

Citizen participation and public trust in local government: The Republic of Korea case

By

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Over the past decades, leaders and citizens in many countries have lamented the lack of transparency in government and declining citizens' trust in government. South Korea is not an exception. In order to restore trust in government, the Korean government has made considerable efforts to adopt and promote various citizen participation programmes at all levels of government in an effort to ensure accountability, improve transparency and trust in government. This article first discusses the importance of citizen participation as a means of improving transparency and trust in government. It then introduces offline and online citizen participation programmes run by central agencies and local governments and highlight how those citizen participation programmes have evolved. As one specific form of citizen participation practice, this article focuses on the practice of Participatory Budgeting (PB) as an effort to enhance transparency and citizens' trust in government by opening its processes and disclosing budgeting information to the public. Most especially, this article reveals the results of a PB survey of local governments in Korea and discusses why and how PB has been adopted, implemented, and designed to improve budget-related governance structure, policy-making processes, and outputs such as efficiency, accountability, transparency, and trust in government. Lastly, this article discusses policy implications for enhancing public trust in government through PB.

JEL Codes: H40, H50, H70

Key Words: Citizen Participation, Participatory Budgeting, Transparency, Trust, South Korea

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Introduction

Over the past decades, leaders and citizens in many countries have lamented the lack of transparency in government. Moreover, trust in government has also declined in many countries. South Korea (hereafter Korea) is not an exception. Data from several international and national surveys between 1981 and 2010 demonstrate a decrease in the level of trust in government in Korea (Korea Development Institute (KDI), 2006; OECD, 2015).

In order to enhance transparency in government, leaders in those countries have made considerable efforts such as opening more government data and information to the public through diverse channels (e.g. government websites) and engaging more and diverse citizens in the governmental decision-making processes. Leaders, policy makers, and practitioners in government have also attempted to restore trust in government by boosting economic growth, improving quality of public services, citizen satisfaction, performance of public policies and programmes as well as transparency (Hamm, Lee, Trinkner, Wingrove, Leben, and Breuer, 2016)

Citizen participation has been considered as a means of creating such democratic values as accountability and instrumental values such as performance (Moynihan, 2003; Nabatchi, 2012). Recently, governance scholars have paid more attention to citizen participation with emphasis on its role in achieving transparency and restoring trust in government (Transparency International and United Nations Human Settlements Program, 2004; McLaverty, 2011; Kim and Lee, 2012).

Participatory budgeting (PB hereafter) is one example of active citizen participation and has been widely adopted by many countries. In Korea, PB systems have been established in every local government since it was mandated by the 2011 Local Finance Act. As the PB systems have been implemented in all local governments, it provides a great opportunity to evaluate public managers' perspectives concerning the following issues: the PB implementation process, governance mechanism, management capacity, and public managers' view of the impacts of PB on citizens' perceptions of local government transparency as well as citizens' trust in local government.

The accumulated experiences of citizen participation programmes in local government in Korea provide an opportunity to explore the impacts of citizen participation experiences on perceived transparency and public trust in local government. The findings in this research could provide important practical lessons for utilising citizen participation programmes as a mechanism for enhancing public trust in government.

Citizen participation, transparency, and public trust in government

In practice, the Korean government has made considerable efforts to adopt and promote various citizen participation programmes at all levels of government in an effort to ensure accountability, improve transparency and trust in government. As summarised in Box 1, national and local governments in Korea have offered various online and offline participation programmes by different stages of policy making, agenda setting, formation, implementation, and evaluation (Kim, Kim, and Lee, 2014).

Box 1. Evolution of Citizen Participation Practices in South Korea

As the political system in Korea has become more democratised since 1987, local governments have expanded autonomy and democratic structures. Especially, since the Korean Self-Governance Act in 1988, elections for local legislative council seats began in 1991; and elections for city mayors and provincial governors began in 1995 (Kong, Kim, and Yang, 2013). The Korean government's commitment to prevent corruption and ensure transparency is demonstrated by the establishment of the Korea Independent Commission Against Corruption (KICAC) in 2002, a central-level anti-corruption agency based on the Anti-Corruption Act of 2002 and the 2006 Act on the Local Ombudsman Regime and local petitions against the abuse of local finance (Kong, Kim, and Yang, 2013). Since 2005, under the Roh Moo-hyun Administration diverse channels of interaction and citizen engagement programmes in local communities to increase effective communication with citizens were created. The Roh Administration was dubbed "Participatory Governance" administration due to its commitment to enhancing public trust in political institutions through promoting the value of citizen participation in public affairs.

Public policy and administration literature has characterised citizen participation as a part of policy decision-making processes, which includes policy agenda setting, policy formation, policy implementation, and policy evaluation (Arnstein, 1969; King, Feltey, and Susel, 1998). The Korean government has also put more emphasis on citizen participation in the process of policy agenda setting, analysis, formulation, implementation, and evaluation at the national and local levels. Some examples of citizen participation programmes by policy-making processes at central government (Table A) and local government (Table B) are provided below.

Table A. Examples of Citizen Participation Programmes in the Korean Central Government

Participation Type	Information Provision		Consultation	Active Participation
	Gov't to Citizens	Citizens to Gov't		
Agenda setting	Public hearing	E-People	Online forum	E-People
Formation	Mailing service	Newsgroup	Seminar	Referendum
Implementation	Brochure	Citizen audit	Policy advisory committee	Volunteer
Evaluation	White	Satisfaction survey	Policy monitoring systems	Opinion poll

Source: Adapted from Kim, Lee, and Han (2004), p.872.

Table B. Examples of Citizen Participation Programmes in Korean Local Governments

Participation Type	Information Provision	Consultation	Active Participation
Policy making process			
Agenda setting	Public hearing	Oasis	Request for enactment, revision, or abolition of local ordinance
Implementation	Brochure	Participatory budgeting	Citizen inspection
Evaluation	Satisfaction survey	Ombudsman	Ombudsman

Source: Adapted from Kim, Kim and Lee (2014)

Online citizen participation programmes in particular have been expanded not only to local governments but also to central government agencies. As a result, the Korean government is recognized globally as one of the leading countries in the areas of online citizen participation (United Nations 2016). For instance, one of online citizen participation programmes in the City of Seoul (Cheon-Man-Sang-Sang Oasis), received the Public Service Innovation Awards from the United Nations in 2009. The Central government in Korea has also offered innovative online participation programmes. Box 2 shows an example of online citizen participation, called “E-people,” under the Anticorruption and Civil Rights Commission (ACRC).

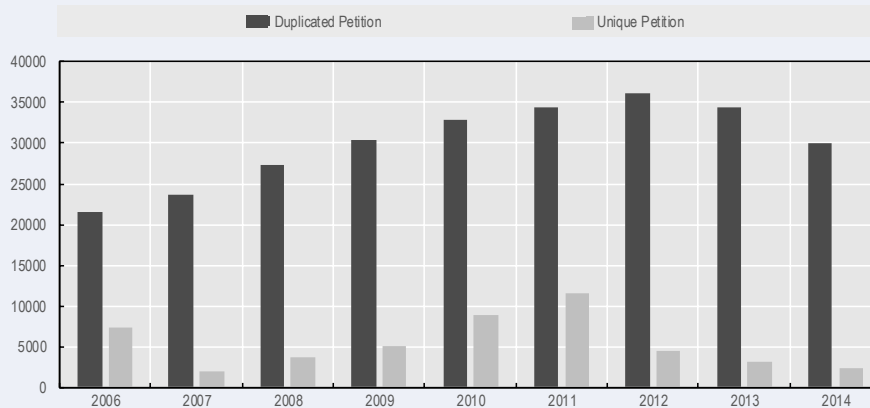
Box 2. Online citizen participation in central government in Korea: E-people

In 2005, the Anticorruption and Civil Rights Commission (ACRC) began to provide online civil petition services, called e-People (<https://www.epeople.go.kr>). E-People enables citizens to file petitions to complain about government’s actions, request the Korean government to take actions and solve problems, and suggest policy ideas online. E-People was recognised as an innovative IT-enabled service by international communities such as United Nation’s Public Service Awards in 2011.

Before civil petition programmes were integrated through e-People, they were horizontally and vertically dispersed across government organisations and separately run by different central agencies, local governments, and government-owned public enterprises. From a citizen standpoint, a fragmented structure of petition services created barriers for citizens to locate the right agency to file their petition applications. As a result, citizens often file their petitions to irrelevant agencies or the same petition to multiple government agencies concurrently. From the government’s perspective, government agencies often receive irrelevant or duplicate petitions from citizens, which limits their ability to efficiently deal with the petitions, make timely decisions, and thus, to meet citizens’ participation needs.

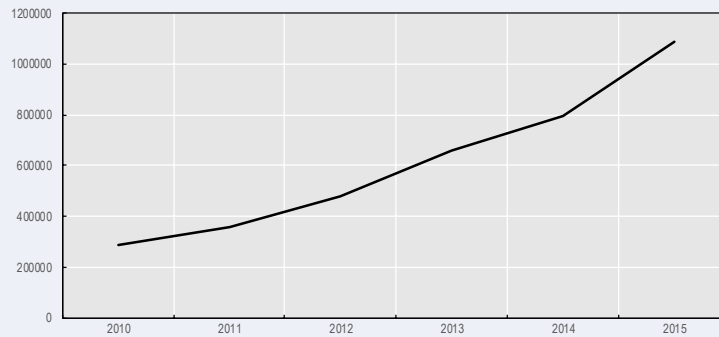
e-People can be characterised to provide seamless online petition services by integrating fragmented petition programmes run by different government agencies. But, the integrated online petition services via e-People did not happen overnight. At the initial stage of e-People development, only seven central agencies joined ACRC’s e-People in August, 2005. Since then, ACRC has gradually integrated petition programmes of most government agencies. As of 2015, e-People integrates petition programmes from all 47 central agencies, 274 agencies abroad (e.g., embassy offices), 244 local governments, 846 state-owned public institutions, judiciary and legislative offices, and 195 local school district offices (ACRC, 2016). The figure below shows the result of ACRC’s integration efforts (ACRC, 2016). For instance, in 2006, E-people received over 20 000 petitions, identified more than half of them were duplicated, merged them into nearly 7 200 unique petitions and transfer them to relevant government agencies.

Number of Duplicated and Unique Petition Requests between 2006 and 2014

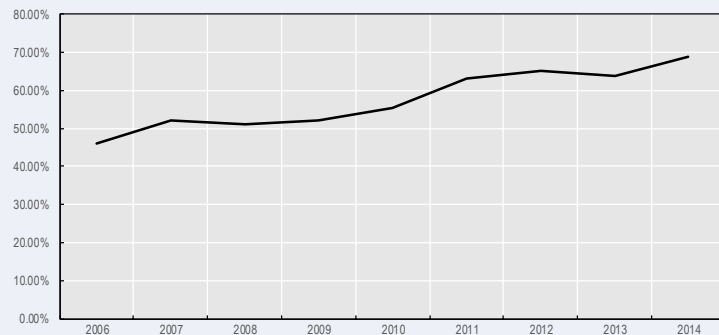


Another key feature of e-People is to offer multilingual services to foreigners living in Korea. Since 2008, 12 foreign language services have been available (e.g., English, Chinese, Japanese, etc). Since then, e-People received 627 petitions from foreigners. Most of petitions concerned about legal issues such as visa issuances and extensions of sojourn. With regard to measures of e-People’s success, Figure (a) shows that the number of cases filed via e-People has considerably increased between 2010 and 2015 and Figure (b) shows the increase of e-People participants’ satisfaction between 2006 and 2014 (ACRC 2016).

(a) Number of Cases



(b) e-People User Satisfaction



Source: ACRC (2016)

Citizen participation in democratic societies, to some extent, not only has influenced government decisions but also affected developing citizenship through better understanding of public affairs (Roberts, 2004; Pateman, 1970). Recent studies reported the positive effects of citizen participation on efficiency/effectiveness of public management and service provision, which often improves transparency and trust in government (Vigoda-Gadot, 2007; Wang and Wan Wart, 2007; Kim and Lee, 2012). For example, Kim and Lee (2012) highlight the positive role of effective online citizen participation in enhancing transparency and trust in government.

The relationship between citizen participation and transparency in government could also be explained as follows: In a democratic society, citizen participation has served as a means of informing citizens of what government does, educating citizens themselves, and developing their citizenship (Roberts, 2004; Pateman, 1970). When citizen participants are more informed, educated, developed, and engaged in informed discussion related to government policies and programmes, it is likely that citizen participants gain more knowledge about how governments allocate resources and set up priorities, and what challenges face governments while making policy decisions. That being said, citizen participants with better knowledge are likely to be able to serve as competent external observers. The presence of knowledgeable citizen participants is likely to facilitate government to make greater efforts to enhance transparency in government (Thomas, 1995; Cooper, Bryer, and Meek, 2006; Fung, 2006).

Enhanced transparency is one of the primary purposes of PB, which is a specific form of citizen participation (Rossmann and Shanahan, 2012; Wampler, 2012). PB is designed to engage the public in the budgeting processes and disclose budgeting information to the public. Specifically, Ebdon and Franklin (2006) suggest that citizens' cynicism could be reduced and transparency could be enhanced even when citizen participation is least supportive through the participatory mechanisms such as opening government budget records, engaging citizens in public meetings, and informing citizens about the proposed budget.

Despite the potential roles of PB in nurturing government transparency (Ebdon and Franklin, 2006; Rossmann and Shanahan, 2012; Wampler, 2012), scholars have discussed the relationship between PB and government transparency in a prescriptive manner and offered anecdotal evidence. In other words, few empirical studies have examined how PB leads to transparency in government. Thus, we attempt to bridge this research gap by empirically examining the role of PB in enhancing government transparency.

Scholars in different disciplines have widely discussed the notion of trust in government (Hamm, Lee, Trinkner, Wingrove, Leben, and Breuer, 2016). In this research, our perspective is to view trust in government as the confidence and faith that government is performing in accordance with normative expectations held by the public (Vigoda-Gadot, 2007; Wang and Wan Wart, 2007). The expectations are that the intentions and actions of government are ethical, fair, and competent. These normative expectations are based on the belief and evaluation that government is "doing the right things" (Wang and Wan Wart, 2007) and "operates in the best interests of society and its constituents" (Kim, 2010; Kim and Lee, 2012).

How do we explain the relationship between citizen participation and trust in government? Trust in government has been shaped by various factors. Scholars have long studied where trust in government comes from and reported five broad sources such as government performance, institutional design, public officials, environmental factors, and individual factors (Hamm, Lee, Trinkner, Wingrove, Leben, and Breuer, 2016). Among those sources,

government performance has played a critical role in affecting citizens' trust in government (OECD 2015). Government performance is broadly considered as government output as objectively and subjectively assessed the citizens or government officials based on their expectations, beliefs, and faith.

As briefly discussed earlier, citizen participation has long been discussed as a democratic mechanism for restoring trust in government (Box, 1998; Roberts, 2004). Accordingly, the relationship between citizen participation and trust in government has been examined by scholars in public administration (Mizrahi, Vigoda-Gadot, and Cohen, 2010; Mizrahi, Vigoda-Gadot, and Van Ryzin, 2010; Kim and Lee, 2012). They reported, however, mixed findings. For example, Kim and Lee (2012) found that citizens' positive online participation experience significantly improves their trust in the City of Seoul. Other studies, however, reported the weak relationship between citizens' and employees' participation and their trust in Israeli central government agencies (Mizrahi, Vigoda-Gadot, and Cohen, 2010; Mizrahi, Vigoda-Gadot, and Cohen, 2009).

With respect to the role of PB in trust in government, scholars and practitioners (OECD, 2009; Wang and Wan Wart, 2007; Ystano, Royo, and Acertet, 2010; Moynihan, 2007) have asserted that PB can enhance citizens' trust in government. PytlikZillig, Tomkins, Herian, Hamm, and Abdel-Monem (2012) further reported empirical evidence that citizen participants in PB processes positively assessed the improved trust in the local government. In Korea, local governments have expected that the adoption of PB will positively affect citizens' trust in government (e.g. Choi, 2009). However, the empirical evidence in the context of PB implementation in Korea is rare.

Participatory budgeting and public trust in local government

Porto Alegre, Brazil was the first to adopt PB in 1989. Since then, PB has been diffused to other countries, more noticeably in South America and Europe. As witnessed in the global phenomenon of PB system diffusions (Sintomer, Herzberg, and RöCke, 2008; Wampler and Hartz-karp, 2012), PB has been widely advocated not only by theorists but also by practitioners of public administration (Guo and Neshkova, 2013).

There are several approaches to the definitions and implementations of Participatory Budgeting.

- PB can be defined as “the participation of non-elected citizens in the conception and/or allocation of public finances” (Sintomer, Traub-Merz, & Zhang, 2013). It is characterised in the five dimensions: 1) discussions on financial and/or budgetary dimension that deals with scarce resources; 2) at municipal level involved or a district with an elected body; 3) through repeated processes; 4) by public deliberation within the framework of meetings/forums; 5) for the sake of accountability with regard to output.
- As an effort to overcome the weakness of the closed budget decision-making in the executive branch, PB is expected to guarantee citizen's right to know, transparency, and accountability, and thereby help realise democratic governance in budgeting process through proactive communication between citizens and public managers (Kwack, 2005; Lim, 2011; Jung, 2014; Yoon, Seong and Lim., 2014).
- There are variations with which PB programmes have been utilised in the budget process (Ebdon, 2000; Sintomer et al., 2013; Guo and Neshkova, 2013). For instance, PB can be used at 1) information sharing; 2) budget deliberations and

discussions; 3) budget decisions; 4) programme assessment. According to an International City/County Management Association survey, “information sharing” stage seems to be where citizen participation is most often used in budget process (Ebdon, 2000).

In line with the global diffusion of PB since its inception in the Porto Alegre case in Brazil, PB in Korea was introduced by some non-governmental organisations (NGOs) and diffused through the local governments (Choi, 2009, OECD, 2009; Sintomer et al., 2013; You and Lee, 2013). In detail, there have been some NGOs’ networks such as the Budget Watch Network and Citizens’ Coalition for Economic Justice (CCEJ) that promoted civil society’s monitoring of budget systems as well as budget transparency and accountability through civic participation. (Choi, 2009; Sintomer et al., 2013; You and Lee, 2013).

In sum, PB has been introduced and utilised in Korea in the context of: 1) citizen-led democratisation; 2) NGOs’ efforts dealing with problems of scarce resources, and 3) decentralisation and accountability of public institutions (Kim, Lee, and Lee 2016; Sintomer et al, 2013).

Participatory budgeting in Korea: Research scope*

This article presents the detailed process and impacts of the PB system in Korea by using primary data collected through a nationwide survey of the Korean local government in 2015 as well as secondary data such as PB-related ordinances of local governments.

All the 241 local governments in Korea as well as the target population, which consists of the 15 metropolitan governments and the 226 primary local governments were the sampling frame of the primary data collected through the survey. Face-to-face interviews with PB managers was then conducted from August to September in 2015.

The grand response rate was 95%. Out of the 241 local governments, 229 local governments responded and 12 out of 15 metropolitan governments (or 80%) responded to our survey. Primary local governments had the highest response rate of 96% (217 out of 226).

Government officials in charge of PB systems in each local government were interviewed by the Economic Information and Education Center at KDI. The survey questionnaire consisted of five sections: 1) adoption of PB; 2) objectives and operation of PB; 3) finance and expenditure of PB; 4) support for PB operation; 5) impacts of PB. Questions in each section, were both structured and open-ended questions.

The survey showed that 228 local governments (out of the 229 respondents) enacted their own PB ordinances. This means that almost all local governments in Korea are implementing (or at least officially adopting) PB systems as of 2016.

PB adoption in local government in Korea

Drivers behind budgetary transparency through civic participation in Korea are categorised into three political and economic factors (You and Lee, 2013): 1) the transition to

* The major features of PB system in Korea presented in the article are mainly based on the data of the authors’ study funded by Korea Development Institute (See Kim, Lee, & Lee, 2016, for the details of PB system in Korea.)

democratic regime in 1987; 2) the reintroduction of full local government autonomy in 1995; 3) the financial crisis and change of government parties in 1997.

Origins of the adoption and diffusion of PB in Korea is traced back to the decentralisation and budget reforms under the Kim Dae-jung Administration (1998-2002) in an effort to overcome the financial crisis of 1998 (Sintomer et al., 2013; You and Lee, 2013). Following the reform of the Kim Dae-jung Administration, the Roh Moo-hyun Administration (2003-2008) continued reforming budget transparency through civic participation, for instance, the National Fiscal Management Plan; the National Fiscal Act which mandated government ministries to form its own self-evaluation committee comprising not only government officials but also external experts such as NGO staff (You and Lee 2013).

Box 3 summarises the first case PB was adopted a local government. Having been enlightened by such “early adopters” of PB, the central government of Korea began to pay more attention to the PB system, and as a result the Local Finance Act was amended in 2005, which guaranteed citizens’ participation in the local government budgeting process (Kwack, 2007). However, the Local Finance Act, at this stage, only advised local governments to get citizens involved in the budgeting process and to develop their own frameworks for the participatory budgeting system (Yoon, Seong, and Lim, 2014).

Box 3. The first adopter’s story: Buk-gu of Gwangju Metropolitan City

Costs

The new PB system’s annual operating cost was estimated to be approximately EUR 17 700. This included the fees paid to consultants and participants as well as the costs of organising meetings, travel costs, etc. One full-time staff member worked with other colleagues during the peak season.

Risks

A number of risks were anticipated and encountered in the implementation stage of PB:

- A number of civil servants argued that it would result in poor budget formation because of the participants’ insufficient experience and skills.
- Some citizens argued that it would provoke increased conflicts among citizens in the process of allocating limited resources and would be used as a means of justifying the mayor’s decisions without producing substantial outcomes.
- The members of District Council (DC) argued that it would make the budget process time consuming and inefficient as well as go beyond the authority of the DC.
- Finally, the project did increase the administrative burden on Northern District – requiring one full-time staff and fragmenting the budget stages from 5 to 14.

Benefits

PB benefited the District in several ways:

- The quality as well as the quantity of budget information to citizens improved to become more accessible and user-friendly.

- The number of preliminary or/and regular consultations between the District and the DC increased to reconcile the conflicts and narrow the differences before the District proposed the budget to the DC.
- Citizens felt that government worked better for them resulting in greater trust in government and public officials.

Inclusion

The PB process engaged over 1 000 stakeholders in interviews, workshops, and presentations regarding issues that impacted the region and its economic development. It engaged or reached the private, public, and non-governmental organizations (NGOs) as well as academics, students, and others. However, the Participatory Budgeting Council (PBC), which consisted of no more than 100 citizens who were invited and recommended, played the central role in the decision-making process. In addition, a website project was launched, which contained all the necessary information and functions as a two-way communications channel.

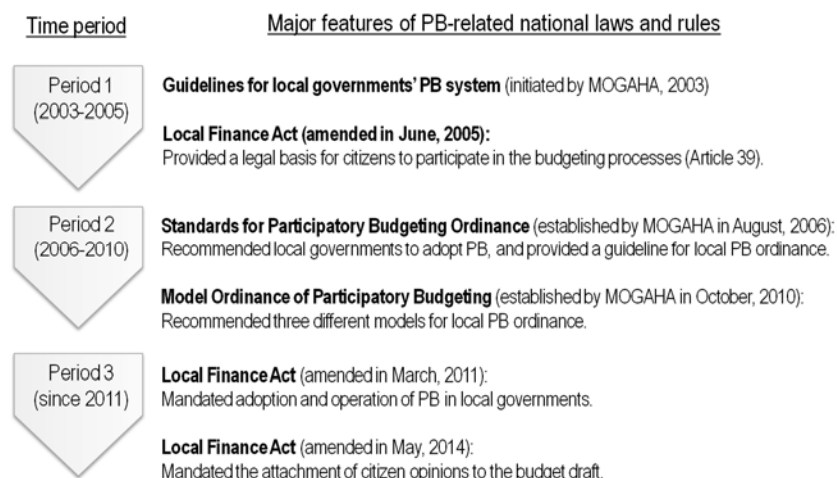
Evaluation

The project was evaluated by the District through a survey conducted on the participants and civil servants three years after the initial implementation in 2003. The results of the evaluation turned out to be positive in all areas and were open to the public through its website and booklets. Thereafter Buk-gu remains a pioneer for participatory governance through a PB system in Korea.

Source: Adapted from Choi (2009)

In 2003, the Ministry of Government Administration and Home Affairs (MOGAHA) initiated guidelines for local governments' PB systems. A few years later, MOGAHA provided a more advanced guideline named "Standards for Participatory Budgeting Ordinance" to local governments in 2006. Subsequently MOGAHA again established and offered three types of Model Ordinance of Participatory Budgeting to local governments in 2010 so that local governments can use them as a reference when they enact their own ordinances. This type of encouragement by the central government resulted in the wider adoption of PB systems by local governments in Korea.

One of the tipping points in the diffusion of PB system was in March 2011 when an amendment of the Local Finance Act was passed by the National Assembly of the Republic of Korea (Figure 1). Since March 2011 when the Local Finance Act was revised to mandate all local governments to adopt PB, 126 local governments have newly joined and made their own PB ordinances.

Figure 1. Policy Changes and PB Adoption in Korean Local Government (2003 – 2014)

Source: Adapted from Kim et al. (2014); Lee (2011); Yoon, Seong et al. (2014)

PB operation

Although all local governments in Korea have been mandated to adopt PB since 2011, there are both similarities and differences in their PB operations among local governments in terms of process, governance, and capacity.

As a PB system operates according to the annual budgeting cycle, the operating process as a result, is repeatedly conducted on an annual basis. Despite small variations of detailed procedures of each local government, the annual PB process can be generalised as seen in Figure 2.

1. Stage 1: Every year citizens propose suggestions they think local government should address. They also propose policy programmes designed to resolve public issues. They could then submit these suggestions to local governments directly or indirectly (i.e., regional committees collect, review, screen and eventually relay more feasible proposals to local governments.) Those suggestions could be made via online or offline channels according to technological capacities of local governments.
2. Stage 2: Once proposals are collected, the proposals undergo a review process on a collective review basis. In most local governments, a so-called "PB committee" takes on the task of reviewing and making a decision on budget allocation on the proposed programmes. The PB committee usually comprises volunteers and citizens recommended by the local council, mayor, or NGOs. The details about PB committees are specified in the next section with Figure 3 and Figure 4.
3. Stage 3: The local council, which is the legislative body in every local authority reviews and approves the PB committee's recommendations. Prior to the PB system, Stage 2 was one of the major and sole roles of the local council, which consists of representatives elected through general elections. Since the adoption of PB systems in local government, a part of the function of reviewing policy programmes came under the authority of the PB committee. Nevertheless, the local

council makes the final and conclusive decision on budget allocation to programmes proposed through the PB system.

Figure 2. Annual process of PB

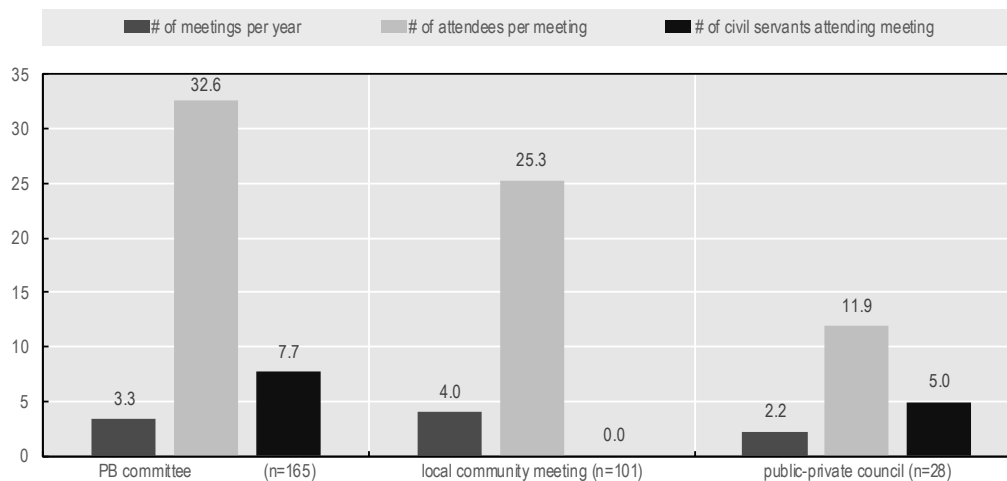


PB governance

The PB system operates on a collective decision-making basis, notably getting citizens involved in the budgeting process. Such collective decision making is made by various PB-related organisations that are employed to fit the unique governance contexts of each local government. However, despite such variations, there are three kinds of organisations that are commonly operated by the majority of local governments: the PB committee; local community meetings; public-private councils.

As seen in Figure 3, the form of organisation most widely used for PB operations is the PB committee. As discussed earlier, the PB committee is an entity consisting of citizens who are legitimately empowered to make decisions on policy programme reviews and budget allocations. For some larger local governments such as metropolitan or provincial governments, a deliberation process by citizen participants is conducted in multiple stages. For instance, some local governments employ, besides the PB committee, additional organisations or methods such as local community meetings or public-private councils in order to help the PB committee to conduct an *ex ante* review of policy programmes proposed by citizens.

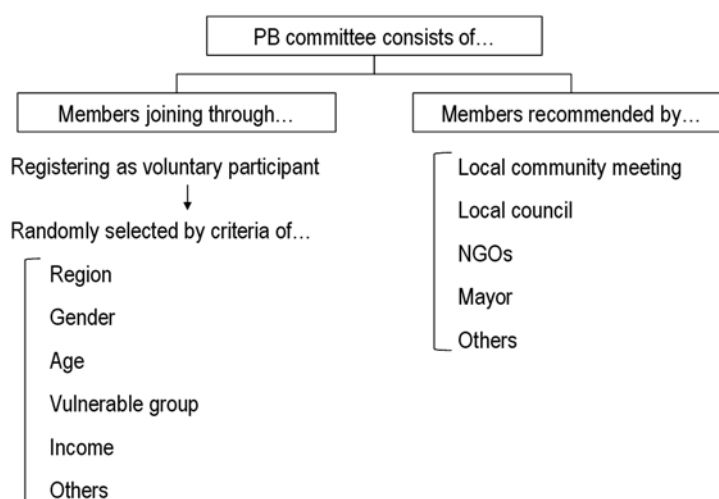
Figure 3. Organisations for PB governance



Source: Adapted from Kim, Lee, & Lee (2016)

The PB participants can get themselves involved through two channels. The first way for the public to join in the PB process is to recruit themselves by volunteering to participate in PB. To begin with, citizens apply for PB participation through either online or offline channels. Then a pre-determined size of people are randomly recruited among the applicants based on diverse selection criteria such as region, gender, age, vulnerable group, income, etc. The second way to participate is via recommendation by others in a local community meeting, by local council, by NGOs, and by a mayor. The quota for each recommender is pre-determined by ordinance (see Figure 4.)

Figure 4. Number of local governments that employ each of PB participant selection criteria



Source: Adapted from Kim, Lee, & Lee (2016)

PB and management capacity

From a financial management aspect, the respondents of the survey reported that financial conditions of local governments influence their PB budgets most significantly. In detail, 27.9% (64) of local governments have appropriated an annual budget for PB programmes expenditure in advance. On average, PB-related expenditure is about 1% of the annual grand budget.

As for human resource management of PB systems, almost all local governments appoint a small number of civil servants in charge of PB management. A total of 89% (204) of local governments appoint only one public manager in charge of the PB management; 7.9% of local governments assign two civil servants for PB tasks. In addition, most of the PB managers (97.8%) said that their job descriptions contain multiple responsibilities besides PB tasks.

Many local governments (146 or 63.8%) provide monetary incentives or rewards to citizen participants. Such monetary incentives are provided in the form of consultation fees (offered by 133 local governments). And some local governments (13 in numbers) also offer PB participants transportation fees or meals.

PB outputs

One measure of PB outputs can be the extent to which citizens suggest budget proposals. The average number of PB programme proposals submitted by citizens varies according to local government levels. In short, citizens' participation in PB at the metropolitan level is more active than at the provincial level. The number of annual proposals for PB at each level is: 120 at City level; 63.7 at Gun level (county in metropolitan or provincial area), and 48.2 at Gu level (district in city area), on average.

The respondents were asked to answer the question “what are the three major policy domains for PB projects?” Summing up their responses, the top five policy domains of PB budget allocations turned out to be 1) public order and security, 2) social welfare, 3) culture and tourism, 4) land/local development, and 5) transportation (See Table 1).

Table 1. What are the three major policy domains for PB projects of your local government?

Policy domains	Rank			Grand rank (in inverse order)
	1 st	2 nd	3 rd	
Public order and security	3	2	2	7
Social welfare	2	3	3	8
Culture and tourism	6	4	1	11
Transportation	4	1	8	13
Land/local development	1	6	6	13
Environment protection	8	4	5	17
Agriculture, maritime, & forestry	5	5	7	17
Public administration in general	7	7	4	18
Education	8	8	10	26
Industry/small-medium business	9	9	9	27
Public health	10	10	11	31
Others	9	10	12	31
IT development	10	11	13	34

Source: Adapted from Kim, Lee, & Lee (2016)

PB impacts: Public managers' perspective

Public managers' perceptions of and experience with citizen participation has been considered as the factor that influences the success of citizen participation programmes (Jung, Kim, and Kim, 2014; Ryoo, 2013; Kim, 2012; Park, 2002). For instance, public managers' positive experience and assessment of PB may bring positive impacts on the effectiveness of citizen participation programmes.

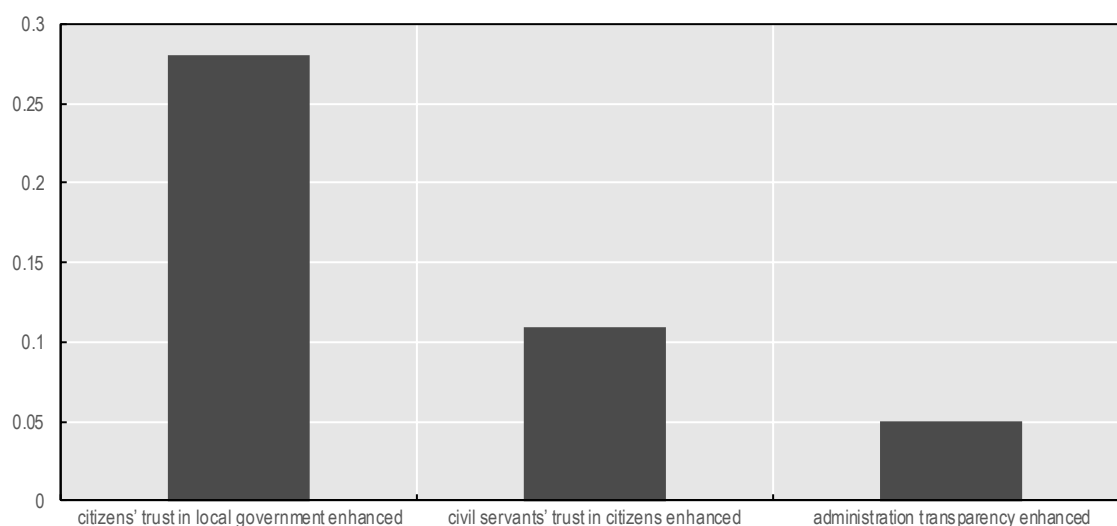
PB systems adopted and implemented by local governments are leaving multi-dimensional effects. Considering the core purpose of PB, which is to embody participatory governance in the budgeting process, the most expected and ultimate value of PB might be trust between citizens and civil servants through a transparent and accountable policy process.

The respondents of the survey were asked to assess the three main values of PB systems based on their own perception. Figure 5 shows, based on standardised scores, that all three major values of PB are perceived to be positive. In other words, PB managers think that transparency of administration and mutual trust between citizens and civil servants improved, thanks to the PB system. The most perceivable value of PB is “citizens' trust in

local government” which is followed by “civil servants’ trust in citizens” and “administration transparency”.

1. **Administration transparency:** One of the foremost benefits of a PB system may be transparency that will lead to better integrity, accountability and responsiveness in budgeting systems and public services as a whole. As PB systems proactively involve citizens in the budgeting process, both actual and perceived transparency may be more likely enhanced through an official opportunity for citizens to access budget information and decision making inside local administration that used to be perceived as a “black box” by the public.
2. **Citizens’ trust in local government:** Most PB managers reported that PB systems helped enhance citizens’ trust in local government. Such perception may stem from several sources that a PB system poses. First, citizen participants of PB closely interact with public officials so that they can build a rapport by vividly watching civil servants’ efforts and by experiencing the constraints of the budgeting process that civil servants face. Second, even the general public who do not participate in PB may have favourable sentiments toward local government as long as they are aware that the door of opportunity to participate via PB is always open.
3. **Civil servants’ trust in citizens:** The trust between citizens and local government is basically a mutual perception. For such mutual trust, civil servants’ trust in citizens is as important as citizens’ trust in local government. The survey shows that PB managers think their trust in citizens was also enhanced thanks to PB systems. PB brings a new opportunity for civil servants to interact and collaborate with citizens. It provides public officials with new knowledge about citizens such as their actual needs, willingness to contribute, capability of resolving conflict, and potential of making reasonable decisions. In turn, this new understanding of citizens may help civil servants design policies and policy processes that are better tailored to citizens.

Figure 5. Impacts of PB on trust and transparency of local government



Note: Due to the different scales of measurement, the scores were standardised by using the formula of $(\text{mean value} - \text{neutral value})/\text{standard deviation}$.

Besides the three main values of a PB system, there are other beneficial impacts and challenges reported by PB managers. Such vivid voices of PB managers are quoted and summarised in Box 4.

Box 4. Benefits and challenges of PB in Korea: PB managers' voices

Benefits of PB

- “PB helps us recognise citizens’ demands more effectively.”
- “PB provides us with a guideline for the prioritisation of budget allocations.”
- “The openness of a PB system helps realise democratic budgeting through enhanced transparency, fairness, and efficiency.”
- “PB enhances citizens’ interest in budgeting and have a better understanding of how local government is managed and constrained financially and administratively.”
- “PB fosters co-operation between citizens and civil servants.”
- “PB embodies civic autonomy in budgeting systems.”

Challenges

- “Participation in PB is below expectation.”
- “Being in charge of multiple tasks besides PB, PB managers can be overloaded.”
- “Most PB programmes proposed by citizens are designed to benefit certain part of a region, not the whole community.”
- “PB participants’ authority can be challenged as they were not directly elected.”
- “A PB system might be a redundant channel for citizens to participate in local governance.”

Conclusion

Policy implications for enhancing public trust in government through PB

Having originated in Brazil, participatory budgeting has been adopted by many countries at the local government level. The core idea behind PB is to complement representative democracy by getting citizens directly involved in policy making. As one of the nations that pursue such participatory governance through PB, Korea is the first and only nation that mandates all local governments to adopt a PB system. Since 2003 when some pioneering local governments in Korea adopted a PB system proactively, PB has been diffused throughout all other local governments thanks to the both voluntary implementation of each local government and inducement from the central government.

Despite the nationwide mandatory adoptions of PB systems, there is much room for each local government to design its own PB system at their discretion in terms of their governance structure, financial situation, personnel capacities, etc. The common features of PB operations of most local governments can be summarised as follows. 1) Policy programmes are proposed, reviewed, and selected by general citizens. The “PB committee”

which is comprised of citizen participants with diverse backgrounds in terms of region, gender, age, etc. deliberates on these policy programmes; 2) PB is operated usually by one or two civil servants, and spends about 1% of the annual budget mainly in such policy domains as security, social welfare, culture and tourism, land/local development, and transportation.

The survey on the PB managers' perceptions on the impacts of PB in Korea shows both expected achievements and challenges to be addressed as follows.

1. PB improved responsiveness of government through a more institutionalised transparency of local governments' budgeting process.
2. PB enhanced mutual trust between the citizenry and local government through more active communication and deeper understanding between them.
3. The authority of PB participants could be challenged as PB is operated mainly by unelected volunteers.
4. As PB provides a new opportunity where participants with more active and diverse interests converge in search of common public interests, conflicts among such diverse interests are more numerous than before.
5. In some local governments where there are other existing channels for citizens to participate, PB can be just another redundant institution that even places more burden on civil servants without significant marginal benefits.

With the benefits and challenges of PB system in mind, PB is expected to keep helping sustain collaborative governance through continuing efforts as follows.

1. Considering that the core idea of a PB system is listening to citizens' voices more directly and broadly, diverse social groups with various backgrounds should be invited to get involved for further inclusiveness and responsiveness through a PB system.
2. Sometimes PB participants may experience power imbalance within the PB committee because of their different social class or personal attributes. The diversity of participants however, is a feature of what PB is designed for. Therefore, not only broad inclusiveness but also equal treatment of participants should be protected proactively.
3. PB functions as a "school of democracy" through which both citizens and civil servants can learn how participatory governance can be pursued and achieved. More practically, even when PB is implemented with enough monetary and institutional resources, successful PB is hard to attain without participants knowledgeable enough to make reasonable decisions for the whole community. Therefore, for both ideological and practical purposes, citizen education on the budgeting process and group decision making should be regarded as equally important as the PB system itself.
4. Despite the mandatory nationwide implementation, detailed design of a PB system is still left to each local government's discretion. Taking into consideration the different contexts in which each local government functions, just following the footsteps of other successful local governments or predecessors would not be the only way leading to successful PB. Therefore, civil servants in charge of PB should be provided not only enough discretion but also training opportunities through

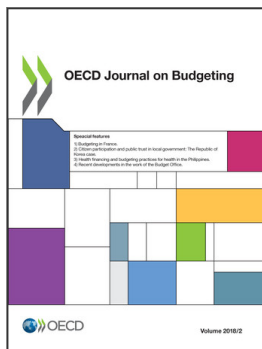
which PB managers can improve their capabilities to design and operate their PBs to fit their specific situational needs and constraints.

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