



Improving Public Management Effectiveness through **CoPLAC-MfDR**

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What and Why?

◆ Why **Community of Practice(COP)** ?

- **Globalization**: The world is flat. One World
- **Key for success: knowledge sharing globally**
 - Learning from other's experience (success stories, failure lessons)
- **Network**
 - within Country
 - More with others

=> Very important to participate in CoPLAC-MfDR

Why Korea?

◆ Korea's **unique development experiences**

- Rapid development (less than 60 years)
 - From underdeveloped country → a top 10 trading economy & global leader in ICT
- Korea knows how to do & what to do from experience

◆ **Network with Korea**

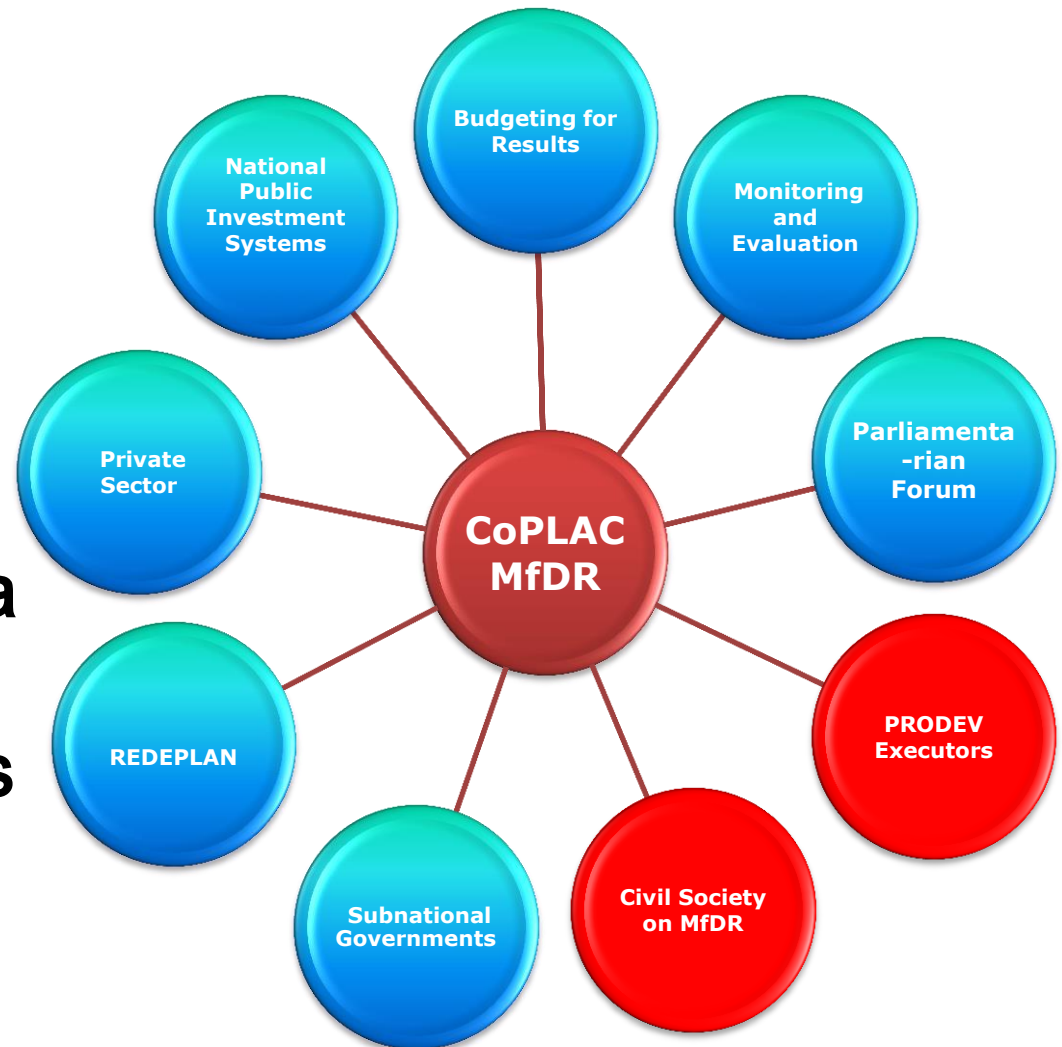
- Korea's best practice → to LAC
- LAC's best practice → to Korea, Asia, and other countries

=> Benefits from getting together

Korea's Involvement

◆ Korea--especially the MOSF--has been highly involved in **CoPLAC's activities**

◆ **Since 2007**, Korea has participated in most of the networks (except the red ones)



Korea's Involvement Continued

- ◆ As an active participant of CoPLAC,
 - Korea provides both **human and other resources capital** to support **7 clusters** within CoPLAC
- ◆ Korea frequently participates in meetings for
 - **Medium-term Expenditure Framework** in LAC, including **4 meetings** held in Seoul

Korea's Involvement Continued

- ◆ For the National Public Investment System,
 - Korea shares its **preliminary feasibility test standards and methods**
- ◆ Korea Institute of Public Finance (KIPF) actively participates in
 - the **Monitoring & Evaluation cluster**

Korean system for Public Management

Pre

Mid-Term Exp.
Framework

Preliminary
Feasibility
Study

Performance
Plan

During

PI Board

Budget
Execution rate
check

Budget Waste
Report Center

Post

Performance
Report

Budgetary
Program
Assessment

In-depth
Evaluation

Digital Budget & Accounting System

Korea's Fund Support to IDB

Name	Amount (\$ Million)
KPK	50
KPR	40
Korea IIC – SME Development	50
KPC	40
MIF	<u>60</u>
TOTAL	240
CoPLAC	<u>2.2</u>
TOTAL	242.2

Examples of Korea's Participation: 1

1. The planning network participated in the last meeting of the *REDEPLAN*, July 2013 in the Dominican Republic.

Vice-Minister Suk Joon Lee presented:

**Experience of Korean Economic Success –
Linkage Between Planning and Budgeting**

Linkage Between Planning and Budgeting

Four Major Fiscal Reforms :

- ① **Mid Term Expenditure Framework(MTEF)**
 - expansion of time horizon of fiscal management
- ② **Top-Down Budgeting**
 - strengthen management of fiscal aggregates
 - prioritize resources allocation across sectors
- ③ **Performance-Based Budgeting**
 - shift from input control to output control
- ④ **Digital Budget & Accounting System**
 - integrated financial information, real-time monitoring

Lessons Learned

How did Korea succeed?

① Strategic targeting (**Planning**)

- Items that Korea can do the best in the world.
- Not that other countries can do the best.

② Mobilizing resources (**Financing**)

- Human resources
- Capital (Policy Loans to the private sector)
- Incentives (Tax, Interest rate, Foreign exchanges, etc)

③ Taking action (**Leadership**)

- President, Gov't, Congress, even ordinary people

Examples of Korea's Participation: 2

2. In the meeting of the Parliamentarian Forum, September 2012 in Chile.

**Kim Hack Yong, Vice President ,
Special Committee on Budget and Accounts,
National Assembly presented:**

**The Budget Deliberation Support Organizations of
the Korean National Assembly**

Purpose:

- The case study of Korean National Assembly's budget deliberation support organizations gives useful ideas to Latin American and Caribbean countries.
- The Korean case may offer insights and ideas than any other OECD cases.
 - Korea has a presidential system.
 - It succeeded in establishing political democracy and rapid economic development in a short time.

Lessons Learned



- Building up parliamentary capacity by expanding **budget deliberation support organizations** is necessary in principle. However, there are, in reality, a number of limitations. The political environment needs to be **conducive to giving the parliament more powers and capabilities**. There should also be a nationwide consensus that the administration's **fiscal activities need to be transparently controlled by the parliament**.
- In this regard, the strategy adopted by the Korean case may offer some important insights. Perhaps the most important one is this: the strategy involved establishing legislative support organizations for budgets **at a small scale** and then **expanding them step by step** through the years as they became more capable.

Examples of our participation: 3

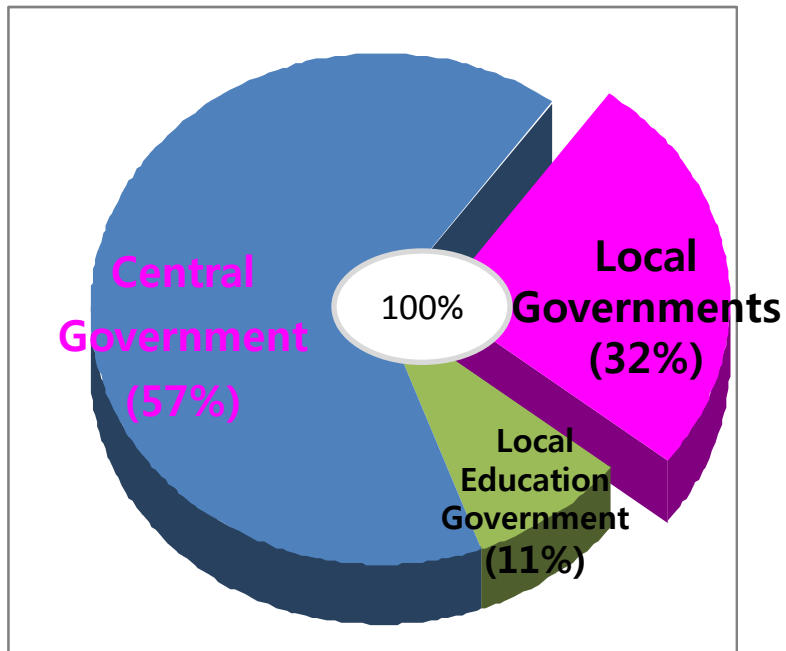
3. Last meeting of the Subnational Network, October 2013 in Guatemala.

Lee, Yong-Chul, Director of Local Finance Policy Division, Ministry of Security and Public Administration (MOSPA) presented:

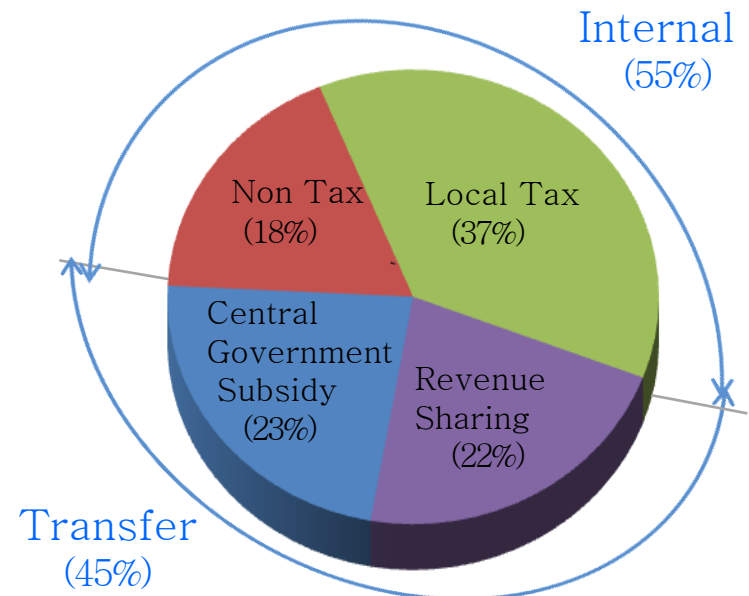
Linking Between Budgeting and the Public Investment System at Sub-national Level in Korea

Overview of Finance & Public Investment in Korean Local Government

< Distribution of National Revenue >



< Composition of Local Revenue >



Lessons Learned

Challenges and Issues

- Making **fiscal statistical information** on local public finance more transparent, understandable and comparable is important
- **Relevance of performance indicators** are practicability of performance targets should be checked
- **The leadership of high level officials** (particularly governor and local assemblymen)
- **Decentralization** has a potential to make local governments more efficient, transparent and responsible for residents or voters

Next Steps

Future Commitments:

The MOSF will continue to support the CoPLAC activities specially in the following areas:

- Fiscal Policy
- Planning
- Budgeting
- Monitoring and evaluation
- State-owned enterprise
- Public investment
- Performance Management
- Public-Private Partnership

Thank you

Working together is a win-win!



Sharing knowledge is a learn-learn!

Gracias!

감사합니다
gamsahabnida!