun, Gangwon Province | 0 | 47,590 | Pohang-si, Gyeongsangbuk-do Province | 52 | 519,368 |
| Chuncheon-si, Gangwon Province | 400 | 275,791 | Gyeongsangnam-do Provincial Government | 45 | 3,350,257 |
| Taebaek-si, Gangwon-do Province | 6 | 48,258 | Gyeongsangbuk-do Provincial Government | 160 | 2,700,794 |
| Pyeongchang-gun, Gangwon Province | 0 | 43,660 | Gwangsan-gu, Gwangju City | 14 | 397,281 |
| Hongcheon-gun, Gangwon Province | 42 | 70,451 | Nam-gu, Gwangju City | 41 | 219,815 |
| Hwacheon-gun, Gangwon Province | 0 | 27,143 | Dong-gu, Gwangju City | 52 | 100,786 |
| Hoengseong-gun, Gangwon Province | 15 | 45,373 | Buk-gu, Gwangju City | 0 | 447,685 |
| Gangwon-do Provincial Government | 7 | 1,544,442 | Gwangju Metropolitan City | 0 | 1,475,884 |
| Gapyeong-gun, Gyeonggi-do Province | 31 | 61,213 | Nam-gu, Daegu City | 115 | 163,492 |

Appendix Table 4 | (Continued)

| | N of Proposal | Population | | N of Proposal | Population |
|--------------------------------------|------------------|------------|---------------------------|------------------|------------|
| Goyang-si, Gyeonggi-do Province | 230 | 1,006,154 | Dalseo-gu, Daegu City | 13 | 606,433 |
| Gwacheon-si, Gyeonggi-do Province | 30 | 70,156 | Dalseong-gun, Daegu City | n/a | 184,902 |
| Gwangmyeong-si, Gyeonggi-do Province | 61 | 348,560 | Dong-gu, Daegu City | 104 | 347,975 |
| Gwangju-si, Gyeonggi-do Province | 151 | 298,858 | Buk-gu, Daegu City | 20 | 444,375 |
| Guri-si, Gyeonggi-do Province | 7 | 186,820 | Seo-gu, Daegu City | 15 | 210,770 |
| Gunpo-si, Gyeonggi-do Province | 38 | 288,408 | Suseong-gu, Daegu City | 4 | 456,505 |
| Gimpo-si, Gyeonggi-do Province | 200 | 340,310 | Jung-gu, Daegu City | 5 | 78,812 |
| Namyangju-si, Gyeonggi-do Province | 0 | 636,256 | Daegu Metropolitan City | 34 | 2,493,264 |
| Dongducheon-si, Gyeonggi-do Province | 89 | 97,595 | Daedeok-gu, Daejeon City | 5 | 201,558 |
| Bucheon-si, Gyeonggi-do Province | 50 | 855,586 | Dong-gu, Daejeon City | 12 | 245,493 |
| Seongnam-si, Gyeonggi-do Province | 0 | 974,608 | Seo-gu, Daejeon City | 21 | 496,132 |
| Suwon-si, Gyeonggi-do Province | 15 | 1,174,228 | Yuseong-gu, Daejeon City | 47 | 327,461 |
| Siheung-si, Gyeonggi-do Province | 47 | 394,639 | Jung-gu, Daejeon City | 13 | 261,165 |
| Ansan-si, Gyeonggi-do Province | 102 2 | 707,876 | Daejeon Metropolitan City | 0 | 1,531,809 |
| Anseong-si, Gyeonggi-do Province | 809 | 181,896 | Busan Metropolitan City | 16 | 3,519,401 |
| Anyang-si, Gyeonggi-do Province | 117 | 600,809 | Gangseo-gu, Busan City | 200 | 79,619 |
| Yangju-si, Gyeonggi-do Province | 300 | 636,256 | Geumjeong-gu, Busan City | 15 | 249,856 |
| Yangpyeong-gun, Gyeonggi-do Province | 50 | 105,379 | Gijang-gun, Busan City | 20 | 144,748 |
| Yeoju-si, Gyeonggi-do Province | 235 | 110,386 | Nam-gu, Busan City | 120 | 286,989 |
| Yeoncheon-gun, Gyeonggi-do Province | 0 | 45,363 | Dong-gu, Busan City | 34 | 94,565 |

Appendix Table 4 | (Continued)

| | N of Proposal | Population | | N of Proposal | Population |
|--|------------------|------------|---------------------------|------------------|------------|
| Osan-si, Gyeonggi-do Province | 29 | 208,565 | Dongnae-gu, Busan | 60 | 275,971 |
| Yongin-si, Gyeonggi-do Province | 100 | 961,026 | Buk-gu, Busan City | 50 | 306,974 |
| Uiwang-si, Gyeonggi-do Province | 0 | 158,482 | Sasang-gu, Busan City | 37 | 242,953 |
| Uijeongbu-si, Gyeonggi-do Province | 33 | 431,112 | Saha-gu, Busan City | 200 | 343,371 |
| Icheon-si, Gyeonggi-do Province | 111 | 205,014 | Seo-gu, Busan City | 74 | 118,115 |
| Paju-si, Gyeonggi-do Province | 25 | 411,348 | Suyeong-gu, Busan City | 45 | 178,480 |
| Pyeongtaek-si, Gyeonggi-do Province | 22 | 449,555 | Yeongdo-gu, Busan City | 5 | 132,102 |
| Pocheon-si, Gyeonggi-do Province | 70 | 155,798 | Haeundae-gu, Busan City | 209 | 423,531 |
| Hanam-si, Gyeonggi-do Province | 292 | 148,896 | Busanjin-gu, Busan City | 88 | 387,378 |
| Hwanseong-si, Gyeonggi-do Province | 163 | 540,862 | Gangnam-gu, Seoul City | 128 | 578,114 |
| Gyeonggi-do Provincial Government | 19 | 12,357,830 | Gangdong-gu, Seoul City | 108 | 476,597 |
| Geoje-si, Gyeongsangnam-do Province | 74 | 248,287 | Gangbuk-gu, Seoul City | 22 | 335,025 |
| Geochang-gun, Gyeongsangnam-do Province | 189 | 63,137 | Gangseo-gu, Seoul City | 43 | 585,160 |
| Goseong-gun, Gyeongsangnam-do Province | 63 | 55,916 | Gwanak-gu, Seoul City | 30 | 513,186 |
| Gimhae-si, Gyeongsangnam-do Province | 0 | 527,240 | Gwangjin-gu, Seoul City | 15 | 363,354 |
| Namhae-gun, Gyeongsangnam-do Province | 87 | 46,638 | Guro-gu, Seoul City | 80 | 425,831 |
| Miryang-si, Gyeongsangnam-do Province | 2 | 107,765 | Geumcheon-gu, Seoul City | 92 | 238,463 |
| Sacheon-si, Gyeongsangnam-do Province | 100 | 116,485 | Nowon-gu, Seoul City | 50 | 582,552 |
| Sancheong-gun, Gyeongsangnam-do Province | 0 | 35,849 | Dobong-gu, Seoul City | 24 | 353,709 |
| Yongsan-si, Gyeongsangnam-do Province | 0 | 292,376 | Dongdaemun-gu, Seoul City | 3593 | 363,687 |

Appendix Table 4 | (Continued)

| | N of Proposal | Population | | N of Proposal | Population |
|--|---------------|------------|-------------------------------------|---------------|------------|
| Uiryeong-gun, Gyeongsangnam-do Province | 300 | 29,209 | Dongjak-gu, Seoul City | n/a | 407,470 |
| Jinju-si, Gyeongsangnam-do Province | n/a | 340,241 | Mapo-gu, Seoul City | 79 | 385,439 |
| Changnyeong-gun, Gyeongsangnam-do Province | 50 | 63,502 | Seodaemun-gu, Seoul City | 25 | 310,376 |
| Changwon-si, Gyeongsangnam-do Province | 8 | 1,075,168 | Seocho-gu, Seoul City | 20 | 449,678 |
| Tongyeong-si, Gyeongsangnam-do Province | 40 | 139,439 | Seongdong-gu, Seoul City | 10 | 296,086 |
| Hadong-gun, Gyeongsangnam-do Province | 50 | 49,223 | Seongbuk-gu, Seoul City | 10 | 466,706 |
| Haman-gun, Gyeongsangnam-do Province | 15 | 68,741 | Songpa-gu, Seoul City | 30 | 664,738 |
| Hamyang-gun, Gyeongsangnam-do Province | 54 | 40,584 | Yangcheon-gu, Seoul City | 50 | 486,221 |
| Hapcheon-gun, Gyeongsangnam-do Province | 3 | 50,457 | Yeongdeungpo-gu, Seoul City | 682 | 382,352 |
| Gyeongsan-si, Gyeongsangbuk-do Province | 0 | 253,968 | Yongsan-gu, Seoul City | 3 | 235,951 |
| Gyeongju-si, Gyeongsangbuk-do Province | 21 | 261,535 | Eunpyeong-gu, Seoul City | 0 | 498,644 |
| Goryeong-gun, Gyeongsangbuk-do Province | 10 | 35,033 | Jongno-gu, Seoul City | 34 | 156,993 |
| Gumi-si, Gyeongsangbuk-do Province | 75 | 420,320 | Jung-gu, Seoul City | 81 | 128,065 |
| Gunwi-gun, Gyeongsangbuk-do Province | 200 | 24,170 | Jungnang-gu, Seoul City | n/a | 418,836 |
| Gimcheon-si, Gyeongsangbuk-do Province | 2 | 135,456 | Seoul Metropolitan City | 144 | 10,103,233 |
| Mungyeong-si, Gyeongsangbuk-do Province | 400 | 75,911 | Sejong Metropolitan Autonomous City | n/a | 156,125 |
| Bonghwa-gun, Gyeongsangbuk-do Province | 15 | 34,023 | Ulsan Metropolitan City | 0 | 1,166,377 |
| Sangju-si, Gyeongsangbuk-do Province | 103 | 102,892 | Dong-gu, Ulsan City | 15 | 176,668 |
| Seongju-gun, Gyeongsangbuk-do Province | 15 | 44,981 | Buk-gu, Ulsan City | 714 | 188,733 |
| Andong-si, Gyeongsangbuk-do Province | 12 | 168,697 | Jung-gu, Ulsan City | 30 | 238,825 |

Appendix Table 4 | (Continued)

| | N of Proposal | Population | | N of Proposal | Population |
|------------------------------------|------------------|------------|--|------------------|------------|
| Ulju-gun, Ulsan City | 90 | 214,392 | Gunsan-si, Jeollabuk-do Province | n/a | 278,098 |
| Ganghwa-gun, Incheon City | 100 | 67,118 | Gimje-si, Jeollabuk-do Province | n/a | 90,108 |
| Gyeyang-gu, Incheon City | 168 | 339,538 | Namwon-si, Jeollabuk-do Province | 3 | 85,643 |
| Nam-gu, Incheon City | 0 | 408,305 | Muju-gun, Jeollabuk-do Province | 34 | 25,390 |
| Namdong-gu, Incheon City | 353 | 514,656 | Buan-gun, Jeollabuk-do Province | 15 | 57,534 |
| Dong-gu, Incheon City | 134 | 73,978 | Sunchang-gun, Jeollabuk-do Province | 340 | 30,368 |
| Bupyeong-gu, Incheon City | 0 | 556,992 | Wanju-gun, Jeollabuk-do Province | 53 | 90,377 |
| Seogu, Incheon City | n/a | 498,686 | Iksan-si, Jeollabuk-do Province | 186 | 304,117 |
| Yeonsu-gu, Incheon City | 20 | 310,703 | Imsil-gun, Jeollabuk-do Province | 200 | 29,966 |
| Ongjin-gun, Incheon City | 19 | 20,703 | Jeongeup-si, Jeollabuk-do Province | 21 | 117,183 |
| Jung-gu, Incheon City | 50 | 111,929 | Jinan-gun, Jeollabuk-do Province | 0 | 26,474 |
| Incheon Metropolitan City | 67 | 2,902,608 | Gyeryong-si, Chungcheongnam-do Province | 450 | 40,552 |
| Gangjin-gun, Jeollanam-do Province | 54 | 39,861 | Gongju-si, Chungcheongnam-do Province | 62 | 113,621 |
| Goheung-gun, Jeollanam-do Province | 38 | 69,641 | Geumsan-gun, Chungcheongnam-do Province | 196 | 55,166 |
| Gurye-gun, Jeollanam-do Province | 69 | 27,170 | Nonsan-si, Chungcheongnam-do Province | 20 | 124,784 |
| Naju-si, Jeollanam-do Province | 60 | 90,669 | Dangjin-si, Chungcheongnam-do Province | 38 | 162,844 |
| Damyang-gun, Jeollanam-do Province | 32 | 47,177 | Boryeong-si, Chungcheongnam-do Province | 30 | 104,321 |
| Mokpo-si, Jeollanam-do Province | 13 | 239,109 | Buyeo-gun, Chungcheongnam-do Province | 0 | 71,754 |
| Muan-gun, Jeollanam-do Province | 0 | 81,696 | Seosan-si, Chungcheongnam-do Province | 20 | 167,611 |
| Boseong-gun, Jeollanam-do Province | 20 | 45,882 | Seocheon-gun, Chungcheongnam-do Province | 10 | 57,713 |

Appendix Table 4 (Continued)

| | N of Proposal | Population | | N of Proposal | Population |
|--|------------------|------------|---|------------------|------------|
| Suncheon-si, Jeollanam-do Province | 50 | 277,188 | Asan-si, Chungcheongnam-do Province | 34 | 293,954 |
| Sinan-gun, Jeollanam-do Province | 20 | 43,747 | Yesan-gun, Chungcheongnam-do Province | 386 | 84,919 |
| Yeosu-si, Jeollanam-do Province | 25 | 290,900 | Cheonan-si, Chungcheongnam-do Province | 11 | 598,346 |
| Yeonggwang-gun, Jeollanam-do Province | 8 | 56,833 | Cheongyang-gun, Chungcheongnam-do Province | 14 | 32,248 |
| Yeongam-gun, Jeollanam-do Province | 15 | 58,852 | Tae'an-gun, Chungcheongnam-do Province | 60 | 62,574 |
| Wando-gun, Jeollanam-do Province | 85 | 53,174 | Hongseong-gun, Chungcheongnam-do Province | 147 | 91,866 |
| Jangseong-gun, Jeollanam-do Province | 62 | 46,273 | Chungcheongnam-do Provincial Government | 60 | 2,062,273 |
| Jangheung-gun, Jeollanam-do Province | 292 | 43,190 | Geosan-gun, Chungcheongbuk-do Province | 84 | 38,351 |
| Jindo-gun, Jeollanam-do Province | 0 | 32,746 | Boeun-gun, Chungcheongbuk-do Province | 327 | 34,240 |
| Haenam-gun, Jeollanam-do Province | 0 | 76,981 | Yeongdong-gun, Chungcheongbuk-do Province | 0 | 50,803 |
| Jeollanam-do Provincial Government | 150 | 1,905,780 | Okcheon-gun, Chungcheongbuk-do Province | 0 | 52,469 |
| Jincheon-gun, Chungcheongbuk-do Province | 20 | 65,174 | Eumseong-gun, Chungcheongbuk-do Province | 25 | 95,324 |
| Cheongju-si, Chungcheongbuk-do Province | 600 | 831,521 | Jecheon-si, Chungcheongbuk-do Province | 40 | 136,805 |
| Chungju-si, Chungcheongbuk-do Province | 116 | 208,527 | Jeungpyeong-gun, Chungcheongbuk-do Province | 0 | 34,771 |
| Chungcheongbuk-do Provincial Government | 36 | 1,578,933 | | | |

Note: The local governments which set their budgets for PB in advance at the beginning of each fiscal year are indicated with their first columns shaded.