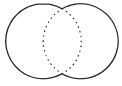


South Korea

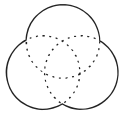
Overview



Transparency:

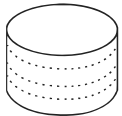
74 /100

(Open Budget Index score)



Public Participation:

59 /100



Budget Oversight:

87 /100

About the survey

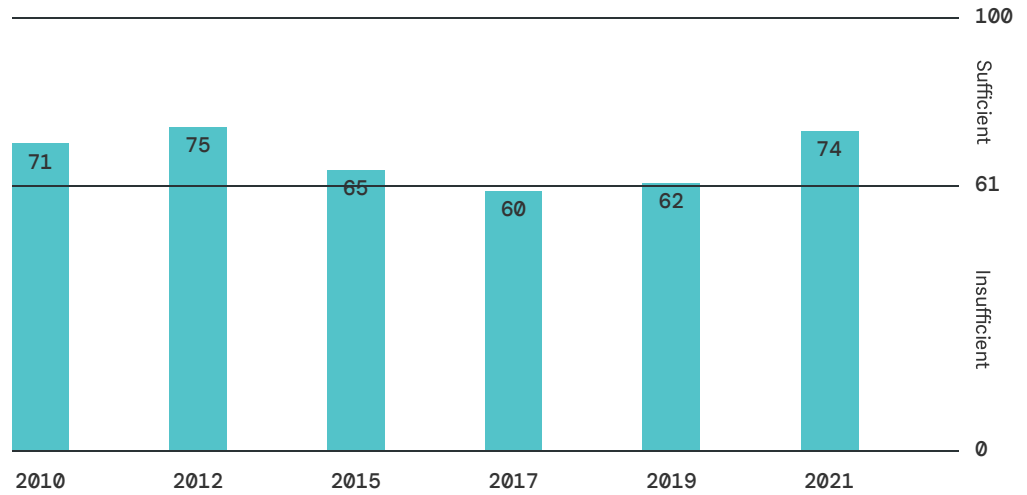
Government budget decisions – what taxes to levy, what services to provide, and how much debt to take on – have important consequences for all people in society. When governments provide information and meaningful channels for the public to engage in these decisions, we can better ensure public money is spent on public interests.

The Open Budget Survey (OBS) is the world’s only independent, comparative and fact-based research instrument that uses internationally accepted criteria to assess public access to central government budget information; formal opportunities for the public to participate in the national budget process; and the role of budget oversight institutions, such as legislatures and national audit offices, in the budget process.

The survey helps local civil society assess and confer with their government on the reporting and use of public funds. This 8th edition of the OBS covers 120 countries.

Visit www.internationalbudget.org/open-budget-survey for more information, including the full OBS methodology, the 2021 Global and Regional Reports, findings for all surveyed countries, and the Data Explorer.

How has the transparency score for South Korea changed over time?



Public availability of budget documents in South Korea

KEY	
●	Available to the Public
●	Published Late, or Not Published Online, or Produced for Internal Use Only
⊘	Not Produced

Document	2010	2012	2015	2017	2019	2021
Pre-Budget Statement	●	●	●	●	●	●
Executive's Budget Proposal	●	●	●	●	●	●
Enacted Budget	●	●	●	●	●	●
Citizens Budget	●	●	●	●	●	●
In-Year Reports	●	●	●	●	●	●
Mid-Year Review	⊘	⊘	⊘	⊘	⊘	●
Year-End Report	●	●	●	●	●	●
Audit Report	●	●	●	●	●	●

How comprehensive is the content of the key budget documents that South Korea makes available to the public?

KEY	
● 61-100 / 100	
● 41-60 / 100	
● 1-40 / 100	

Key budget document	Document purpose and contents	Fiscal year assessed	Document content score
Pre-Budget Statement	Discloses the broad parameters of fiscal policies in advance of the Executive's Budget Proposal; outlines the government's economic forecast, anticipated revenue, expenditures, and debt.	2021	39
Executive's Budget Proposal	Submitted by the executive to the legislature for approval; details the sources of revenue, the allocations to ministries, proposed policy changes, and other information important for understanding the country's fiscal situation.	2021	78
Enacted Budget	The budget that has been approved by the legislature.	2021	95
Citizens Budget	A simpler and less technical version of the government's Executive's Budget Proposal or the Enacted Budget, designed to convey key information to the public.	2021	75
In-Year Reports	Include information on actual revenues collected, actual expenditures made, and debt incurred at different intervals; issued quarterly or monthly.	2020	85
Mid-Year Review	A comprehensive update on the implementation of the budget as of the middle of the fiscal year; includes a review of economic assumptions and an updated forecast of budget outcomes.	2020	30
Year-End Report	Describes the situation of the government's accounts at the end of the fiscal year and, ideally, an evaluation of the progress made toward achieving the budget's policy goals.	2019	79
Audit Report	Issued by the supreme audit institution, this document examines the soundness and completeness of the government's year-end accounts.	2019	86

South Korea's transparency score of **74** in the OBS 2021 is substantially higher than its score in 2019.

What changed in OBS 2021?

South Korea has increased the availability of budget information by:

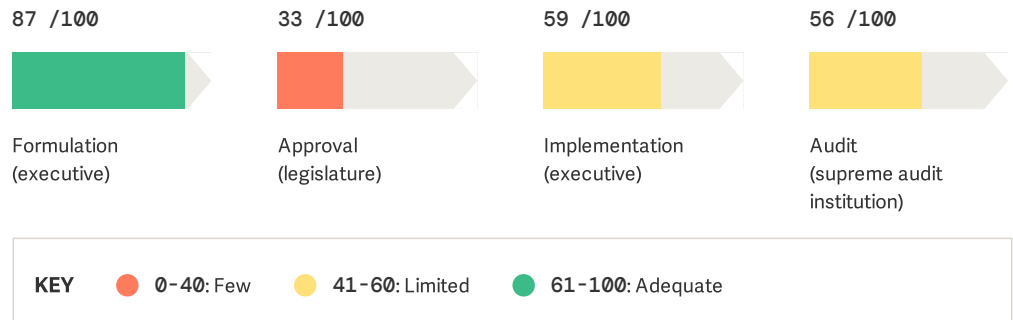
- Publishing revised macroeconomic forecasts and updated aggregate expenditure estimates in the Mid-Year Review.
- Increasing the information in the Open Fiscal Data portal.

Recommendations

South Korea should prioritize the following actions to improve budget transparency:

- Improve the comprehensiveness of the Pre-Budget Statement by adding the macroeconomic forecast on which budget projections will be based and information on projected borrowing and debt for the upcoming budget year.
- Include the macroeconomic forecast that is used for budget projections as part of the Executive's Budget Proposal and a sensitivity analysis showing how fiscal projections would change with different macroeconomic forecasting models.
- Include in the Year-End Report the differences between the estimated and actual results for the macroeconomic forecast and debt outcomes.

Extent of opportunities for public participation in the budget process



Recommendations

South Korea's Ministry of Economy and Finance has established participatory budgeting during budget formulation and e-consultations during budget implementation but, to further strengthen public participation in the budget process, should also prioritize the following actions:

- Actively engage with vulnerable and underrepresented communities, directly or through civil society organizations representing them during the budget monitoring phase.

South Korea's National Assembly has established submissions related to the approval of the annual budget, but should also prioritize the following actions:

- Allow any member of the public or any civil society organization to testify during its hearings on the budget proposal prior to its approval.
- Allow members of the public or civil society organizations to testify during its hearings on the Audit Report.

South Korea's Board of Audit and Inspection has established mechanisms for the public to assist in developing its audit program. It should prioritize the following actions to improve public participation in the budget process:

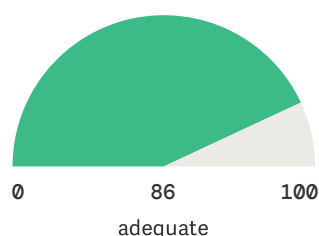
- Establish formal mechanisms for the public to contribute to relevant audit investigations.

Budget Oversight

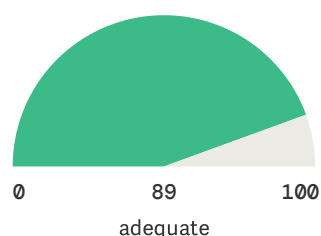
The OBS examines the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they provide oversight; each country is scored on a scale from 0 to 100 based on 18 equally weighted indicators. In addition, the survey collects supplementary information on independent fiscal institutions (see Box).

The legislature and supreme audit institution in South Korea, together, provide adequate oversight during the budget process, with a composite oversight score of **87** (out of 100). Taken individually, the extent of each institution's oversight is shown below:

Legislative oversight



Audit oversight



KEY ● 0-40: Few ● 41-60: Limited ● 61-100: Adequate

Recommendations

South Korea's National Assembly provides adequate oversight during the planning stage of the budget cycle and adequate oversight during the implementation stage. To further improve oversight, the following actions should be prioritized:

- The legislature should debate budget policy before the Executive's Budget Proposal is tabled and approve recommendations for the upcoming budget.

To strengthen independence and improve audit oversight by the South Korea Board of Audit and Inspection, the following actions are recommended:

- Ensure audit processes are reviewed by an independent agency.

The emerging practice of establishing independent fiscal institutions

South Korea's independent fiscal institution (IFI) is the National Assembly Budget Office. Its independence is set in law, and it reports to the legislature. It publishes its own macroeconomic and fiscal forecasts, and its own cost estimates of all new policy proposals.

The indicators on IFIs are not scored in the Open Budget Survey.

Methodology

- Only documents published and events, activities, or developments that took place through 31 December 2020 were assessed in the OBS 2021.
- The survey is based on a questionnaire completed in each country by an independent budget expert:
Jungboo Kim
Center for Good Budget

lyceum@khu.ac.kr
- To further strengthen the research, each country's draft questionnaire is also reviewed by an anonymous independent expert, and in South Korea by a representative of the Ministry of Economy and Finance.