

**LEGISLATURE: Unicameral**

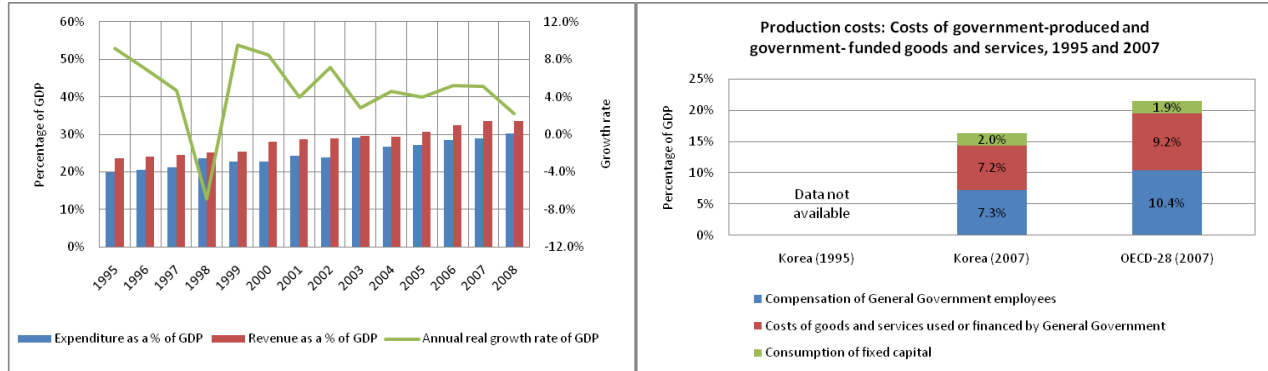
- Upper house: none
- Lower house: elected using Semi-Proportional Representation

**SYSTEM OF GOVERNMENT: Presidential**

- No. of ministries: 15 (2008)
- No. of ministers: 16 (2008)

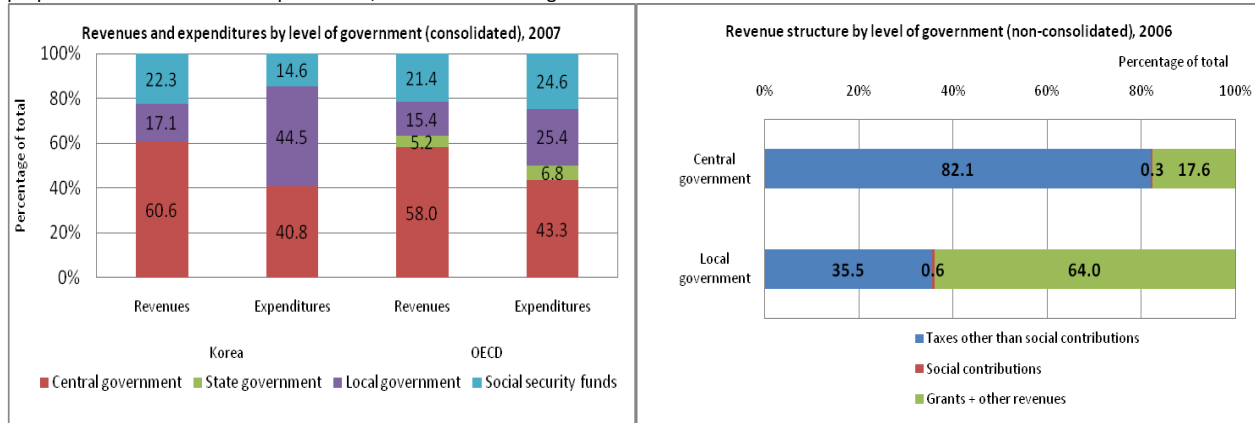
**STATE STRUCTURE: Unitary**

Revenues and expenditures as a share of GDP have gradually increased since 2000 as the Korean government has developed a social safety net. Despite these increases, Korea still has one of the lowest expenditures to GDP ratios among the OECD. The Korean economy has been affected by the global fiscal crisis, which has tempered the strong GDP growth experienced in the earlier part of the decade. Faced with a marked slowdown, in 2008 the government implemented a supplementary budget and tax rebates totalling almost 1% of GDP, to be followed by cuts in personal and corporate income tax rates in 2009-10. Total production costs of goods and services funded by government as a share of GDP are lower in Korea than the OECD average, reflecting, in part, the low overall level of expenditures as a share of GDP.



Source: OECD National Accounts and Economic Outlook. [\[Revenues\]](#) [\[Expenditures\]](#) [\[Production costs\]](#)

Compared to other OECD countries, local governments represent a large share of total expenditures. However, most of local government revenues are grants or transfers from the central government; only 36% of revenues are raised by taxes. Social security funds account for a much larger proportion of revenues than expenditures, which is rare among OECD countries.



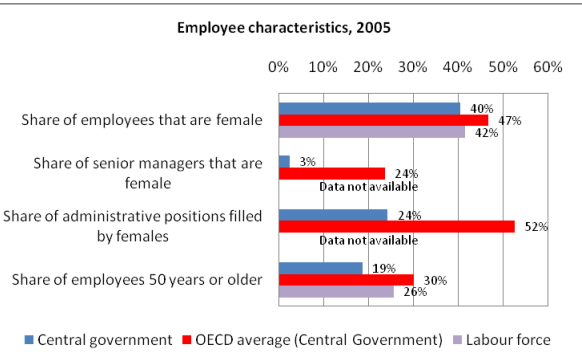
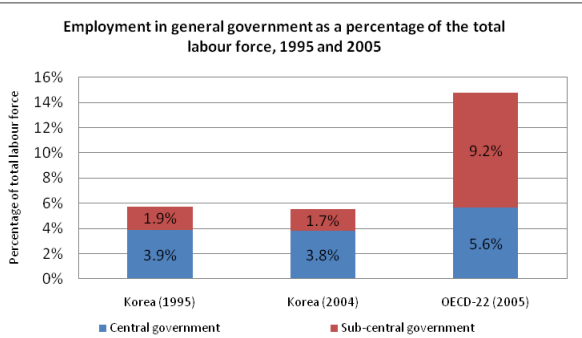
Source: OECD National Accounts [\[Revenues\]](#) [\[Expenditures\]](#)

The structure of Korean government expenditures is somewhat different than the average OECD country, with a much higher share of expenditures devoted towards defence and economic affairs balanced by a low share of resources devoted to social protection. Compared to the central government, local governments are mainly responsible for education, environmental protection, and housing and community amenities. In addition, a large portion of local government expenditures are devoted to economic affairs, general public services and social protection. While the largest proportion of central government expenditures go towards economic affairs, defence and health are also the main responsibilities of central government.

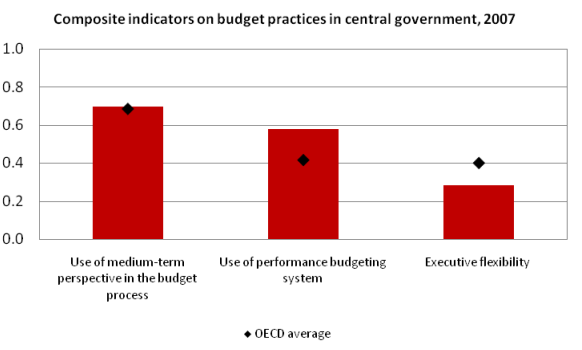
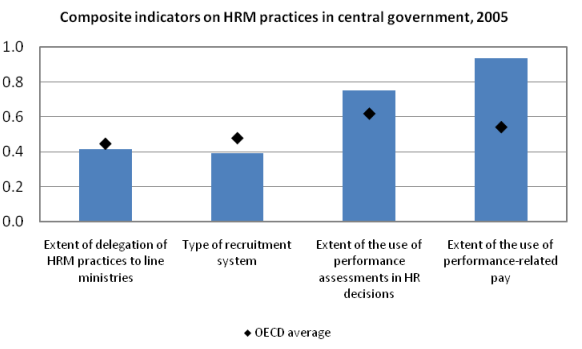
Expenditure structure by function of government (non-consolidated), 2006	Korea		OECD-26	
	Central government	Local government	General government	General government
Share of total				
General public services	15.2%	14.0%	13.2%	13.8%
Defence	17.5%	0.1%	9.2%	3.4%
Public order and safety	6.0%	1.8%	4.7%	3.8%
Economic affairs	33.2%	21.8%	21.3%	10.6%
Environment protection	1.1%	5.9%	3.2%	1.7%
Housing and community amenities	1.6%	7.8%	3.9%	2%
Health	13.7%	4.6%	13.5%	15.1%
Recreation, culture and religion	2.0%	4.8%	2.9%	2.6%
Education	6.0%	28.3%	15.7%	12.9%
Social protection	3.9%	10.9%	12.4%	34.2%

Source: OECD National Accounts [\[General government\]](#) [\[Central, state and local\]](#)

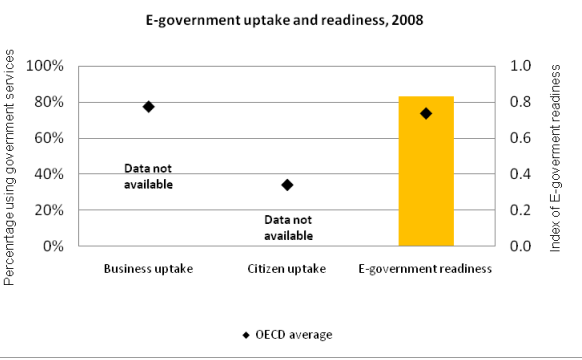
**GOVERNMENT EMPLOYMENT: SIZE AND CHARACTERISTICS**



**COMPOSITE INDICATORS: PUBLIC MANAGEMENT PRACTICES**



**E-GOVERNMENT**



Government employment as a percentage of the total labour force is the second lowest among all OECD countries (after Japan). It stood at 5.5% in 2004, a slight reduction from 1995. However, government employment in absolute numbers has increased, just to lesser extent than overall increases in the size of the labour force. Government employment is highly centralised as more than two-thirds of government employees work at the central level. The central government workforce includes teachers and police officers; these groups account for 75% of the central government workforce.

Source: *OECD Comparison of Employment in the Public Domain Survey and Labour Force Survey*  
[\[General government employment\]](#) [\[Distribution by level\]](#)

Females represent roughly 40% of the central government workforce, very close to their participation rate in the general labour force. Within central government, one-quarter of all administrative positions are filled by women, half of the OECD average (53%). At the same time only 2.5% of senior managerial positions are filled by women, the second lowest among OECD countries. An ageing workforce is less of a problem in Korea, where workers 50 years and older represent less than one-fifth of central government staff, somewhat lower than their ratio in the total labour force.

Source: *OECD Strategic HRM Survey and Labour Force Survey*  
[\[Female participation\]](#) [\[Ageing\]](#)

The Korean central government's HRM system is moving to a more open, position-based recruitment system, especially for managerial positions. The central government is also delegating more HRM practices to line ministries. There is a strong performance focus with the wide use of performance assessments and performance-related pay.

Source: *OECD Strategic HRM Survey*  
[\[Delegation\]](#) [\[Recruitment\]](#) [\[Performance management\]](#)

Like many countries, Korea has incorporated a medium-term budget perspective. Based on prudent economic growth projections, the plan determines the annual overall expenditure levels over a 5 year period, allocated among the 14 major sectors of government spending. These levels are enforced in annual budget appropriations via a top-down system that assigns firm spending ceilings to line ministries. Lower-level budgeting decisions are delegated to ministries with restrictions; aggregate expenditures must remain within assigned ceilings. Accountability is ensured through the performance management system, which is strong in comparison to other countries.

Source: *OECD International Budget Practices and Procedures Database*.  
[\[Medium-term\]](#) [\[Performance budgeting\]](#) [\[Executive flexibility\]](#)  
 OECD Journal on Budgeting: [www.oecd.org/gov/budget/journal](http://www.oecd.org/gov/budget/journal)

Overall, Korea exhibits a high-degree of e-government readiness – one of the highest among OECD countries. It is characterised by an extensive broadband infrastructure (one of the best among OECD countries), an educated population and a high number of government services available on line. In addition, the government has developed a “National Information Plan (2008-2012)” to improve Korea's existing information policies. In order to implement the Master Plan, it plans to select 205 key tasks, which the National Information Strategy Committee, a public-private partnership, will manage. The Master Plan will enhance Korea's e-government services and strengthen its national competitiveness in the mid- and long-term.

Source: *United Nations E-Government Readiness Knowledge Base, Eurostat*.  
[\[Readiness\]](#) [\[Uptake\]](#)  
[\[OECD E-Government Publications\]](#)

**INTEGRITY**

**Types of information central government decision makers are required to disclose and level of transparency, 2009**

Requirements for disclosure	President	Prime Minister	Minister	Lower House Legislators
Assets and liabilities	DP	DP	DP	DP
Loans	DP	DP	DP	DP
Sources and level of income	DP	DP	DP	DP
Outside positions	DP	DP	DP	DP
Gifts	DP	DP	DP	DP
Previous employment	DP	DP	DP	DP

D= Disclosed; DP= Disclosed and publicly available; ND= Not disclosed; NA= Not applicable.

Compared to other OECD countries, Korea requires key elected officials from the executive and legislative branches in the central government to disclose and make publicly available a significant amount of information about their private interests. Notably, officials must disclose their previous employment to the public when they are nominated to the post or when they run for re-election. To further minimise potential conflicts of interest, Korea introduced a Blind Trust Management system in the executive branch in 2006. Under this system, decision makers in the executive place their investments in a trust for the duration of their tenure in government.

*Source: OECD Survey on Integrity*  
[\[Disclosures\]](#)

**REGULATORY MANAGEMENT**

**Requirements for Regulatory Impact Analysis (RIA) processes used by central governments**

	2005	2008
Quality reviewed by body external to Ministry preparing rules	Yes	Yes
Required for draft primary laws	Always	Always
Required for draft subordinate regulations	Always	Always
Required to quantify costs	Only for major regulation	Only for major regulation
Required to quantify benefits	Only for major regulation	Only for major regulation
Required to publicly release results	Always	Always

The 2005 and 2008 surveys of Indicators of Systems of Regulatory Management examined the extent of governance practices designed to improve the quality of regulation in OECD countries. Among the most important practices are: the use of regulatory impact analysis (RIA) to assess the cost and benefits of new regulation and the institutional oversight of the quality of regulations; and the design of programs to reduce the costs of administrative activities on business and citizens.

Korea has adopted many of the key elements recommended in the OECD *Guiding Principles for Regulatory Quality*. The Internet is used extensively to improve access to regulations, and is linked to efforts to reduce administrative burdens. For example, Korea reports operating a website where citizens and businesses can make suggestions and demand improvements to regulations. Korea does not have a comprehensive measure of administrative burdens. However, it did a pilot survey on administrative burdens on housing in 2008, establishing quantitative and qualitative targets for burden reduction.

*Source: OECD Survey on Regulatory Management.*  
[\[RIA\] \[Administrative simplification\]](#)  
Regulatory Management Indicators: [www.oecd.org/regreform/indicators](http://www.oecd.org/regreform/indicators)  
EU 15 reviews on Regulatory Reform: [www.oecd.org/gov/regref/eu15](http://www.oecd.org/gov/regref/eu15)  
Background reports on Regulatory Reform: [www.oecd.org/regreform/backgroundreports](http://www.oecd.org/regreform/backgroundreports)

**Extent of programs for reducing administrative burdens at the central level of government**

	1998	2005	2008
Explicit programme exists	No	Yes	Yes
Includes quantitative targets	No	Yes	Yes

**Production costs** are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, the costs of goods and services produced by private entities funded by government (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

**Structure of government expenditures:** Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2009*.

**Employment characteristics:** The OECD averages refer to the following number of countries:

- Share of employees that are female: OECD-23
- Share of senior managers that are female: OECD-22
- Share of administrative positions filled by females: OECD-17
- Share of employees 50 years or older: OECD-25

**HRM Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- **Delegation index** gathers data on the delegation of determining the number and types of posts needed in an organization, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- **Type of recruitment system index** includes policies for becoming a civil servant in general (*e.g.* competitive examination or direct application) and for recruiting senior civil servants, and systems for appointing entry-level positions and for allocating posts across departments. This index describes a spectrum of recruitment systems in place in OECD member countries. Countries scoring closer to 0 have career-based systems whereas countries scoring closer to 1 have more position-based systems. The index does not evaluate the performance of difference systems.
- The **performance assessment index** indicates the extent to which it is used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.

**Budget Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- The **medium term budget perspective index** contains information on whether countries develop and present multi-year expenditure estimates in the annual budget, the number of years the estimate covers, how often estimates are updated; and whether there are multi-year targets or ceilings and how often these are revised. This index measures the extent to which countries have developed a medium-term perspective in their budget process. However, it does not evaluate whether this perspective has been effective at achieving budget outcomes such as fiscal discipline and allocative efficiency.
- The **performance budgeting index** contains information on what type of performance information is developed; the processes for setting goals and targets; the process for monitoring and reporting on results; and if and how performance information is used in budget negotiations and decision making processes by key actors including the central budget authority, the line ministries and politicians. This index examines the degree to which OECD member countries have put a performance budgeting system in place. However, it does not measure how successfully these systems operate in practice.
- The **executive flexibility index** contains the following variables: the extent to which lump sum appropriations are used; the number of line items in the budget; agencies' ability to carry-over unused budget allocations between years, borrow against future appropriations, reallocate between line items and keep efficiency gains; and constraints on the executive's ability to increase spending during budget execution. This index looks at the different levels of flexibility provided to the executive during budget execution. However, it does not measure whether this flexibility is used effectively or appropriately.

**E-Government:**

- The **UN e-government readiness index** ranges between 0 (low level) and 1 (high level). It measures the capacity of governments to implement and develop e-government services. Developed within the framework of the UN global e-government survey, the indicator consists of three sub-indices: (1) the web measure index, (2) the telecommunication infrastructure index and (3) the human capital index. The web measure index ranks countries based on the coverage, sophistication and availability of e-services and e-products. The index categorizes countries as having either an emerging, enhanced, interactive, transactional, or networked e-government presence. The telecommunication infrastructure index is a weighted average of 5 measures of ICT infrastructure capacity: PCs/100 persons, Internet users/100 persons, Telephone lines/100 persons, Broad-banding/100 persons and Mobile phones/100 persons. The human capital index is a weighted average of the adult literacy rate (two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (one-thirds weight).
- The e-government take-up by citizens indicator measures the percentage of individuals (aged 16-74) who used the Internet to interact with public authorities in the 3 months preceding the survey. Data are collected through Eurostat's annual Community Survey on ICT Usage in Households and by Individuals, and are only available for European countries.
- The e-government take-up by businesses indicator measures the percentage of enterprises using the Internet to interact with public authorities. Only businesses with 10 or more employees are included. Data are collected by national statistical offices based on Eurostat's annual Model Survey on ICT Usage and E-commerce in Businesses.