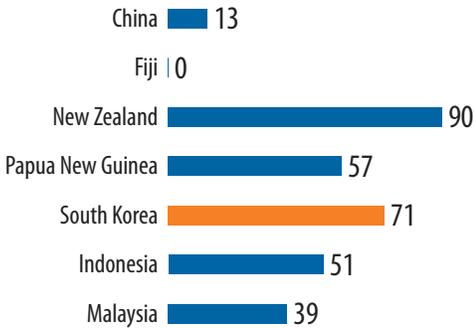




**Overall score: 71** (Out of 100) Provides significant information to the public in its budget documents during the year.

### How Does South Korea Compare to Its Neighbors?



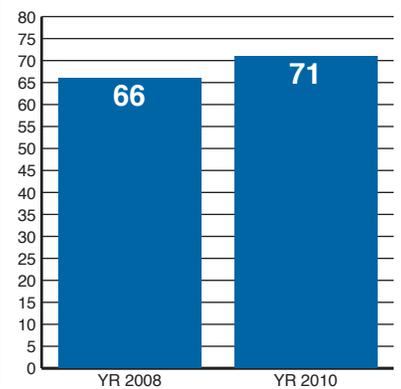
## Key Findings

The scores for 92 questions from the Open Budget Survey 2010 (see text box) are used to compile objective scores and rankings of each country's relative transparency. These scores constitute the Open Budget Index (OBI).

South Korea's OBI 2010 score indicates that the government provides the public with significant information on the central government's budget and financial activities during the course of the budget year. While some deficiencies remain, the amount of information published is generally sufficient for citizens to assess how their government is managing public funds.

South Korea's score increased from 66 to 71 over the period from 2008 to 2010. After New Zealand with a score of 90, South Korea has the second highest score in the East Asia and Pacific region, which is significantly higher than the scores for other countries in the region, including China (13) and Fiji (0).

### OBI Scores Over Two Surveys



**Adequacy & Availability of Eight Key Budget Documents**

| Document                    | Level of Information Grade* | Publication Status |
|-----------------------------|-----------------------------|--------------------|
| Pre-Budget Statement        | A                           | Published          |
| Executive's Budget Proposal | B                           | Published          |
| Enacted Budget              | A                           | Published          |
| Citizens Budget             | A                           | Published          |
| In-Year Reports             | D                           | Published          |
| Mid-Year Review             | E                           | Not Produced       |
| Year-End Report             | A                           | Published          |
| Audit Report                | A                           | Published          |

\* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey 2010. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents how the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. In South Korea the budget proposal is fairly comprehensive, but information on the impact of different macroeconomic assumptions on the budget is not presented.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. South Korea publishes a comprehensive Pre-Budget Statement.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide the public with the data it can use to assess the government's stated policy priorities and hold it to account. South Korea publishes a comprehensive Enacted Budget.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. South Korea publishes a comprehensive Citizens Budget.

**In-Year Reports** provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the Enacted Budget figures and thus facilitate adjustments. South Korea publishes In-Year Reports but they are far from comprehensive because they only present aggregates of actual expenditures that are not broken down into detail. There is also no comparison of actual expenditure and revenue with the original estimate.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should be made for the remainder of the budget year. South Korea does not produce a Mid-Year Review.

# OPEN BUDGET SURVEY 2010

## South Korea

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

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**A Year-End Report** compares the actual budget execution to the Enacted Budget. Year-End Reports can inform policymakers on tax policies, debt requirements, and major expenditure priorities, facilitating modifications for upcoming budget years. South Korea publishes a comprehensive Year-End Report.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. South Korea publishes a comprehensive Audit Report.

### *Public Participation and Institutions of Accountability*

#### **Are oversight bodies effective in their budget role?**

| Oversight Institution | Strength** |
|-----------------------|------------|
| Legislature           | Strong     |
| SAI                   | Strong     |

\*\* Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey 2010. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey 2010, budget oversight provided by South Korea's legislature and SAI is generally strong.

## **Recommendations**

#### **South Korea should:**

- improve the comprehensiveness of the In-Year Reports; and
- produce and publish a Mid-Year Review.