

A study on Participatory Budgeting for Strengthening  
Fiscal Accountability of Local Governments in Korea

지방재정책임성 및 건전성 강화를 위한 주민참여예산제도 발전방안 연구

2018. 8

행정안전부

김수경

## 차 례

■ 국외훈련 개요

■ 훈련기관 개요

■ 훈련결과 보고서

## 국외훈련 개요

1. 훈련국가 : 영국
2. 훈련기관 : 셰필드 대학교 (The University of Sheffield)
3. 훈련분야 : 지방재정
4. 훈련기간 : 2016. 8. 1 ~ 2018. 7. 15

## 훈련기관 개요

### I. 기관 개요

- 훈련국 : 영국
  - 훈련기관명 : 셰필드대학교 (The University of Sheffield)
  - 훈련과정명 : TRP ASP (MA in Town and Regional Planning with Advanced Study in Practice)
  - 인터넷 웹주소 : <http://www.sheffield.ac.uk>
  - 대학주소 : University of Sheffield, Western Bank, Sheffield, S10 2TN, United Kingdom
- \* Telephone: +44 (0)114 222 6900, Fax: +44 (0)114 222 6947

### II. 기관 소개

- 연혁
  - 1828년 의과대학으로 출발하여 1905년 종합대학으로 확장. 현재 인문계열, 엔지니어링, 의약학, 이학계열, 사회과학계열, 국제학부 등 6개 단과대학으로 구성되어 있음.

- 현재 25,000명의 학부, 대학원생들이 공부하고 있고, 이 중 5,000여 명은 외국유학생으로 유학생 비율이 매우 높음
- 2015년 QS 세계 대학 랭킹 세계 80위, 타임즈 선정 세계 97위, 영국 15위로 평가됨

### ○ 학과 소개

- 학과는 Department of Town and Regional Planning으로, 주택, 도시계획, 주민참여 등 도시행정 관련 이슈에 대한 강의로 국제적 명성이 높은 학과임
- 일반 학생들은 석사과정이 1년이며, 한국공무원의 과정 MA Town and Regional Planning 과정에 직무훈련 기간을 추가한 2년 과정
- 1년차 과정은 가을학기(9월말~12월중순), 봄학기(2월초~5월중순)로 구성되고, 2년차에는 논문 작성과 직무훈련으로 구성됨
- 졸업학점은 총 180점으로, 가을학과와 봄학기 각각 60학점을 이수해야 하며 논문 제출이 나머지 60학점을 차지함
- 직무훈련은 1년 학위과정 이수 후 훈련공무원의 관심분야와 관련 있는 중앙 및 지방정부 기관, NGO 또는 민간기관에서 인턴십을 수행하며, 학교에서 기관 섭외 지원

**A study on Participatory Budgeting for Strengthening  
Fiscal Accountability of Local Governments in Korea**

## **Table of Contents**

1. Introduction
  - 1.1 Background
  - 1.2 Aim of the research
2. Literature Review
  - 2.1 Theoretical background on public participation
  - 2.2 Previous studies on participatory budgeting
3. Research Methodology
  - 3.1 Methodology
  - 3.2 Analytic framework
4. Analysis of Participatory Budgeting in South Korea
  - 4.1 Overview on history and legal framework
  - 4.2 Analysis of the Current Status of Participatory Budgeting Operation
    - 4.2.1 The stage and scope of citizen participation
    - 4.2.2 Decision-making structure
    - 4.2.3 The methods of citizen participation
5. Experiences of Other Cities
  - 5.1 The case of Newcastle in the UK
  - 5.2 The case of the City of Guelph in Canada
  - 5.3 The case of the City of Belo Horizonte in Brazil
  - 5.4 Implications
6. Suggestions for Improving Participatory Budgeting in Korea
7. Conclusion
  - 7.1 Summary and implications
  - 7.2 Limitation

Bibliography

## **List of Figures**

Figure 1. Arnstein's ladder of citizen participation

Figure 2. Stakeholder engagement approaches

Figure 3. A shift in participation

Figure 4. Public participation spectrum

Figure 5. The analytical framework of the study

Figure 6. The subnational governments system in Korea

Figure 7. The scope of participatory budget in 15 local governments

Figure 8. The projects proposed by citizens and the participatory budget

Figure 9. The operating structure of the participatory budgeting

Figure 10. The status of organization for participatory budgeting

Figure 11. The status of the methods of citizen participation

Figure 12. The organizations for participatory budgeting by local governments



## 1. Introduction

### 1.1 Background: Fiscal decentralisation and fiscal accountability

It is clear that decentralisation is a global phenomenon. Especially, since the global financial crisis in 2009, the intergovernmental relationship has been re-established in order to find the best way to efficiently provide public goods. It is believed that decentralisation can lead to the enhanced accountability and efficiency in the public sector as local governments closer to citizens can provide public goods and services tailored to citizens' needs and preference in a more efficient way (Grant, 2002).

In South Korea, a full-fledged local autonomy system has been launched by the inauguration of local councils in 1991 and the election for the heads of local governments in 1995. Since then, there has been a continuous movement for local autonomy and decentralisation for more than 20 years. While administrative authorities of the central government dealing with the personnel and organization of local governments have been largely delegated to local governments, fiscal decentralisation is still insufficient.

Although the size of local finance has continued to expand externally, the financial independence index, which shows the degree of financial autonomy, has been on the decline from 56.3% in 2003 to 52.5% in 2016. The tardy fiscal decentralisation is partly resulted from long history of centralized political system in Korea, but also the central government's distrust of local governments' abilities to manage their finance makes it reluctant to hand down financial authorities. The more local governments are empowered by the central government through decentralisation, the more likely local governments will abuse their powers (Bovens et al, 2014). In the case of fiscal decentralisation, local governments can be tempted to overspend pork barrel projects to obtain votes in the next election and expand the business beyond their budget, thereby causing a fiscal deficit (Audit and Inspection Research Institute, 2015). Especially in Korea, about half of local revenue is composed of grants from the central government and also local budgets are based on soft budget constraints that fills shortfalls in local finance with grants. This has little incentive for local governments to save money.

Despite this situation, fiscal decentralisation is an inevitable trend and is expected to accelerate. The Korean government has consistently pursued democratic decentralisation. Furthermore, new government which launched in 2017 declared a strong decentralisation as a national task. The demand of citizens and local governments for the fiscal decentralisation has been increasing. However, it should be noted that decentralisation itself is not the goal. Not only does it not guarantee the efficiency of local finance, but it also has the potential to weaken the fiscal soundness. Therefore, it is critical to ensure fiscal accountability of local governments in accordance with the expansion of their financial authority in order that fiscal decentralisation results in more efficient financial management and better services for citizens.

There are various ways to improve fiscal accountability of local governments. Local governments are under external controls by the ministries concerned and the Board of Audit and Inspection at the central level, internal controls by local councils or self-audit bodies and citizen control at the local level. In the past, local finance was controlled by the central government. The central government

comprehensively supervised the local finance, examining local investment projects and screening local governments' budgets. As the decentralisation has progressed, several institutional changes led to a decline in such a specific financial control from the central government and the transfer of the financial authority to the local level. In this respect, self-control by local governments that monitor and screen their own financial operations is becoming paramount.

However, it is difficult for local governments to completely control themselves, so financial management by local governments is likely to result in inefficiency, waste of budget and moral hazard (Audit and Inspection Research Institute, 2015). At this point, citizen control has become essential to make up for local governments' own control and scrupulously check local finance (Hong, 2011). The citizens' demand for fiscal democracy and governance theories also have been encouraging the needs of citizen participation in local finance management. Currently, there are institutional tools that allow citizens to directly control local finance such as financial information disclosure, residents claim for inspection and taxpayers

suit. Among them, the participatory budgeting system is evaluated as one of the most successful tools for citizen participation.

Participatory budgeting is a system in which citizens can give their voice and make a decision on the allocation of budgetary resources. The system was first launched in Porto Alegre, Brazil in 1989 and has spread to a number of countries inspired by its successful experience.

In Korea, participatory budgeting system has been in operation for more than 10 years since it was introduced in 2003. In the meantime, its policy and institutional framework have been strengthened, and currently all the local governments are obliged to adopt participatory budgeting system. Citizens are now able to take part in decision-making on the budget allocation by sharing budgetary authorities with the central government that has monopolized the authority for a long time (Im, 2015). Participatory budgeting system is considered as meaningful in that it is not only a device for fiscal democracy in which citizens determine where to spend the local budget, but also is an active control device which allows to citizens to manage and supervise local finance. However, there is a criticism

that citizen participation in the budget process has perfunctorily done and citizens are not actively involved in a number of local governments (Im, 2015; MOIS, 2017).

Considering that the acceleration of fiscal decentralisation will further increase the fiscal autonomy of local government in the future, it is necessary to develop participatory budgeting as a more effective tool to ensure fiscal accountability. In this context, citizens are required to play a role in managing the local finance and strictly supervising whether the budget is being operated efficiently and responsibly. The important thing is that citizens should be able to make influential decisions and take expansive control over local finance rather than participate like tokenism in local financial management. To sum up, meaningful citizen participation is needed.

## **1.2 Aim of the research**

This study aims to diagnose the current status of participatory budgeting system and operation in Korea and to draw some implications for improving the system as a more effective tool.

This study will answer the following four research questions.

1. What are the key characteristics of citizen participation required in the fiscal decentralisation era?
2. What level of participation is the current participatory budgeting of local governments in Korea, and is it appropriate for meaningful citizen participation?
3. What other initiatives have been made for meaningful citizen participation in other cities?
4. How should participatory budgeting system be improved in order to increase the fiscal accountability and effectively serve as a citizen control tool?

The structure of this study is organized as follows.

First, this paper will review literatures relating to the theoretical background on the definition and level of citizen participation, and the previous studies on participatory budgeting. Based on the review, it will extract some criteria of meaningful citizen participation that can contribute to raising fiscal accountability.

Next, it will briefly outline the overall participatory budgeting system and its history in Korea. Then we will examine the current system

and operations by category and analyse whether they comply with the criteria of meaningful citizen participation.

Also, this study will explore the cases of other cities that include key characteristics of meaningful citizen participation and discover some implications from the cases.

Lastly, based on the implications from the result of diagnosis on the current system and case studies, suggestions for improving participatory budgeting in the context of the fiscal decentralisation era will be proposed.

## **2. Literature Review**

### **2.1 Theoretical background on public participation**

#### **The concept of citizen participation**

Citizen participation has been a topic of great interest for the past 30 years. Its concept is widely used in a variety areas including development projects and decision-making over policies. Among them, it is the participatory budgeting system that encourages public participation in decision-making over the allocation of resources.



OECD (1993) defines participation as “a process by which people take an active and influential hand in shaping decisions that affect their lives” in its guidelines on participatory development and good government. Similarly, the World Bank (1995) describes participation as “a process through which stakeholders influence and share control over development initiatives and the decisions and resources which affect them”.

### **The theory on the level of citizen participation**

Citizen participation is divided into several levels depending on the role of citizens and the authorities granted to citizens in the participation process. Theories about the level of citizen participation are as follows.

The most prevalent theory is Arnstein (1969)'s “a ladder of citizen participation”. According to her theory, citizen participation refers to citizen power and therefore the distinction between genuine participation and fake participation depends on ‘the redistribution of power’. She presented the graduation of citizen participation as eight rungs on a ladder (Figure 1). At the consultation level, although citizens give voices or be heard through surveys or local meeting,

their voices are not expected to be reflected in decision-making. On the other hand, at the citizen control level, citizens have the power to “govern a program or an institution, be in full charge of policy and managerial aspects” (Arnstein, 1969). She concluded that effective participation can be achieved in the final rung. However, there is criticism that this theory is too ideal to explain the participation process in reality (Abbott, 1996).

Figure 1. Arnstein’s ladder of citizen participation

(8) Citizen control	Degree of citizen power
(7) Delegated power	
(6) Partnership	
(5) Placation	Degree of tokenism
(4) Consultation	
(3) Informing	
(2) Therapy	Nonparticipation
(1) Manipulation	

< Source: Arnstein (1969) >

Morphy (2015) presented five levels of citizen participation approaches ranging from pull communication to partnership. Although citizen participation at the consultation level is two-way engagement, unlike the lower two levels, it is similar to the consultation level of Arnstein (1969)'s theory in that citizens do not have enough power to influence decision-making. The highest level of citizen participation is 'partnership', at which citizens are allowed to interact with governments and make decisions.

Figure 2. Stakeholder engagement approaches

Engagement approach	Description
Partnership	Stakeholders have shared accountability. Two-way engagement joint learning, decision making and actions.
Participation	Part of the team, engaged in delivering tasks or with responsibility for a particular area/activity. Two-way engagement within limits of responsibility.
Consultation	Involved, but not responsible and not necessarily able to influence outside of consultation boundaries. Limited two-way engagement: organisation asks questions, stakeholders answer.
Push communications	One-way engagement. Organisation may broadcast information to all stakeholders or target particular stakeholder groups using various channels

Pull communications	One-way engagement. Information is made available stakeholder choose whether to engage with it.
------------------------	--

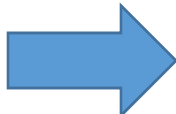
< Source: Morphy (2015) >

OECD (2001) categorized citizen participation into three stages: information, consultation, and active participation. At the information level, the government provides information on policy-making to citizens in one way. However, consultation means that citizens are asked to provide feedback on policy from the government, which makes a two-way engagement between government and citizens. At the active participation level, citizens can engage and play a leading role in the policy proposal and policy making process although the final decision is made by the government.

Gaventa and Valderrama (1999) argued that the concept of participation has been redefined with democratic decentralisation and the emergence of governance. While the existing concept of participation centred on civil society has focused on the participation of beneficiaries or marginalized participants, the subject of participation is shifting to ordinary citizens. As for the

scope of participation, citizens had engaged in project-based in the past, but now citizen participation is expanding into more important areas such as policies. With regard to citizens' power, citizens had a consultation power in which they were asked for input from and gave feedback to government in a limited two-way relationship, whereas citizens can exercise decision-making power now. If a participant is involved as a beneficiary, his participation depends on whether the project is profitable for him. However, citizens who have a new relationship with the government are willing to participate to control and influence over governance even if there is no benefit for them.

Figure 3: A shift in participation

From		To
Beneficiary		Citizen
Project		Policy
Consultation		Decision-making
Appraisal		Implementation
Micro		Macro

< Source: Gaventa & Valderrama (1999) >

IAP2's Public Participation Spectrum (The IAP2 Federation) has been developed by the international association for public participation and used by many countries as a standard of citizen participation. According to this theory, citizen participation is categorized into five levels based on the degree of citizen influence on decision-making. The 'empower' level is defined as citizens can make their own decisions by voting or ballots and then their decisions have a full impact on the outcome. However, since the final decision-making power generally lies with the government rather than citizens, actual citizen participation will occur at the levels below the highest empower level (The IAP2 Federation). The 'consult' level is similar to the consultation level of Arnstein's and Morphy's theories.

Figure 4. Public participation spectrum

Inform	consult	Involve	collaborate	empower
To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.

< Source: IAP2 >

As can be seen from theoretical review on citizen participation, the levels of citizen participation and are divided by the degree of empowerment, citizen influence on outcomes or the role of citizens, ranging from low to high. At the low level participation such as informing or consultation, citizens do not play a leading role in policy making and have only one-way or limited two-way relationship with

governments. Considering the asymmetry of information and authority between government and citizens, citizen participation at these low levels will be insufficient to oversee and control the government's financial operations. On the other hand, at a high level of citizen participation, citizens can have two-way communication with the government and make decisions that affect the policy outcome. Citizen participation can play a role as a mechanism to control the government when the citizens are given a leading role and sufficient power.

## **2.2 Previous studies on participatory budgeting**

Since the citizen participatory budgeting system launched in Porto Alegre, Brazil, many studies have been conducted around the world.

In the beginning, studies on the participatory budgeting system in Korea focused on introducing foreign cases such as that of Porto Alegre and presenting the necessity and direction of adoption of the system. Since the system has been introduced in Korea in the mid-2000s, there have been a number of studies to analyze the cases of local governments adopting this system and to suggest strategies for



the system's successful settlement. As for the tendency of research on participatory budgeting system in other countries, there are a variety of studies such as an analysis on the outcomes of the introduction of the system in Porto Alegre, a case study on operation of the system in local governments of Brazil, a study on the tendency of European local governments to adopt the system, and a study on the evaluation of the system of local governments.

When narrowed down to the topic of this paper, the followings are studies that analyze the performance or effectiveness of the participatory budgeting in Korea and suggest the development strategies.

Ahn & Lee (2007) presented that the political and economic rationality of the budgeting should be secured in order for successful operation of the system. As a result of the case study on Donggu district in Ulsan metropolitan city, the political rationality is positively evaluated in that partnership between public officials and citizens has been established, while economic rationality needs to be achieved through an efficient resource allocation and budgeting.

Yeom & Kang (2016) analyzed the cases of participation budgeting in three cities in Gyeonggi province. As a result, it was proved that most local governments implement it perfunctorily and face limitations on its institutional settlement and operation. In particular, there is a great difference in perception on the system among the members of citizen participatory budget committee, public officials and local council members. Therefore, they argued that there is a need for measures to reduce the perception gap among the participants for the successful settlement of the system

Lee (2011) comparatively analyzed the cases of Porto Alegre in Brazil and five local governments in Korea, and insisted on transparent disclosure of the budget process, expansion of public participation, and changes in public officials' perception.

Kwon et al (2015) analyzed the operation method of participatory budgeting as well as comparison of proposals by residents and the adopted projects. This study suggests that major problems of the participatory budgeting are government-led operation, insufficient participation, and perfunctory operation. In order to improve these

problems, it is required to activate small-scale meetings and revise ordinance to establish more practical system.

Ju and Kang (2017) conducted a survey on members of residents' autonomous committee in Jeju province and analyzed some factors influencing the performance of participatory budgeting. According to the results, its participatory budgeting system works well, but it is necessary to increase the public input and the contribution to regional development and ensure the fairness of project process. In addition, they argued that efficient operation of budget schools and stepped-up public relations are also important factors for successful participatory budgeting.

As noted above, previous studies mainly analyzed the status and performance of the participatory budgeting of individual local government by using questionnaires and statistical data. In addition, they pointed out common problems such as lack of citizen participation and perfunctory operation, and suggested improvement plans for successful operation of participatory budgeting system.

This study has a significance in that it has diagnosed the current participatory budgeting system in Korea focusing on whether the system is functioning as a control mechanism to strengthen local fiscal accountability at the decentralization era and devised suggestions. Unlike the previous studies, this study will extract several analytical criteria from characteristics of citizen participation needed in the new era, evaluate the current participatory budgeting system in Korea, and finally present the improvement plan. In addition, it is meaningful in that it provides implications for improving participatory budgeting system by illustrating foreign cases that comply with the criteria of analysis.

### **3. Research Methodology**

#### **3.1 Methodology**

First, the literature research was conducted to the theoretical review on the level and type of participation. Based on theories of the existing literature and results of previous research, characteristic elements of the level of effective citizen participation have been

extracted. This study did research on statistics published by central and local governments as well as the related materials such as presentations of various debates, and data of professional organizations supporting the participatory budgeting system worldwide.

In order to diagnose the current status of participatory budgeting system in Korea, this report mainly has used the results of a survey conducted by Korean Research Institute for Local Administration in 2017. The Ministry of the Interior and Security (MOIS) commissioned a survey to Korean Research Institute for Local Administration for the purpose of developing the models for participatory budgeting operation. Accordingly, Korean Research Institute for Local Administration investigated the operation of participatory budgeting system of all 243 local governments throughout the country. The survey method consisted of analyzing the data from the results of the written survey of each local government and gathering the opinions of local governments' officials through brief meetings and visits to local governments. An analytic report on results of the

survey by Korean Research Institute for Local Administration was used as the secondary data.

In addition, through ‘ordinance on operation of participatory budgeting’ and ‘local plan for participatory budgeting operation’ posted on the website of each local government, it is possible to identify the operation and procedure of participatory budgeting, organizational structure, its performance and the lists of projects proposed by citizens.

In this study, an analysis on cases of other cities has also been made. Each case has been selected from various research reports, news articles, the data posted on the website of the concerned organizations and other cities.

### **3.2 Analytic framework**

This study aims to diagnose the level of citizen participation in local budgeting and financial management in Korea. For this, it will explore the current status of participatory budgeting system and its operation in Korea, and analyze whether the participatory budgeting

is properly operated as a control tool over the decentralized local finance.

For a start, the definitions or characteristics of the high level of participation were identified based on the literature review about theories on the level of citizen participation. Then, the analytical criteria were derived from the commonality of those characteristics. As a result, the criteria of analysis for this study represent the key features of the level of citizen participation that are meaningful and effective enough to increase fiscal accountability.

The three criteria for analysis are as follows.

① Comprehensive management

In the developed stage of citizen participation, citizens act not as beneficiaries but as subjects of local policy process. They identify, manage and control the overall financial operations of local governments, rather than being involved in a specific project or business related to themselves. At this stage, macro involvement is required, not micro involvement (Gaventa & Valderrama, 1999).

## ② Decision-making power

Decision-making authority is delegated to citizens from governments. Citizens can not only express their opinions and preferences but also make decisions on important matters. Even if the government has the legal right to make a final decision, citizens should be able to make a meaningful influence on the decision over important policies, projects or budget.

## ③ Two-way communication and deliberation

At the level of meaningful citizen participation, the government does not give unilateral information or consult to citizens. Citizens deliver their needs and preferences through two-way communication with governments and receive feedback from governments on all processes and outcomes. Also, the process of deliberation seeking consensus among participants is important in order to make more rational and acceptable decisions.



To apply each of these three criteria, the analysis on participatory budgeting system in this report is conducted in three areas: the stage and scope of citizen participation, decision-making structure, and the method of citizen participation. These three areas have been selected from the key components that the Local Finance Act and the Local Finance Act Enforcement Decree provides as a guideline for the operation of the citizen participatory budgeting system in local governments. To be specific, whether or not citizens have a role of managing the whole budget process will be analyzed in the discussion on the stage and scope of citizen participation. Also, whether citizens have an actual influence on budget decisions will be analyzed in a decision-making structure, and whether there is active communication and deliberation between the government and citizens or among citizens in the budget process will be analyzed by examining the methods of citizen participation.

Figure 5. The analytical framework of the study

Criteria of Analysis	Areas for Analysis	Questions to be analysed
Comprehensive management	The stage and scope of citizen participation	<ul style="list-style-type: none"> <li>• At what stage are citizens involve in the budget process?</li> <li>• What scope of budget does citizens involve in?</li> </ul>
Decision-making power	Decision-making structure	<ul style="list-style-type: none"> <li>• Who makes decisions in an organizational structure?</li> <li>• Does the citizens' decision have an actual influence on the budget?</li> </ul>
Two-way communication and deliberation	The methods of citizen participation	<ul style="list-style-type: none"> <li>• Does citizens and the government communicate interactively in the budget process?</li> <li>• Is the deliberation process guaranteed in the budget process?</li> </ul>

## 4. Analysis of Participatory Budgeting in South Korea

### 4.1 Overview on history and legal framework

In Korea, citizen participation in the budgetary process was first implemented by a local government, Bukgu district in Gwangju metropolitan city, not by the central government in 2003. After that, the Ministry of Interior and Safety (MOIS) recommended participatory budgeting to all the local government through the local budgeting guideline prescribed and introduced a new article<sup>1</sup> that allows participatory budgeting through the revision of the Local Finance Act in 2005. In accordance with these regulations, some local governments enacted the relevant local ordinance followed by implementing participatory budgeting. In 2006, MOIS issued a standard of local ordinance on participatory budget in order to help local governments to formulate their ordinances. Furthermore, the Local Finance Act was amended to obligate local governments to engage local residents in the budgetary process in 2011. As a result, citizen participation has become a formal procedure in the local

---

<sup>1</sup> Article 39(1) The heads of local governments may set and implement for residents to participate in the budget compilation process, as prescribed by Presidential Decree.

budgeting process. Currently, the participatory budgeting is operated on the basis of the Local Finance Act, its Presidential Decree and ordinance of each local government. As of 2017, all 243 local governments in Korea obligatorily involve local citizens in the budgeting process.

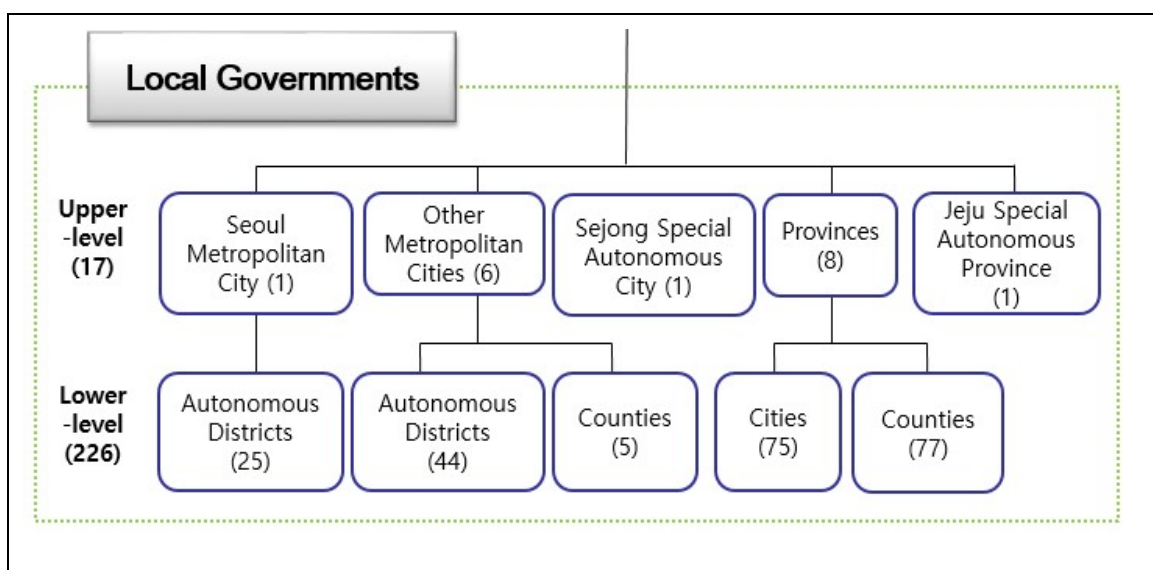
As can be seen from the above, participatory budgeting system in Korea has been voluntarily launched from a small-scale local government, but it has proliferated and activated rapidly due to the policy support of the central government and legal frameworks for citizen participation. At that time, the central government saw through global trends such as the development of participatory democracy and the emergence of new governance, leading to institutionalising citizen participation in the budgetary process as a part of administrative reform. It is characteristic of participatory budgeting system in Korea that its adoption and operation have been driven by the central government although the system is based on the engagement of local citizens (Kim & Ryu, 2017). Whether the system was introduced voluntarily or compulsively may make a big difference in its actual operation process. Some local governments

have experienced the effects of the participatory budgeting and try to improve it in accordance with the needs of citizens and local circumstances. Most governments, however, are found to try to meet only legal requirements and not to make substantial effort for better participatory budgeting (Im, 2015).

#### 4.2 An analysis of the current operation

Korea has a two-tier local autonomy system with 17 upper-level (e.g. metropolitan cities, provinces) and 226 lower-level local governments (e.g. districts, counties and cities).

Figure 6. The subnational governments system in Korea



< Source: Choi (2016) >

As mentioned above, participatory budgeting system has been in operation in all 243 local governments because citizen participation in the budget process is legal obligation. However, the specific participation methods and procedures are determined by the heads of local governments. As a result, according to various factors such as the size of local government, local characteristics, the head's political will and local citizen's perception, each local government shows different kinds of operations and outcomes. Considering this, this paper will look at the overall status of citizen participation in the local budgeting process in Korea.

#### **4.2.1 The stage and scope of citizen participation**

At which stage of the budgeting process are citizens involved and to what extent are they allowed to participate?

##### **The stage of citizen participation**

The budget process is typically divided into budget planning, budget compilation, budget execution, settlement of accounts, and evaluation of performance. Article 46 of the Enforcement Decree of the Local Finance Act prescribes procedures for citizen participation in the 'budget compilation' stage. In accordance with the article, all the local governments are implementing a variety of mechanism to ensure citizen participation in the budget compilation.

The most basic and general procedure is as follows. Local governments identify the needs and preference of citizens through different channels such as regional meetings, surveys and public hearings before they make a budget. The opinions collected from citizen participation are reflected in the budget compilation. Finally, when the budget draft is submitted to the local council and is approved by the council, the local budget is enforced by local governments.

Until a recent date, citizen participation in most local governments in Korea has been limited to the budget compilation stage among the whole budget process. This is because citizen participation has been focused merely on listening to citizens' opinions, and the following

budget execution and performance evaluation have been handled exclusively by public officials of local governments. However, with changes in people's perception of citizen participation, some leading local governments have been expanding citizen participation to the next stages of budget compilation. For example, in the case of Seoul Metropolitan city, citizens can participate in monitoring the budget execution and evaluating the results even after budget compilation. In detail, the monitoring team, consisting of 73 citizens, checks whether the projects selected by citizen participation has been proceeding in accordance with its original purpose and whether there is a budgetary waste. Also, the government also discloses to citizens in real time the progress of the projects as well as the progress of deliberation on proposals by citizens through its website. Furthermore, citizen participatory budget committee is responsible for checking the effectiveness of projects proposed by citizens. Similarly, in the case of Nonsan city, members of citizen participatory budget committee and project proposers plans to jointly monitor the progress of projects and budget execution from 2018. In Ansan City, citizens have been participating in monitoring including field visits on projects proposed by regional meetings. In



addition, a number of local governments hold a briefing session on performance of budget operating in order to share the results of the participatory projects with citizens.

In short, citizens have mainly participated in the stage of budget compilation. Recently, however, some local governments are attempting to involve citizens in monitoring the budget execution and evaluating the budget outcomes. In addition, since the Local Finance Act was amended to include the operation of participatory budgeting system in the financial disclosure lists of local government from 2013, most local governments publicly inform citizens of outcomes of participatory budget execution through channels such as website. Nevertheless, it should be noted that, even if citizen participation is allowed in the whole budget process as a rule, most local governments allow active participation such as deliberation and monitoring only in the budget for projects proposed by citizens, which is only part of the total budget. In the end, allowing citizen participation in the entire budget process does not necessarily mean a high level of citizen participation.

## The scope of citizen participation

This is about what kinds of budgets citizens are involved in and what extent they are involved in the budget.

The financial activities of local governments are carried out through the budget consisting of a general account and special accounts and the funds separately installed and operated outside the budget. According to the survey of Korean Research Institute for Local Administration (2017), out of fifteen local governments including Seoul, only seven governments allow citizens to participate in special accounts or funds as well as a general accounting (Figure 7). On the other hand, eight municipalities allow only citizen participation only in a general accounting. Even in the budget compilation stage, it can be seen that citizen participation is limited to a part of local finance.

Figure 7. The scope of participatory budget in 15 local governments

Local government	General account	Special accounts	funds
Seoul Metropolitan city	o	o	o
Daegu Metropolitan city	o	o	o
Gwangju Metropolitan city	o	o	
Chungbuk province	o		

Jeju province	o		
Ansan city	o	o	o
Siheung city	o		
Cheongju city	o		
Nonsan city	o		
Namwon city	o	o	
Jincheon county	o		
Yeongyang county	o	o	o
Namgu district in Incheon	o	o	
Bukgu district in Gwangju	o		
Bukgu district in Ulsan	o		

< Source: Korean Research Institute for Local Administration (2017)>

When citizens participate in the budget compilation process, it is a matter of whether they deal with the entire budget or only the budget for projects proposed by citizens. The citizen participatory budget committee established in each local government mainly deals with the narrow-defined participatory budget, which is the budget for projects selected from citizen proposals. According to the survey of Korean Research Institute for Local Administration (2017), local governments generally perceived such a budget for projects as an actual participatory budget. When the final projects are selected among citizens' proposals and funded, the size of the narrow-

defined participatory budget is set at last. In contrast, some local governments allot a certain percentage or amount of the total budget for the participatory budget from the outset, and reflect the citizen proposals in the budget draft within the allocated budget range. For example, £ 33 million<sup>2</sup> in Seoul Metropolitan city, at least £ 40 million in Ansan city, and £ 1.1 million in Jeju province are set as the size of their participatory budget. Assuming that only the budget for projects proposed by citizens is considered as a participatory budget, the participatory budget in 2015 is £ 859 million, accounting for 0.51% of the total budget (£ 169 billion) (Figure 8). According to the survey of Korean Research Institute for Local Administration (2017), 35,889 projects worth £ 2,780 million were proposed by citizens, and of that, 12,794 projects worth £ 859 million were reflected in the final budget in 2015. Although the number of citizens' proposals has increased since 2010, the number and the amount of proposals reflected in the budget have not been increasing and have been fluctuating by year.

---

<sup>2</sup> Amounts are converted to £ to allow compatibility to all data in this report.

Figure 8. The projects proposed by citizens and the participatory budget

	proposals		Proposals reflected in the budget		The total budget (B) (Billion)	The percentage of participatory budget (A/B)
	The number of projects	The amount of projects (million)	The number of projects	The amount of projects (A) (million)		
2010	4,384	265	3,322	113	124	0.09%
2011	84,389	605	5,096	254	133	0.19%
2012	14,400	2,531	17,169	904	140	0.64%
2013	24,598	2,375	51,986	777	148	0.52%
2014	23,864	2,545	11,592	641	158	0.41%
2015	35,889	2,780	12,794	859	169	0.51%

< Source: Korean Research Institute for Local Administration (2017) >

In principle, citizens can involve not only in the narrow-defined participatory budget (that is, the budget for citizen-proposing projects) but also in the main annual budget. Article 6<sup>3</sup> of Seoul Metropolitan Government ordinance on operation of citizen

<sup>3</sup> Article 6 (Scope of Citizen Participatory Budgeting) The scope of opinions to be submitted by citizens during the budgeting process shall cover the total budget and funds of the pertinent year.

participatory budget system clearly says that the scope of submitting citizens' opinions during the budgeting process covers "the total budget and funds of the pertinent year". In this case, it is theoretically possible for citizens to control and monitor the local finance in that the entire budget can be reviewed by citizens although the scope of the budget allowing the active citizen participation is a part of the total budget (Kim, 2015). Some local governments such as Seoul Metropolitan city and Daegu Metropolitan city collect citizens' opinions on the annual total budget and ensure that citizen participatory budget committee can discuss the direction of budgeting and deliberate the budget draft. In the case of Ansan city, the citizen participatory budget committee deliberates and mediates not only the budget for citizens' projects but also the budget for the major projects of £ 67,000 or more. However, not many local governments allow the citizen participatory budget committee to deliberate main projects or the total budget as well as projects proposed by citizens. The deliberation of citizen participatory budget committee is mainly targeted for citizens' proposals. Even some local governments that engage citizens in the budget compilation process prefer to do the online or written survey method rather than discuss

citizens in the citizen participatory budget committee to make sure their opinions about the directions of budgeting, investment plan, and investment priorities.

In its turn, it can be concluded that the budget by substantive citizen participation is just the budget for projects selected from citizens' proposals, which is 0.51% of the total budget. When it comes to the total budget, citizens play a role in simply expressing their preferences rather than in actively deliberating or mediating it.

## **Analysis**

Unless citizens comprehend the overall direction and aim of the financial management of local governments, it is difficult for them to manage the operation of local finance and control the local governments. Partial disclosure of financial information may become an obstacle for citizens to make more reasonable decision and supervise local finance. In order to successfully implement the participatory budgeting and to avert unreasonable demands from citizens, it is essential for citizens to know about the overall budget structure (Bhatnagar et al, 2004). In the end, for an effective control

over local finance, citizen participation in policies or directions is required rather than the limited participation in certain projects and macro understanding is required rather than micro understanding.

In terms of the stage of citizen participation, local governments have focused on activating and strengthening citizen participation at the stage of budget compilation. However, it is necessary for citizens to keep track of the stages after budget compilation. For the success of projects, it should be checked whether the projects are proceeding as originally planned and whether the budget for the projects is timely executed. For this reason, there has been an increase in the number of local governments that have recently expanded the citizen participation from the budget compilation stage to the next stages including the budget execution and settlement.

In terms of the scope of citizen participation, most local governments allow citizens to participate in the general accounting budget out of the local finance, which is composed of a general account, special accounts, and funds. The budget including a general account and special accounts is compiled by the executive department of local governments and then deliberated and decided by the local council.



However, unlike the budget, the funds do not go through the deliberation of the local council but the head of local government only reports the fund management plan to the local council. It is desirable that participatory budgeting system be applied to a general account which covers of the most fundamental and core financial activities of local governments at first and then expanded to special accounts or funds (Kwak, 2005). In particular, it should be noted that funds are not effectively controlled by local councils because all the right to compile and decide funds are granted to the head of local governments (Kwak, 2005). Therefore, citizen control over funds is required.

In addition, the scope of participatory budget is confined to projects proposed by citizens. As a result, citizens are only substantially involved in a small amount less than 1% of the total budget of local government. Moreover, in regional meetings or online public offering, there are not sufficient explanations of the overall plan such as the budget direction or investment direction of local governments. This can lead citizens to make proposals that are less practical or do not meet the goals of local governments from a lack

of understanding of the overall financial operation. The proposals are likely to be small-scale projects and village-specific projects. In the case of Nonsan city, 97% of the participatory budget in 2015 was occupied by projects confined to specific areas such as the village road improvement project and the irrigation canal project. In order to solve this problem, Nonsan City announced the plans to focus on finding more diverse and distinctive projects for regional development in 2016 (Nonsan city, 2016). Local governments intended to ensure that even part of the budget reflected citizens' needs by funding citizens' proposals or allocating a certain percentage of the total budget to a participatory budget. However, when it comes to the remaining budget other than the participatory budget, it should be noted that there may be side effects such as excluding citizen participation or perfunctorily involving citizens. In other words, the budget may be out of citizen control. Im (2015) also pointed out that it is a unique phenomenon in Korea that participatory budgeting system gives weight to only deciding the budget for specific projects and the phenomenon should be changed because there is a considerable gap from the essence of participatory budgeting that actively reflects citizens' voices

throughout the entire budget process. Recently, the Ministry of the Interior and Safety (MOIS, 2018) has announced plans to add 'the proportion of the participatory budget out of the total budget' as a new indicator of the annual financial analysis on local governments in order to evaluate the activation of participatory budgeting system. Although this is an attempt to increase projects proposed by citizens, it is not accurate to evaluate participatory budgeting system based only on the number of such projects or their amount. It also needs to be cautious in that it may give local governments false signals to focus only on expanding projects by citizens rather than designing the better citizen participation.

#### **4.2.2 Decision-making structure**

##### **The current status**

Can local citizens make decisions on the operation of local finance and will the decisions affect the outcome?

Regarding the extent to which citizens' decisions influence the budget of local government, Article 46 (2)<sup>4</sup> of the Enforcement Decree of the Local Finance Act states that the head of local government "may" compile budgets "by taking into account their opinions." This means that the final decision maker of the budget is the head of the local government. Also whether citizens' opinions are merely a reference or an impactful decision depends on the design of the citizen participatory budgeting system. The actual authority of citizens in the budget decision-making can be defined by the head of local government, but there is no provision in the local government ordinance. Instead, it can be deduced from the provisions on procedures of citizen participatory budgeting.

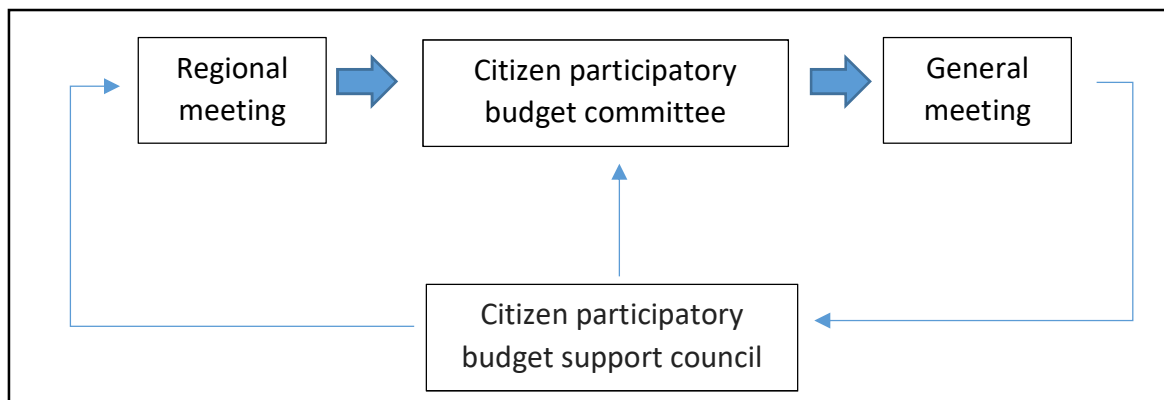
In Korea, the operating structure of participatory budgeting varies from local government to local government, but the system of Porto Alegre is most commonly used. In other words, participatory budgeting takes place through three steps (Figure 9): regional meetings, the citizen participatory budgeting committee, and the

---

<sup>4</sup> Article 46(2) The heads of local governments may examine the opinions of residents that are collected pursuant to paragraph (1) and compile their respective budgets by taking into account their opinions.

general meeting. Regional meetings are held in each region of local governments, and the first step is for local residents to congregate, propose projects and discuss the budget. Next, the citizen participatory budget committee is responsible for reviewing the proposals submitted at regional meetings and forwarding them to the executive department. Representation and professionalism of members of the committee are considered to be very important because it is the key organization that represents citizens. A general meeting is the stage in which public officials and citizens jointly deliberate and make a decision on the budget proposal drafted by the administration. Generally, the citizen participatory budget committee consult with public officials as a representative of citizens. After the general meeting, the budget compilation draft is submitted to local council by the final decision-making of the head of local governments.

Figure 9. The operating structure of the participatory budgeting



< Source: Im (2015) >

The general procedure for determining the participatory budget can be divided into two categories according to the budget targeted. One is the procedure of the budget for projects proposed by citizens, and the other is that of the entire budget.

First, the budget for projects proposed by citizens, as mentioned above, is decided through the three steps: regional meetings, the citizen participatory budget committee, and general meetings. Although the legally final decision on the budget is made by the head of the local government in the procedure, it can be inferred that it is civic representatives in the citizen participatory budget committee that actually determine the allocation and priorities of the projects.

This is because the projects set by the citizen participatory budget committee and their priorities are still kept in the budget draft even though the budget amounts for each project can be adjusted according to the amount of the total budget. This procedure is found in many local governments such as Nonsan city, and Ansan city, and Donggu district in Ulsan. According to the plans for the citizen participatory budgeting operation of the local governments, projects proposed by citizens at regional meetings are first submitted to the citizen participatory budget committee. The projects are reviewed by the executive departments, and then the citizen participatory budget committee examines the feasibility and needs of the projects. At this time, subcommittees can also be organized by types of business for more efficient examination. Finally, after the general meeting of the citizen participatory budget committee mediates and prioritizes the projects, each executive department includes the result drawn by the committee in the budget draft and submits to the city council.

However, according to the survey of Korean Research Institute for Local Administration (2017), as of 2017, the local governments that run the citizen participatory budget committee are 199 out of the

total 243. This means that 42 local governments did not constitute or hold the committee. The committee is generally responsible for reviewing and prioritizing the opinions or projects submitted at regional meetings and forwarding them to the executive department. Its role to connect citizens with local governments is very important because not all residents can directly communicate with governments. The absence of the citizen participatory budget committee may mean that there is no adequate channel to ultimately deliver citizens' needs and preference to local governments. For example, Samcheok city, one of local governments that have not constituted the citizen participatory budget committee, has collected opinions from citizens only through surveys without running any organization to discuss the needs of citizens (Samcheok city, 2018). Junggu district in Deajeon has never held the citizen participatory budget committee meeting for five years from 2012 to 2016 (Kim, 2017). Overall, in the case of local governments that have not even set up the committee, it is proved that citizens' opinions are perfunctorily collected and not properly reflected in the budget.



Figure 10. The status of organization for participatory budgeting

Total local gov't	Committee			A different type of organization	Non organization
	Total	Committee only	Committee + other		
243	199	57	142	2	42

< Source: Korean Research Institute for Local Administration (2017) >

Some local governments show partnerships that the executive departments and citizens jointly decide the budget when dealing with the budget for the citizen-projects. In the case of Seoul metropolitan city, in accordance with the ordinance, the public-private budget committees have been established and operated in ten fields such as economy, welfare and transportation under each bureau. Each committee consists of 27 members, including 20 members of the Citizen Participatory Budget Committee, 3 experts from a private sector and 4 public officials in charge of each project. The procedure for participatory budgeting in the case of local governments with the public-private budget committee is somewhat different from the general procedure mentioned above. First, the executive

departments collect citizens' proposal through a website or the drop off. The public-private budget committee conducts a first screening to determine whether projects proposed by citizens are eligible or not. The projects that have passed the first screening are subject to the second screening. The second screening is conducted jointly by members of the public-private budget committee, proposers, and public officials in charge of the projects. It serves to embody the projects selected in the first step into more feasible projects or to integrate duplicate projects. The projects that have passed the second screening are presented to a general meeting of the citizen participatory budget committee, where priorities of projects are set. The definitive projects can be determined through citizen voting and reflected in the next year's budget bill. This case illustrates the public-private cooperation in which budgets are jointly discussed and determined.

Meanwhile, the decision-making in the entire annual budget is different from that the citizen-projects. According to local governments' ordinances and the plans for citizen participatory budgeting operation, it seemed that citizens do not have the actual

decision-making power. Article 39 (2)<sup>5</sup> of the Local Finance Act requires that the opinions of citizens participating in the budgeting process should be collected and attached to the budget bill submitted to local councils. However, some local governments have submitted lists of priorities on citizens' proposals to the councils, instead of citizens' comprehensive opinions on the budget (Korean Research Institute for Local Administration, 2017). This shows cases in which the citizens' opinions on the annual budget are not collected properly, and most local government engage citizens only in the budget for citizens' projects.

## **Analysis**

The decision-making power of citizens in local finance is closely related to the scope of citizen participation. As shown above, the citizens are given a considerable degree of decision-making power over the budget for projects proposed by citizens. Most local governments have established citizen participatory budget

---

<sup>5</sup> Article 39 (2) The heads of local governments shall collect the opinions of residents participating in the budget compilation process pursuant to paragraph (1) and a budget bill sent to local councils shall be accompanied by such opinions

committees, which consist of citizen representatives. The committee is primarily responsible for reviewing citizens' proposals, mediating priorities among the proposals, and finally deciding whether to fund the projects by the budget. There are also cases where the final decision is made by ordinary citizens by through a citizen voting, and cases where the government and citizens jointly decide the participatory budget through a public-private budget committee. In brief, in the case of local governments whose citizen participatory budget committee has played a leading role in the budget process, citizens have a great effect on the final decisions at least for the budget for projects proposed by citizens institutionally. This means that citizens are involved in the local finance as important decision-makers. On the other hand, some local governments which do not have a citizen participatory budget committee tend to simply collect citizens' opinions through surveys. Citizens give their opinions by government' request without being assured that the opinions will be reflected in the final decision. In this case, citizens are not allowed to actively participate in the deliberation process, and as a result, they do not have substantive decision-making powers in the area of the budget for citizens' projects.

Meanwhile, for the entire budget other than the budget for projects proposed by citizens, citizens have very little influence on the decision-making, irrespective of the establishment of the committee. Although the total budget draft can be also discussed in the citizen participatory budget committee by regulation, citizens can give their opinions only through a survey and the opinions are not guaranteed to be reflected in the final budget.

As seen above, most local governments currently put the special stress on the budget for projects proposed by citizens. It is argued that it is desirable to enhance the efficacy of citizen participation by giving citizens the authority to allocate resources throughout the process of suggestion, deliberation, and decision-making, though the budget is a small part of the total. Nevertheless, there is a need to be careful not to make an error of perfunctorily operating citizen participation in the budget for other major projects or in the overall budget. However, this does not mean that citizens should be given all the authority to make decisions on budgeting. For more meaningful citizen participation, appropriate authorities should be guaranteed to citizens to influence budget decision, if not the

conclusive decision-making authority (Lee, 2014). To put it concretely, citizens' opinions should be thoroughly discussed and reflected in the budget. In the meantime, it is necessary to systematically and actively provide feedback including information on the progress of projects screening and the results of projects to the citizens.

#### **4.2.3 The methods of citizen participation**

##### **The current status**

Article 46 (1) of the Enforcement Decree of the Local Finance Act provides examples of ways for citizens to participate in the process of compiling budgets of local governments: “public hearings or informal gatherings for discussion of major projects, written or internet question surveys on major projects, the public offering of projects, and other means to appropriately solicit the opinions of residents”.

According to the survey of Korean Research Institute for Local Administration (2017), as of 2016, only 34 out of 243 local

governments (14.0%) held public hearings and only 49 governments held informal gatherings. The written surveys and internet surveys were conducted by 127 local governments (52.3%) and 124 local governments (51.0%) respectively. In particular, the number of local governments that selected the public offering of projects was 156, accounting for 64.2% of the total. As a result of the survey, it is clear that the public offering of projects is very popular method for citizen participation in the budgeting process, whereas public hearings and informal gatherings are not widely used. In practice, in Junggu and Daedukgu district of Daejeon, public hearing or briefing sessions were never held during the 2012-2016 period.

Figure 11. The status of the methods of citizen participation

	Public hearing	Informal gathering	Written survey	Internet survey	Public offering	Electronic voting
The number of governments (A)	34	49	127	124	156	30
The ratio (A/the total) (%)	14.0	20.2	52.3	51.0	64.2	12.3

< Source: Korean Research Institute for Local Administration (2017) >

Recently, the public offering of projects has been widely used for the purpose of extensively collecting various demands and ideas from citizens and encouraging citizen participation. Each local governments has a variety of channels for the public offering for projects. Citizens can directly participate in regional meetings to propose and discuss their ideas. If it is difficult for citizens to participate in person, they can also propose projects through the website or in writing at any time. Though, there are many local governments that do not hold regional meetings, which are the basic units in which citizens can directly participate and propose projects. This may result in setting a limit on direct engagement of citizens. According to the survey of Korean Research Institute for Local Administration (2017), there are 160 of the total 243 local governments where no regional meetings are currently organized. While the citizen participatory budget committee is an organization that allows a small number of elected civic representatives to participate, a regional meeting is an organization where local citizens can participate in person to express their preferences and demands at the lowest level, and to propose necessary projects or



budget. In other words, this is the stage in which more direct engagement and deliberation on budgeting can be achieved. Therefore, if only the citizen participatory budget committee composed of representatives is operated without these regional meetings, the citizens' impactful participation and control over the local budget may not be guaranteed sufficiently.

Figure 12. The organizations for participatory budgeting by local governments

Local government		Committee			
Area	Number (upper + lower level)	Citizen participatory budget committee	Sub-committee	Regional meeting	Public-private budget committee
The Total	243	199	121	83	30
Seoul	26	26	21	15	3
Busan	17	17	5	2	-
Daegu	9	9	1	4	-
Incheon	11	10	7	6	5
Gwangju	6	6	5	3	4
Daejeon	6	5	3	3	1
Ulsan	6	6	4	2	3
Sejong	1	1	1	-	-
Gyeonggi	32	29	24	20	8
Gangwon	19	9	7	-	1

Chungbuk	12	8	5	3	-
Chungnam	16	16	11	5	-
Jeonbuk	15	15	1	7	3
Jeonnam	23	23	7	6	2
Gyeongbuk	24	11	5	3	-
Gyeongnam	19	7	1	2	-
Jeju	1	1	1	1	-

< Source: Korean Research Institute for Local Administration (2017) >

In addition, citizen voting for the final selection of projects selection has been spreading recently and it is actively operated in the leading cities. For example, Eunpyeonggu district in Seoul determines the priority of citizen proposals by aggregating the results of mobile voting and spot poll since it first introduced mobile voting for the first time in Korea in 2012. Seoul metropolitan city conducts mobile voting for projects selected by the citizen participatory budget committee, and eventually determines the final projects based on the results of mobile voting at the General Assembly event. Citizen voting is an attractive and meaningful way of participating in that the budgetary authority is not limited to members of citizen participatory budget committee but can be exercised by ordinary citizens.

However, there may be a problem that citizens have to cast a vote based on incomplete information such as the title of projects without grasping specific details of projects because ordinary citizens has not been involved in the deliberation process. For example, Daegu metropolitan city conducted a citizen voting for 175 projects proposed by citizens for 15 days in 2017. Voting was conducted online by computer or smart phone. With 175 proposals in 7 areas, the citizens must select 52 projects to complete the voting. It is not easy for them who have not been fully explained about the proposed projects to select 52 projects based only on titles and brief descriptions of projects.

## **Analysis**

As mentioned earlier, one of key elements for meaningful participation is the two-way communication and deliberation. The traditional participation where citizens were merely beneficiaries, was a one-way communication or engagement system in which the government unilaterally provided information to citizens. However,

citizens should be able to participate in the budget process as citizens rather than beneficiaries, and to discuss the financial management of local governments with public officials. Sintomer et al (2008) illustrated that the traditional citizen participation and participatory budgeting system have many things in common, but the most notable difference is that the participatory budgeting system not only maintains a bilateral relationship between citizens and the local government but also creates a horizontal relationship among citizens (Im & Seo, 2015). Also, Goldfrank (2006) argued that the deliberation process can help to reach a more rational and more agreed conclusion because citizens can exchange opinions and change individual preferences through the process. Theories on deliberative democracy emphasize that the essential mechanism for policy decision making should be a deliberation process rather than a voting (Lim, 2001; Goldfrank, 2006). Citizens will be able to make a good decision as long as they can communicate well with one another and draw alternatives, even if they do not have expertise. Therefore, the deliberation process is important for the participatory budgeting system where citizens with low professionalism involve in the budget process.

Currently, the citizen participatory budget committee is the main organization of participatory budgeting system. The representatives of citizens review citizens' proposals and decide projects to be funded at this committee. If this committee is actively operated according to its original intention, citizens and local governments meet face-to face and communicate each other through the deliberation process and citizens can make better decisions with enough information and communication. Though, it could be pointed out that some local governments are neglected to strengthen direct citizen participation and deliberation at the community level such as regional meetings.

Recently, the popular methods of participation in local finance are public offering of projects and citizen voting. They have the advantage that much input can be given to the budget process. Also, they can be more convenient and effective than other methods under time constraints and low involvement, such as public hearings or regional meetings. On the other hand, the increase in the use of public offering and citizen voting indicates that local governments focus on receiving more proposals from citizens and selecting

projects among the proposals rather than joint discussions on financial management. In this process, there is a risk that two-way communication would be weakened, and decisions may be made by individual choices based on incomplete information, not by joint discussion. However, the participation method itself is not a problem. A further important consideration is whether sufficient information is shared with citizens before the public offering or citizen voting, whether proposals collected from citizens are going through meaningful deliberation before a final decision-making, and whether citizens and governments communicate interactively. Even though citizen voting is a quick and easy way to determine the most favorable projects, it is also important to make consensus by discussing the priority of the resource allocation. The deliberation is a process of reaching consensus through active persuasion. It will enable mutual trust to be established in the process of persuasion even if they do not reach consensus. Creating a consensus is also desirable for more effective budget enforcement and more responsive financial operation.

## **5. Experiences of Other Cities**

This section provides examples of cities that have key elements of effective citizen participation among cities worldwide that engage citizens in local budget process.

### **5.1 The case of Newcastle in the UK**

Newcastle in the UK launched a citizen participatory budgeting scheme in 2005. Newcastle has promoted a participatory budgeting program pilot covering three regions such as Denton, Lemington and Woolsington since 2006. This pilot project called 'Udecide' aims to create a 'cleaner, greener and safer community' environment'.

The project was led by a working group consisting of 30 residents and 6 councilors. The process of citizen participation is as follows. First, all residents are invited to submit ideas for the project's topic 'a cleaner, greener and safer neighborhood'. Proposals by citizens are reviewed by the working group on whether they are within budget, conform to the criteria, and can be accomplished in a short time. As

a result of the deliberation within the working group, about 20 projects that are the most favorable projects are selected for the next deliberation. Next, an open day is held where 100 randomly selected local residents participate to decide which projects should be funded. At this event, the groups that have proposed the projects introduce their ideas over four hours, and local residents thoroughly scrutinize the proposals through the two-way communication of asking them open questions (Stephansen & Lamb cited by Kenkadze, 2017) Finally, the final 15 projects are selected by the votes of the participating citizens, such as a steel band made up for children with leaning disabilities, a first aid course for young people, new equipment for a local football academy (Howe, 2008). The projects are approved for funding and more than £ 30,000 has been allocated at the event.

In the case of Newcastle, it is necessary to pay attention to the organizational structure of participatory budgeting projects. The main organizations of the project were the project committee and a working group, both of which were composed of local residents as well as councilors. Different roles are allocated to both organizations:



The working group is responsible for implementing and driving the project, while the project committee is responsible for making decisions on its direction and monitoring the project. At that time, the Newcastle Council recognized that communication and coordination was essential because many ideas and different participants were involved in the projects (Howe, 2008). Accordingly, from the beginning, Newcastle Council has engaged a wide range of participants including local residents and politicians, officers, councilors, and agencies in the committee. In particular, it makes much account of the role of councilors. Initially, it was not easy to involve local councilors in the project, and it was also difficult to define a clear role for councilors as the project progressed rapidly (Howe, 2008). However, they were asked to play a role in discussing and communicating with citizens, learning from each other, and solving problems throughout the process from the first stage of proposing ideas. As a result, throughout the course of the project, the government support continued and councilors became more interested in the project. In Newcastle's case, it is notable that citizens and local governments showed a very collaborative partnership in implementing participatory budget projects.

Newcastle's participatory budgeting system has been evaluated as 'truly community-led'(Howe, 2008), even though the UK has historically lacked experience with public participation. It does not mean that the local government took the passive stance on the operation of participatory budgeting. Rather, the close partnership between citizens and elected councilors has helped to establish better relations between citizens and the government. This led to restoration of trust, strengthening accountability and citizen capacity, eventually resulting in better results for participatory budgets. (Stephansen & Lamb, 2014 cited by Kenkadze, 2017)

Another important aspect of the Udecide project is that it gives citizens the power to make decisions on allocating budgetary resources. Before 'Udecide' project, decisions on funding were always made by government officials and elected councilors. However, participatory budgeting scheme called 'Udecide' allows citizens to decide directly how the public money will be used. It is a big difference compared to the past when citizens supervised the budget allocation done by public officials and councilors but did not

participate directly in accepting or rejecting the request for funding in the past.

## **5.2 The case of the City of Guelph in Canada**

Guelph is a Canadian city with a population of approximately 115,000, which is the first case in Canada that introduced participatory budgeting system in 1999. The organization that led the participatory budgeting was the Neighbourhood Support Coalition (NSC), which was jointly established and run by citizens and the local government. The NSC committee consists of 12 representatives who were elected by each neighbourhood group among local residents. It is in charge of determining the final participatory budget. The purpose of the committee is to set up financial planning, allocate resources and secure financial resources to promote local projects. The committee is held once a month for information sharing, recommendation, and decisions on the budget.

The budget process is as follows. First, the NSC committee discusses the budget priorities for the following year and reviews the budget

process. Residents also first participate in local groups to discuss city-wide and local spending priorities. Then, each neighbourhood group makes project proposals and elects two delegates to represent the group at the NSC Finance Committee. Next, the delegates participate in the NSC Finance Committee to present budget demand, whereas NSC partners and public officials suggest the limit of budget. After the meeting, local delegates review their budget demand in line with the budget given by the government. At last, the NSC Finance Committee is held again to discuss budgetary allocations, where local representatives negotiate and discuss proposals or projects until they reach consensus on the budget. Once projects are determined, the neighbourhood groups carry out and monitor the projects throughout the following year.

In Guelph's participatory budgeting scheme, it is noteworthy that public officials participate as facilitators in the NSC Finance Committee. While most neighbourhood group meetings are self-facilitated by citizens themselves, the NSC Finance Committee requires that city officials co-facilitate committee meetings. However, the roles of citizens and city officials participating in the committee

are clearly distinguished. City officials facilitate the meetings, but they are not allowed to have a vote. They are responsible for advising, informing and monitoring in the budget process, but they should not influence decisions of citizens (Pinnington et al, 2009). As in the case of Porto Alegre, the final decision-making authority is given to citizens. In short, In the case of Guelph city, public officials are allowed to participate in the allocation of financial resources, but the limits of their roles are set in advance. As a result, conflicts over the interests between committee members can be more easily reconciled and citizens can engage more fully in the deliberation process (Pinnington et al, 2009). In addition, this participatory budgeting scheme will help citizens to complement their competence and expertise, leading to more rational decision-making.

Another thing to keep in mind is that Guelph's participation budget has adopted decision-making system based on consensus for the budget process. This case is different from many other countries, including in Porto Alegre, making decisions based on the preferences of a majority of citizens. The decision-making by consensus not only encourages citizens to make decisions for

common interests of the local community rather than personal interests, but also leads to more compliant and effective policy implementation after the decision-making.

### **5.3 The case of the City of Belo Horizonte in Brazil**

The city of Belo Horizonte is a Brazilian city with 1.7 million electors. The participatory budgeting system in this city was introduced in 1993, and the participation system has been operated through a two-level organizational structure such as district meetings and a committee composed of district delegates. In 2006, the city government launched the digital participatory budgeting (e-PB), in which citizens registered as electors are allowed to vote online for one of four public projects for each of nine districts of the city. At that time, traditional participatory budgeting has been allocated £ 32 million, and e-PB has been allocated £ 8 million. The e-PB was triggered by low participation in the traditional participatory budgeting, with only 1.5% of the electors participating in the district assemblies. Under the e-PB system, citizens are free to vote online

within 42 days, even if they do not attend meetings at specific times and places, thereby reducing participation costs. The e-PB aims to increase citizen participation through the reduction of participation costs. Citizens over the age of 16 can vote by accessing the city's official website. The website provides a plenty of information about projects, and the information is provided in various forms, such as letters, videos, and pictures, to help citizens understand the financial information.

What's more, online forum are available as well as e-voting mentioned earlier. All citizens can participate in the online forum and anonymously comment on the topic which they choose. Peixoto (2009) argued that participation in online forum is currently very low, but it should be noted that the number of people actually reading the posts is higher than the number of posts. This means that lots of people have read other people's opinions and have spread it to other websites, and as a result, more active debate occurs on other websites than the official website. There is concern that online participatory budgeting including e-voting does not make little account of the deliberation process seriously. In this city, however,

citizens are participating in online deliberations through online forums. In the process, citizens persuade other people and are persuaded so that they can gain more information and shared perception about public projects and budgets (Peixoto, 2009).

#### **5.4 Implications**

Newcastle city and the city of Guelph ensure that the financial decision-making power traditionally owned by the government and parliament is transferred to citizens, and have designed participatory budgeting system on that basis. Therefore, various institutional efforts have been made to improve citizens' competence, expertise and participation. The local government helps citizen to make the right decisions, for example, by allowing citizens to receive support from public officials in public-private committee, providing citizen with the rich and meaningful information, and giving citizen the opportunity to fully deliberate the matters. But the important thing is to recognize that the decision-making authority is still on citizens.



Another implication is that sufficient deliberation is given before the decision-making stage. Citizens communicate with the government through two-way engagement. Through this process, they have information for decision-making and finally choose the most appropriate alternatives.

In addition, as e-democracy which use the ICTs for governance has spreads rapidly, new initiatives in digital participatory budgeting (e-PB) is increasing as in the case of the city of Belo Horizonte. However, it should be noted that the online forum and the traditional participatory budgeting methods are still complementary each other in view of the fact that e-Voting is less deliberate.

## **6. Suggestions for Improving Participatory Budgeting in Korea**

As a result of analysis on the current status of participatory budgeting operation in Korea, it has been proved that the level of citizen participation in local finance has been improved, but citizen participation is still insufficient to control the local finance. It is necessary to strengthen the role of citizens in managing,

deliberating and deciding local finance. To this end, this paper presents some suggestions for improving the participatory budgeting system based on the theoretical discussion, the result of analysis on the current status in Korea and case studies on other cities.

- 1) The expansion of the stage and scope of citizen participation in local finance

In order to ensure that local finance is sound and accountable, citizens need to have a comprehensive control over the financial operations of local governments. For this, it is necessary for citizens to engage and participate more directly in the overall financial management as well as the budget compilation. Therefore, it is considered to expand the stage of citizen participation from the budget compilation to the budget execution and evaluation. In this case, citizens are given more roles such as monitoring projects and providing performance feedback. Hong (2011) presented that citizens should be more involved in the mid-term local fiscal plan

and local investment appraisal system. This is because the interconnections of financial management system can lead to increase the effectiveness of participatory budgeting system.

Particularly, the citizen participation in budget compilation is limited to selecting projects proposed by citizens and funding them. There is a need to actively seek ways to expand the range of budgets and projects that citizens can participate in. Specifically, it is necessary to expand the citizen participation from some projects to the whole budget plan and major policy so that citizens' input can be reflected in the overall local finance. In addition, it is required to provide the mechanism by which citizens can seriously discuss the entire budget and reflect their opinions in the budget, by substantially running the meeting of the citizen participatory budget committee or the procedure of gathering public input.

Citizen participation in all the processes does not necessarily increase the fiscal accountability of local governments. It is important to establish the right methods and procedures of participation for each stage including the budget compilation, enforcement, and settlement.

## 2) Diversification of participation methods and strengthening of deliberation

It is important that the participatory budgeting system ensure that sufficient communications and deliberations are made between governments and citizens or among citizens, so that citizens can make reasonable decisions.

However, it is also necessary to raise the citizen participation since the participation by only a small number of citizens is incompatible with the purpose of the participatory budgeting system. Therefore, there is a need to devise a method of citizen participation that can embody the features of two-way communication and deliberation as well as encouraging more citizens to participate. Particularly, caution should be required when choosing the method of public offering or citizen voting. Peixoto (2008) pointed out that online voting is “more participation and less participatory”. It is necessary to fully explain the budget direction and the necessity of projects through on/off-line briefing sessions on budget and public hearings,

and to prepare procedures for citizens to interactively exchange opinions and deliberate the projects. Moreover, online forums can help young people who want to participate online engage in the deliberation.

### 3) Strengthening support for citizens' decision-making

It is essential to expand the decision-making authority of citizens for an effective and substantial participation.

However, it is not desirable to give the final decision-making authority to citizens. The important thing is that citizens' opinions are actively expressed, and reflected in the budget decision and financial management process, and feedback on the outcomes should be continuously given to citizens. In other words, it is crucial to have a structure that can reflect citizens' opinions and ensure two-way communication. Therefore, the authority of the citizen participatory budget committee should be clearly defined. The role of the committee needs to be expanded so that it can decide the priority of budget allocation instead of staying in consultation.

Fundamentally, there is a need to improve citizens' expertise and knowledge about the budget so that citizens can make rational and in-depth suggestions. Strengthening the authority of citizens without improving citizens' capability may reduce the usefulness of participation. When the local government perceives that the citizens' capability to determine the budget allocation is insufficient, citizens' decisions may not be accepted or may be overturned. However, even if citizens' expertise is improved, there will be a gap of knowledge between the administration and citizens. Given this reality, it is worth considering the operation of a facilitator. Some local governments have introduced a financial consulting system in which experts help citizens give shape to projects in the budget compilation stage, thereby complementing citizens' expertise and enhancing the feasibility of projects. In this case, however, care should be taken not to infringe actual citizens' decision-making power.

#### 4) The improvement of access to information

Enhancing access to information is a prerequisite for the success of monitoring and control by citizens (Ryu, 2003). In order to expand the coverage of the citizen participation to the general local finance and to enhance the influence of citizens' decisions, first of all, citizens should understand the long-term and macro financial plan of local governments. To do this, it is necessary to strengthen the provision of information and education on local finance and budget. Firstly, an information session about budget needs to be held regularly to explain the major policies and directions of the annual budget of local governments. In order to improve the citizens' capability, it is needed not only to provide sufficient information but also to improve accessibility to information. The core contents such as the financial status of the local government, major policies and projects should be made easy for citizens to understand and should be accessible at all times in the citizens' lives.

In addition, education on the budget should be continuously provided to citizens through budget schools. Hong (2011) proposed an education system in which residents who have been educated at budget schools in the city become lecturers and then re-education

at the budget schools in villages is carried out by them. In addition, school education will help children and young people pay more attention to the budget from childhood.

#### 5) Revitalization of citizen participation

In order to encourage the citizen participation, it is necessary to raise citizens' interest in the budget and efficacy of participation. To this end, it may be helpful to provide detailed feedback and publicity to citizens about how the projects proposed by citizens are being operated and how they have affected the region. In addition, it may be considered to expand citizen participation in connection with various regional events in order to lead citizens to participation fields such as a citizen voting, brief meetings and public hearings. Local governments should have partnership with citizens and then help to maximize citizen capability and promote participation.

## 7. Conclusion



## 7.1 Summary and implications

Fiscal decentralization requires fiscal accountability while transferring authority and financial resources. Though the usefulness and effectiveness of fiscal decentralization have been theoretically supported, there has been concern that decentralization without fiscal accountability could lead to inefficiency and waste of budget. Therefore, it is very important for the local government to have fiscal accountability corresponding to the transfer of authority in order for fiscal decentralization.

Decentralization calls for a re-evaluation of the government's role and the relationship between government and citizens in securing government accountability (Mishra cited in Grant, 2002). In this decentralized environment, the fiscal responsibility and fiscal soundness of local governments are hardly secured by self-regulating system and voluntary control of local governments. The role of citizens to check and control the authority of local governments is highly demanded. Devas and Grant (2003) have noted that "accountability can be strengthened through enhanced citizen participation". The citizen participation can prevent local

governments from wasting budget and making inefficiency by allowing citizens to directly participate in the operation of local finance. It is also expected that local finance can be operated not by the government's unilateral decision but by the needs and preference of citizens. However, the level of citizen participation in the new political structure should differ from the existing one. Substantial and effective citizen participation is necessary to control local finance so that local governments can take responsibility for their financial operations.

In this study, three characteristics of citizen participation needed in a new era have been derived from the theoretical review of citizen participation: comprehensive management, decision-making power, and the two-way communication and deliberation. This paper has diagnosed and analyzed the current status of participatory budgeting system and operation of the local governments in Korea by using these characteristics as analytical criteria. As a result of the diagnosis, the participatory budgeting in Korea has grown greatly in appearance but has not yet reached a high level of citizen participation.

First of all, in terms of the stage and scope of citizen participation, the citizen participation is generally limited to the budget compilation stage among the entire budget process, and the actual citizen participation is allowed mainly in the budget for projects proposed by citizens. Project-oriented micro-participation still exists in local governments, making it difficult for citizens to manage and control the entire local finance.

Second, with regard to the decision-making structure on the budget, decision-making authority is partly given to citizens at least for projects proposed by citizens thanks to the establishment and operation of the civic representative organization called the citizen participatory budget committee. In recent years, there has been an increasing number of cases in which local governments and citizens jointly determine budgets through a public-private budget committee. However, citizens only submit opinions on the entire budget or the budget except for the citizen projects, and they are not able to make effective decision-making decisions.

Finally, as for the method of participation, participatory budget is basically discussed and decided by citizens' representatives at the

citizen participatory budget committee. Currently, local governments have come up with ways to engage more ordinary citizens and raise citizens' awareness in the local budget. In particular, public offering of projects and citizen voting has been promoted. However, despite their advantages, these methods have limitations such as insufficient information sharing, an absence of deliberation procedures and a lack of face-to-face communication between government and citizens. Therefore, there is need to be careful not to limit the participation budget system only as a tool for selecting projects.

As the autonomy of local governments has increased due to fiscal decentralization, it is necessary to reset the roles of citizens as managers, decision makers, and partners in order to ensure the appropriate management and control over local governments. Institutionally, local governments should extend the range of citizen participation in local finance and empower citizens to exercise their decision-making power so that citizens' opinions can influence local finance. At the same time, they need to support citizens in making rational and professional decisions. It should also devise a variety of

ways to engage citizens in more in-depth discussion, rather than merely voting. Moreover, it is necessary to provide sufficient information and appropriate education to strengthen the expertise and competence of participants and to encourage citizen participation through continuous feedback. Although not covered in this study, there is no question that improving the awareness of government and citizens, along with improving the system and operations of citizen participation, is of paramount importance.

## **7.2 Limitation**

This study has analyzed the current status of the participatory budgeting system and operation in Korea and has suggested overseas cases in order to find strategies to improve the system. It is meaningful in that this paper explored what kind of citizen participation is needed in the fiscal decentralization era and diagnosed the level of citizen participation in local finance in Korea. However, there are limitations in some aspects.

First, although the analysis was carried out from the secondary resources including the results of the written survey and interviews from local governments, it is difficult to generalise the level of citizen participation in local finance as a whole because there is a great difference in the mechanism of participatory budgeting among local governments

Second, this study analyzed the current situation and problems in the overall aspect. Therefore, in order to identify more specific causes or limitations of the level of citizen participation, in-depth investigation and analysis targeted to individual local government are additionally required.

Third, this paper suggests some implications for improving participatory budgeting from cases in other cities. It should be noted, however, that the same scheme may have different effects in other contexts. There are differences between cities in the purpose of introducing the system, the relationship between the government and community, citizen's capacity and public officials' perception, and the socio-economic situation. All of these factors have a significant impact on the operation of the system and its effect.

Therefore, understanding that successful experience in one city may not lead to the same result in the other city, it is necessary to judge whether or not to apply it considering the context of each country.

Fourth, there are few examples of successful cases compared to many cases of studying problems about operation of participatory budgeting. In the future, there is a need to identify more appropriate cases through more extensive research.

## Bibliography

Abbott, J. 1996. *Sharing the City: Community Participation in Urban Management*. Earthscan Publications Limited, London.

Abers, R. 1998. From Clientelism to Cooperation: Local Government, Participatory Policy and Civic Organizing in Porto Alegre, Brazil, *Politics and Society* 26(4): 511-537.

Ahn, S. and Lee, Y. 2007. The Case Study of Participatory Budgeting: in Dong-ku, Ulsan. *The Korean journal of Local Government Studies*, 11(4), 201-224

Ansan City, 2017. The plan for the citizen participatory budgeting operation

Artstein, S. 1969. A Ladder of Citizen Participation. *Journal of the American Institute of Planners*. 216-229.

Audit and Inspection Research Institute. 2015. A Study on the Improvement of Accountability for Local Government Head.



Bhatnagar, D., Rathore, A., Torres, M.M. and Kanungo, P., 2004.

Empowerment Case Study: Participatory budgeting in Brazil. World Bank [Online], 20.

Bovens, M., Goodin, R.E. and Schillemans, T. 2014. Oxford Handbook of Public Accountability, Oxford: Oxford University Press.

Choi, Y. 2016. Understanding Korean Public Administration: Lessons learned from practice. Series: Routledge advances in Korean studies, p137

Devas, N., and Grant, U. 2003. Local government decision making—citizen participation and local accountability: Some evidence from Kenya and Uganda. *Public Administration and Development*, 23, 307-316.

Gaventa, J. and Valderrama, C. 1999. 'Participation, Citizenship and Local Governance - Background note prepared for Workshop on 'Strengthening Participation in Local Governance', mimeo, IDS, Brighton, 21-24.

Goldfrank, B. 2006. Lesson from Latin American Experience in Participatory Budgeting. Presented at the Latin American Studies Association Meeting

Grant, U., 2002. Local Government Decision Making: Citizen Participation and Local Government Accountability. University of Birmingham: International Development Department, UK.

Hong, H., 2011. A Study on the Activation of Participatory Budgeting System - Focusing on the Case of Osan City in Gyeonggi Province. Gyeonggi University.

Howe, V. 2008. Participatory Budgeting for a Vibrant City. Online Resource, Available at: <http://www.drc-citizenship.org/system/assets/1052734727/original/1052734727-howe.2008-participation.pdf?1398411292>

IAP2 Federation. Public participation spectrum. Available at: <https://www.iap2canada.ca/page-1020549>

Im, S., 2015. The current status of participatory budgeting operation and its improvement direction. Journal of the Korean Urban Management Association, 29-55

Im, S., and Seo, J. 2015. Activation plan of the citizen participatory budgeting system. Policy Research, 534

Ju, H., and Kang, C. 2017. Analysis of Operational Performance Factors of the Participatory Budget System. Korean Journal of local finance, 22(3), 169~189

Kenkadze, D. 2017. Participatory Budgeting - Newcastle 'Cleaner, Greener, Safer'. Available at:  
<https://participedia.net/en/cases/participatory-budgeting-pb-newcastle-cleaner-greener-safer>

Kim, K., 2017. "Daejeon Jung-gu, the citizen participatory budget committee has now been held for five years". News1. Available at:  
<http://news1.kr/articles/?3118512>

Kim, J., 2015. A Study on the Problems on the Public Law and

Improvements of the Seoul Metropolis Participatory Budgeting. *Law Review*, 18(1), 189-220

Kim, S., & Ryu, L. 2017. A Study on Policy Diffusion in Participatory Budgeting Types. *Journal of Governmental Studies*, 23(2) 225~255

wanKorea Research Institute for Local Administration. 2017. Development of models for the participatory budgeting system by type of local government

Kwak, C., 2005. Basic model and design plan of the citizen participatory budgeting system. *Korean Journal of local finance*, 10(1), 247-276

Kwon, H., Lee, J., and Hwang, Y., 2015. A Study on the Actual Condition of Operation of Participatory Budget System. *Public policy review*, 29(4), 271-303

Lee, C., 2011. A Study on the successful factors and effectiveness analyzation of Civil Participatory Budget System -Focused on

Alegre City and five Local governments. Korean Balanced Development Studies, 2(3), 114-141.

Lee, H., 2014. Assessment and improvement plan of the two year enforcement of participatory budgeting in Seoul metropolitan city. Seoul open forum.

Ministry of the Interior and Safety (MOIS). Local Finance Act.

Available at:

[https://elaw.klri.re.kr/kor\\_mobile/viewer.do?hseq=42714&type=part&key=10](https://elaw.klri.re.kr/kor_mobile/viewer.do?hseq=42714&type=part&key=10)

Ministry of the Interior and Safety (MOIS). The Enforcement Decree of the Local Finance. Available at:

[https://elaw.klri.re.kr/kor\\_mobile/viewer.do?hseq=43472&type=part&key=10](https://elaw.klri.re.kr/kor_mobile/viewer.do?hseq=43472&type=part&key=10)

Ministry of the Interior and Safety (MOIS). 2017. Press release: To activate citizen participation by improving the budget system.

Seoul: Ministry of the Interior and Safety.

Ministry of the Interior and Safety (MOIS). 2018. Press release:  
Major businesses of local governments are set by the residents.  
Seoul: Ministry of the Interior and Safety.

Morphy, T. 2015. Stakeholder Analysis, project management,  
templates and advice. Available at:  
<http://stakeholdermap.com/stakeholder-engagement.html>.

Nonsan City, 2016. The plan for the citizen participatory budgeting  
operation. Available at:  
<http://www.nonsan.go.kr/kor/html/sub02/020601.html>

OECD, 1993, DAC Orientations on Participatory Development and  
Good Governance, OECD Development Advisory Committee, Paris:  
OECD

OECD. 2001. Citizen as Partners: OECD handbook on Information,  
Consultation and Active Participation in Policy-Making. OECD  
Publications.

Peixoto, T. 2009. Beyond Theory: e-Participatory Budgeting and its Promises for e-Participation. *European Journal of e-Practice*

Pinnington, E., Lerner, J., Schugurensky, D. 2009. Participatory budgeting in North America: The Case of Guelph, Canada. *Journal of public budgeting, accounting & financial management*, 21 (3), 455-484

Robbins, M. D., Simonsen, B., & Feldman, B. 2008. Citizens and resource allocation: Improving decision making with interactive web-based citizen participation. *Public Administration Review*, 68(3), 564-575. doi:10.1111/j.1540-6210.2008.00891.x.

Ryu, I. 2003. Decentralisation and Governance. KDI economic information Centre.  
<https://eiec.kdi.re.kr/publish/nara/naradownload.jsp?cid=433>

Samcheok City. 2018. Press release: Breakthrough improve of the citizen participatory budgeting operating

Sintomer, Y., Herzberg, C. and Röcke, A. 2008. Participatory Budgeting in Europe: Potentials and Challenges. *International Journal of Urban and Regional Research*, 32(1). 164-178

Seoul Metropolitan city. 2017. Seoul Metropolitan Government ordinance on Operation of citizen participatory Budget system. Available at:  
<https://legal.seoul.go.kr/legal/front/page/existing.html?pAct=lawView&pPromNo=2190&type=en>

Seoul Metropolitan city, 2017. The plan for the citizen participatory budgeting operation. Available at:  
<http://english.seoul.go.kr/?s=participatory+budgeting>

Udecide. Newcastle city Council. Available at:  
<https://www.newcastle.gov.uk/communities-and-neighbourhoods/where-you-live/udecide>

World Bank. 1995. World Bank Participation Sourcebook, Environment Department Papers Participation Series Washington D.C. World Bank.



Yeom, I. and Kang, C. 2016. Heterogeneity Analysis of Major Actors Regarding the Civil Participation Budget System Evaluation from the Viewpoint of Collaborative Governance - Focusing on the Perception Comparison of Public Officials, Local Assembly Members, and Participatory Budget. Korean local administration review, 13(3).1-22