

The Evaluation of Participatory Budgeting: a Case Study of Jeju, South Korea

School of Sociology and Social Policy,
The University of Nottingham

Kim Chongwhan

Submitted in part-fulfilment of the Degree
of Masters of Public Administration

December 2015

ACKNOWLEDGEMENT

I¹ would like to express my gratitude and appreciation to all who gave me the opportunity to complete this research. My special thanks go to Dr. Pauline Jas, my supervisor and professor at the University of Nottingham for her invaluable advice and guidance, Dr. Kim Dong Young, my Professor at Korea Development Institute School, for inspiring me to develop my topic.

I would like to thank to Woo Keun Min and Won Hee Ryong, the former and incumbent Governors of Jeju Special Self-Governing Province, for giving me a long-term overseas training opportunity, Kang Seung Soo, Head of Jeju Human Resource Development Centre and the person in charge for supporting overseas training, Park Yoon Gi, Chairperson of the Jeju Labour Relations Commission and my colleagues for encouraging me to study overseas.

Finally, I am very grateful to my wife, Pu Mi Ja, my daughter and son, Kim Dasom and Hyong Kyu, for always cheering me up and stood through the good times and bad.

¹ The author is an investigator in Regional Labour Relations Commission, Jeju Special Self-governance Province.

Abstract

South Korea expanded citizen participatory budgeting across the country on a legal basis in 2011. More than half of local municipalities including Jeju Province established participatory budgeting since then. This is an intrinsic, exploratory case study of Jeju local municipality. The objective of this dissertation is to seek for fundamental conditions for effective participatory budgeting by analysing and evaluating the institutional design and implementation process of participatory budgeting in Jeju Province. The study focuses on the scope of participation, the extent of empowerment, the mode of communication and decision, and the political willingness and capacity of local government and civil society. Fung's (2006) Democracy Cube and other relevant theories are employed as analytical tools to assess and interpret various indicators reflecting characteristics of the Jeju Participatory budgeting.

The findings suggests that although the national expansion of participatory budgeting has contributed to the establishment and stable operation of participatory budgeting it does not guarantee the desirable outcome in all municipalities. The Jeju case suggests that the political willingness and capacity of local government and civil society are the most decisive conditions for effective participatory budgeting, along with institutional design supporting the empowerment for residents. The different level of political willingness and capacity explains why participatory budgeting varies in different municipalities in similar legal environment, in terms of institutional design and process, outcomes, and impacts on democratic values.

Table of Contents

Acknowledgement	i
Abstract	ii
Chapter I Introduction	1
Chapter II Theoretical Frameworks of Participatory Budgeting	6
1. Introduction	6
2. Concept of Participatory Budgeting	6
3. Institutional Design for Participatory Budgeting	9
4. Conditions for Effective Participatory Budgeting	13
5. Conclusion	14
Chapter III A Historical Background of Participatory Budgeting in South Korea	17
1. Introduction	17
2. A Historical Background of Participatory Budgeting in South Korea	17
3. A Brief History of Participatory Budgeting in South Korea	22
4. Conclusion	25

Chapter IV A Case Study of Participatory Budgeting in Jeju	27
1. Introduction	27
2. The Participatory Budgeting Model of jeju	27
3. Conclusion	34
Chapter V Evaluation	36
1. Introduction	36
2. Evaluation Framework	36
3. Evaluation	38
4. Discussion and Conclusion	49
Chapter VI Discussion and Conclusion	52
Bibliography	59

Chapter I. Introduction

Budget is a core part of governance. A budget is “government in miniature” (Franklin et al., 2009, p. 52). It is a blueprint for implementation of government public policy. The budget is important to the public because the resources of budget mainly come from taxpayers’ money. Public projects and public services are closely related to their lives as well as service providers’ interests. Citizens rightfully expect public budget to be fair, equitable, and transparent.

However, the traditional budgeting system has some limitations to meeting the demand of citizens. The budgeting process as well as inputs and outputs are in the black box (Wampler, 2000; Tanaka, 2007). A handful of government officials and elite technocrats exercise a monopolistic authority over budgeting process (Wampler, 2000; Kwon, 2013). As a result, the developing countries suffered from political legacies of clientelism, social exclusion, and corruption as seen in Brazil, leading to leakage and waste of resources, and interference with the delivery of public services (Wampler, 2000; Tanaka, 2007).

Participatory budgeting is an innovative experiment to overcome the limitations of traditional budgeting. It is “a process through which citizens presents their demands and priorities for civic improvement, and influence through discussions and negotiations the budget allocations made by their municipalities” (Bhatnagar et al., 2004, p. 1). Since its inception in Porto Alegre, Brazil, in 1989, participatory budgeting has been rapidly growing in municipalities across the world (Sintomer et al., 2010).

In the Republic of Korea (hereafter, South Korea), participatory budgeting was first established in the Buk-gu District of Gwanju Metropolitan City, and then it became legally compulsory for all municipalities in 2011. However, not all experimental reforms have brought about positive outcomes. Many scholars have found the positive impacts of participatory governance, but there is so far still little empirical evidence on a causal link between participatory governance and desirable outcome (Speer, 2012, p. 2382). In this

regard, the main concern is what impact the national expansion of participatory budgeting in South Korea has had on the process of institutional establishment in municipalities with similar legal framework.

Research topic and research questions

This dissertation critically analyses and evaluates the participatory budgeting of the Jeju Special Self-governing Province (hereafter, Jeju Province or JSSP) in South Korea, focusing on institutional design and process. The participatory budgeting in Jeju is neither a role model nor a success case. There are two significant reasons for selecting Jeju Province as a case study. First, unlike front-runners such as Districts of Buk-gu and Dong-gu in which the mayors pushed for participatory budgeting with strong political will (Choi, 2009; Sintomer et al., 2010), Jeju Province was prompted to launch participatory budgeting by the government announcement of national expansion plan in 2011. This research may help address various challenges to Jeju Province relatively with weak political willingness. Second, the Jeju case has optimum conditions for looking into various issues and challenges occurring in the initial stage of participatory governance, as it is only 3 years since the inception of the institution.

The main purpose of the research is:

- ♦ To analyse and evaluate the institutional design and process of participatory budgeting of Jeju Province, focusing on scope of participation, extent of empowerment, mode of communication and decision, and political willingness and capacity of local government and civil society
- ♦ To contribute to the ongoing institutional reform discussion in Jeju Province in practical terms, as well as extant literature and future study on the evaluation of participatory budgeting

In order to achieve the research purpose, the dissertation addresses the following research questions:

- ♦ What impact has the national expansion of the institution in South Korea had on the institutional design and operation of the participatory budgeting in Jeju Province?
- ♦ Are members of the Neighbourhood Councils and Participatory Budgeting Council representative of the local community in Jeju?
- ♦ To what degree are participants in budgeting process empowered to deliberate and make decisions on priorities and resource allocation?
- ♦ Is the mode of communication and decision designed to respond to preferences of residents in the budgeting process?
- ♦ What influence have the political willingness and capacity of local authority and civil society had on the institutional setting and practical operation of participatory budgeting?
- ♦ What are key challenges and factors for effective participatory budgeting of Jeju Province?

Research design

This dissertation is an intrinsic, exploratory case study of Jeju local municipality which adopted participatory budgeting in 2011. The study is to evaluate the participatory budgeting model of Jeju Province in terms of institutional design, implementation process, and outcomes. The research uses theoretical frameworks such as Fung's (2006) "democracy cube" as an analytical tool for assessing the institutional design and process. According to Van Evera (1997, p. 55), a case study is useful in testing theories and explaining cases of intrinsic importance. An evaluation framework has been developed

for this study on the basis of literature review. This analytical mechanism is expected to help analyse and assess various indicators related to key issues raised in the Jeju case.

The dissertation is to undertake secondary research, analysing existing data including a range of official documents and publications, information posted on the website of Jeju local government, and the 2012 Survey conducted by the Jeju Development Institute. The research will only evaluate inputs and outputs, and institutional design and process in the early phase of 2011 to 2013 for serving the research purpose. The assessment on the impact of participatory budgeting on democratic values such as legitimacy, justice, and effectiveness is excluded in the research due to limited data and time constraints.

Chapter II addresses conceptual and theoretical frameworks through literature review. They provide insights into varieties of citizen participation, and further helps identify key issues and analytical tools of participatory budgeting. Chapter III provides the political and historical background of participatory budgeting in South Korea. Then it discusses main contributing factors for introducing participatory budgeting, including the growth of civil society and three major events in the process of democratisation.

Chapter IV deals with the Jeju case. It briefly reviews the historical, socio-political environment surrounding the participatory budgeting of Jeju. Then it analyses key issues of the participatory budgeting in Jeju Province, based on the legal framework of the ordinance and data, including institutional framework and budgeting process, the relation with mainstream budget process, inputs and outputs in 2011 to 2012.

Chapter V critically evaluates the Jeju case, focusing on institutional design and budgeting process in depth by analysing and assessing key indicators. The evaluation framework based on main theories is presented for analysing and assessing the Jeju case. In order to answer the research questions, evaluation focuses on four issues including representativeness, empowerment, communication/decision, and political willingness and capacity. Chapter VI discusses key issues of the Jeju model raised in the Chapter V including positive impacts, key challenges and implications for effective

participatory budgeting. Based on the analysis and evaluation, the Jeju model is presented in a form of diagram as a conclusion by placing it within the three dimensions of democracy cube. Then, policy recommendations are presented for institutional reform for the future along with suggestion on future studies

The conclusion suggests that the national expansion of participatory budgeting across the country in South Korea has caused various challenges to municipalities although it has contributed to diffusing and sustainability of the institution by laying the legal foundation. It highlights the importance of the political willingness and capacity of local government and civil society.

Chapter II. Theoretical Frameworks for Participatory Budgeting

1. Introduction

This chapter addresses conceptual and theoretical frameworks to support varieties of citizen participation in complex governance, focusing on participatory budgeting. The aim of the chapter is to discover key issues and influencing factors by discussing relevant literature on participatory governance, including key concepts and four normative perspectives of participatory governance, institutional design models for analysing varieties of participation, and the conditions and challenges for effective participatory budgeting.

Overall, the reviewed literature suggests that the impact of participatory governance on outcomes remains to be proven. Moreover, various theoretical models provide a clue to the research questions and an analytical tool for evaluating the institutional design and process of Jeju participatory budgeting in South Korea.

2. Concept of Participatory Budgeting

Public or citizen participation is defined as “the processes by which individuals, organisations and informal groups, who are not formally associated with the government, are directly engaged in democratic governance and decision-making related to public policies or public programs” (Amirkhanyan et al., 2013, pp. 3-4). Participatory budgeting is a leading citizen participation programme under the participatory governance “for tackling the problems linked to the scarcity of resources and for enhancing accountability and responsiveness of local governments to the needs of the citizens” (Kim, 2014, p. 1).

Participatory budgeting, has increasingly received strong attention since the early 1990s (Ebdon and Franklin, 2006). The main reason for promoting the adoption of participatory governance mechanisms across the world is largely related to socio-political change in

public governance paradigm along with democratic development. The limitation of traditional public management has brought about widespread decentralisation in UK and USA in 1980s (Skelcher, 2000; Aberbach and Christensen, 2005). The wave of re-democratisation sweeping through Latin America and Eastern Europe has been accompanied by political and financial decentralisation to sub-national governments (Souza, 2001, p. 159). As a result, many local governments have adopted citizen participation mechanisms. Participatory budgeting in Porto Alegre, Brazil, is a good example of both re-democratisation and decentralization (Souza, 2001, p. 160).

However, a number of studies show that decentralisation programmes have had mixed results (Devas and Grant, 2003). The wave of decentralisation in Latin America in the 1980s produced "a harvest of innovations" (Campbell et al., 1991, p. 44), but the political and administrative mechanisms to ensure accountability at the municipal level were inadequate. Crook and Manor's (1995) study in South Asia and West Africa also indicates that while decentralisation increased participation, it had no positive impact on the responsiveness to poor and vulnerable group. This raises a question why participatory governance in different countries does not achieve positive results in the similar legal framework.

Normative perspectives

Participatory budgeting is not a neutral political framework (Souza, 2001; Goldfrank, 2007; Speer, 2012). It is a product of political preference as part of normal partisan competition (Goldfrank, 2007). Political leaders attempt to adopt and design participatory budgeting mechanism for multiple purposes, including gaining electoral support, weakening opponents, consolidating alliance, and achieving ideological commitments. Allegretti and Herzberg (2004) also view participatory budgeting as a strong political-ideological project by the political Left, and a possible alternative way to governance in times of neo-liberalism.

Goldfrank (2007, pp. 8-9) presents four normative perspectives on participatory budgeting: radical democratic, orthodox left, liberal and conservative perspectives. While political leaders with radical democratic and liberal perspectives are in favour of adopting participatory budgeting, conservatives and orthodox left have negative views.

The early ideological motivation of adopting participatory budgeting stems from a radical democratic perspective (Goldfrank, 2007). The reason for implementing participatory budgeting is closely related to re-democratisation and political change for democracy in Latin America. In 1989 after a long-standing period of repressive military dictatorships, participatory budgeting was first presented by the Workers' Party in Porto Alegre, Brazil. They needed to replace traditional instrument with a new public governance to consolidate and deepen democracy. There was a political belief that participatory budgeting would help re-legitimize the state by showing that the government could be effective, redistributive, and transparent. Similarly, liberals consider participatory budgeting as a means of public sector reform like privatisation and restructuring as it helps improving local governments' efficiency. Both radical democratic and liberal approaches are proponents of participatory budgeting, but they have different perspectives on its role. While the former views participatory budgeting as legitimating the role of the state, the latter sees it co-existing with strategies for reducing the role of the state (Goldfrank, 2007).

In contrast, orthodox left criticises participatory budgeting as it is utilised as a means of helping the bourgeoisie out of the crisis of capitalism by teaching the public to cooperate with elites (Goldfrank, 2007). Likewise, conservatives view participatory budgeting as a threat to stability of representative democracy. Conservative perspective on participatory budgeting sees it as anti-democratic rather than deepening democracy for two reasons (Goldfrank, 2007). They sees participatory budgeting as aimed at replacing representative, multi-party democracy and capitalism with single-party socialist in collaboration with the masses.

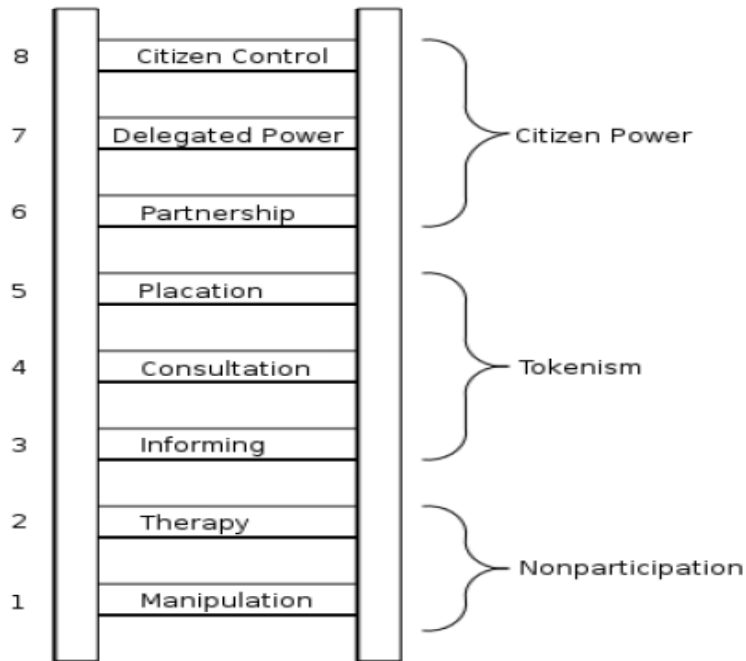
However, Fung (2006, p. 66) argues that participatory governance mechanisms are not a strict alternative but a complement to representative democracy. The reason behind the assertion is that citizen participation can operate in synergy with representative democracy as it can produce more desirable outcomes through collective decision making and action. It is a controversial issue whether participatory budgeting undermines representative democracy or not. It is closely linked with the institutional design on how to establish the relation with the traditional Council.

3. Institutional Design for Participatory Budgeting

Arnstein (1969) developed a typology of citizen participation in her essay, "A ladder of citizen participation." Arnstein (1969, p. 216) perceives citizen participation as citizen power, arguing "it is the redistribution of power that enables the have-not citizens, presently excluded from the political and economic processes, to be deliberately included in the future". It is the strategy of ordinary citizens to join in determining information sharing, goal or policy setting, distribution of tax resources and implementation of programmes. It is a means of power redistribution. The institutional model is presented as a 'ladder' of empowerment with eight rungs: manipulation, therapy, informing, consultation, placation, partnership, delegated power, and citizen control (see Figure 1). Each rung corresponds to the extent of citizens' power in determining the end product.

The ladder of citizen participation theory is of great significance in that it provides an analytical framework for understanding complex citizen participation governance including participatory budgeting. It explains why there is "a critical difference between going through the empty ritual of participation and having the real power needed to affect the outcome of the process" (Armstein, 1969, p. 216).

Figure 1. The ladder of Citizen Participation

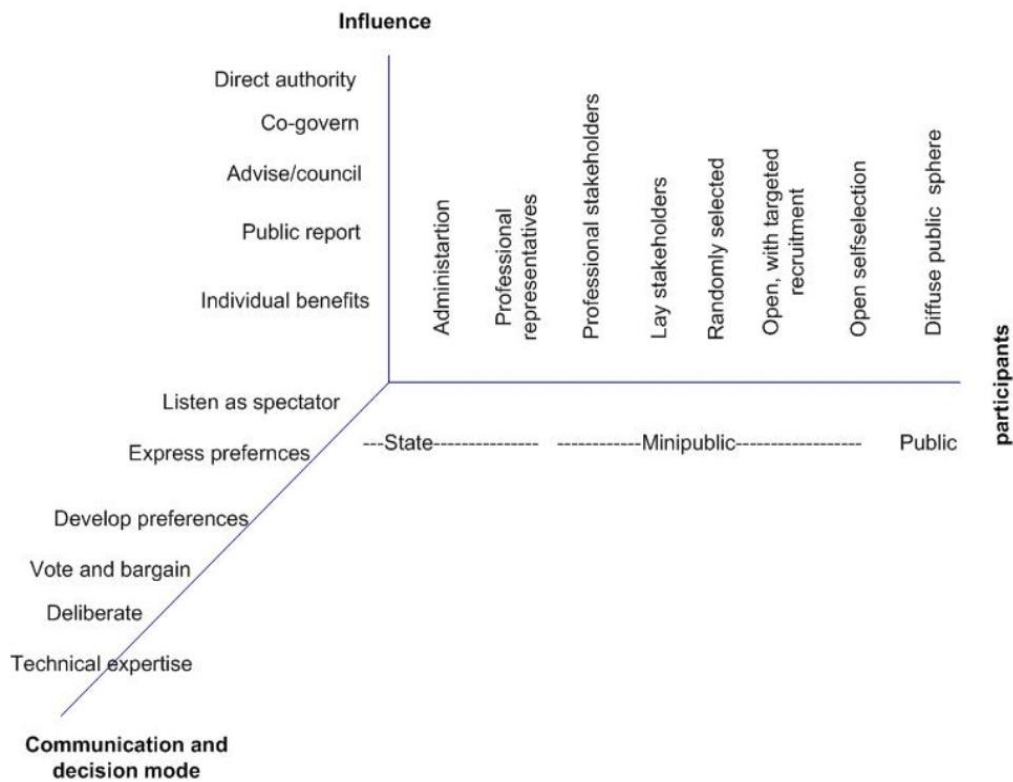


(Source: Arnstein, 1969)

Although perceiving Arnstein's (1969) classification as a useful correction to naïve enthusiasm for citizen participation, Fung (2006, p. 67) views it as "obsolete and defective" as an analytic tool for two reasons. First, citizen empowerment is highly desirable, but there are certain situations in which the consultative role is more appropriate for participants. Second, since Arnstein developed the theory there have been many advances in theory and practice of participation such as distinction between aggregative and deliberative decision and random selection of participants for facilitating meeting, and design technique for entire participation processes (Fung, 2006, p. 67).

Fung's (2006) democracy cube theory is another institutional framework for participatory governance under the assumption that the institutional design mechanism of citizen participation has three dimensions: the scope of participation, the mode of communication and decision making, and the influence of participation (See figure 2).

Figure 2. Fung’s (2006) Democracy Cube



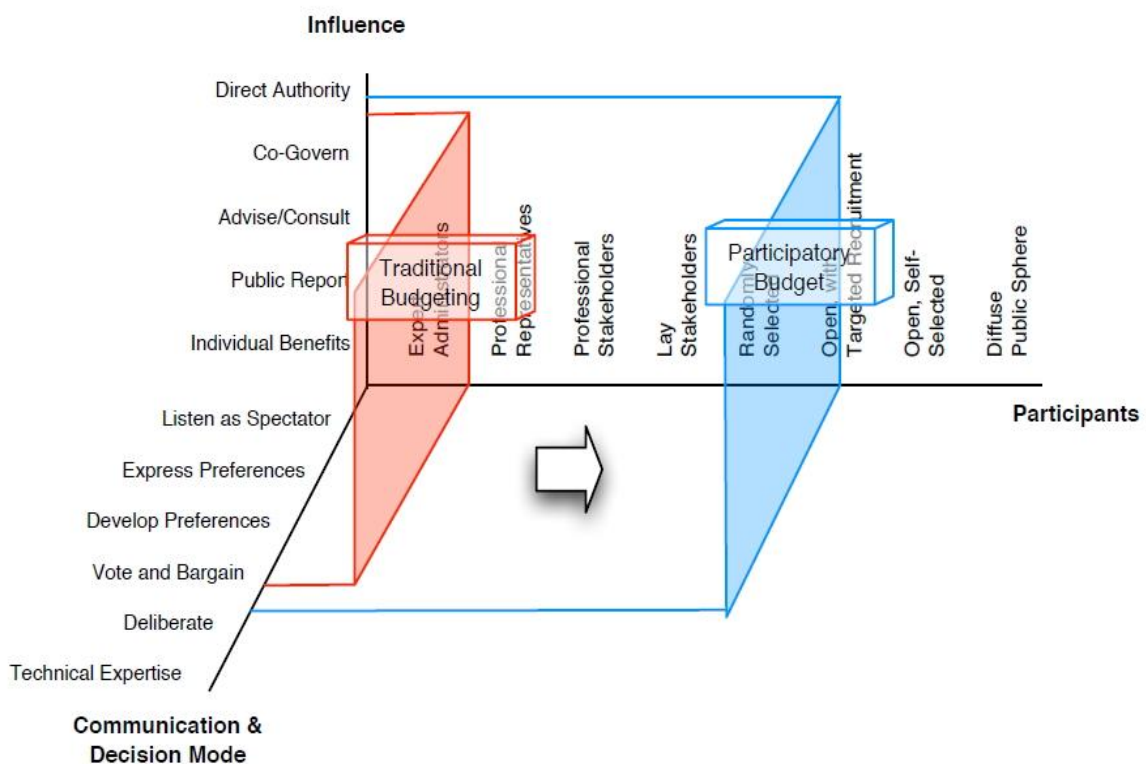
(Source: Fung, 2006)

Fung’s (2006) democracy cube model is assumed as a useful analytical tool to understand a diversity of participatory governance. While Arnstein’s (1969) ladder of citizen participation focuses on a single issue of citizen empowerment, Fung’s (2006) democracy cube overcame the limitation of the Arnstein’s model by subdividing the source of empowerment into three democratic values with different arrangements for effective participatory governance. As a result, it makes it possible to explain the varieties of participatory governance in the public sphere. A strong point of Fung’s (2006) model is that it makes it easy to analyse and assess the institutional design of a particular case in practice. Fung (2006) proved the practicality in his study by applying it to various cases in practice such as the participatory budgeting case of Porto, Alegre in Brazil and the Chicago policing case.

Another strong point is that democracy cube is suited to addressing contemporary governance problems such as legitimacy, justice, and effective governance (Fung, 2006,

p. 70). For example, the Porto case shows how participatory budgeting is expected to enhance justice by changing the actors with authority and power on making decision. Justice often results from political inequality as some groups are excluded and unorganised from agenda setting and decision-making (Fung, 2006, p. 70). This implies that justice can be improved by a shift of the scope of participation from closed expert financial bureau and city council to open ordinary citizens. In the framework of the democracy cube, the decision maker in budget distribution moves from expert administer once corrupted by clientelism to lay stakeholder or the randomly selected citizens as shown in Figure 3.

Figure 3. Democracy Cube for Participatory Budgeting



(Source: Fung, 2006)

Participatory budgeting in Porto Alegre in Brazil is a typical case that the substantive political objective has been achieved through a procedural reform (Fung, 2006, p. 17). The political goal is to shift public spending priorities from the wealthy areas of the city to poorer neighbourhoods and it has produced great outcomes. This raises a critical

question that what would happen to participatory budgeting if a new political party with different political ideology take control government. Participatory budgeting is not a one-off project, but necessary to be sustainable regardless of government paradigms. This highlights the significance of institutional establishment based on the rule of law.

4. Conditions for Effective Participatory Budgeting

One of the key issues is what makes a large variance in the degree of implementation of participatory budgeting reform. This implies that the establishment of legal frameworks for participatory budgeting do not necessarily guarantee the effectiveness of participatory budgeting (Speer, 2012, p. 2383). A larger number of studies have addressed the conditions for making participatory budgeting work as an accountability mechanism. The conditions may explain why citizen participation and outcome are diverse in the levels of participation in the similar legal framework. Goldfrank (2007, pp. 14-15) presented a list of pre-conditions for effective participatory budgeting, including political will, social capital, bureaucratic competence, sufficient resources, legal foundations and political decentralisation.

Speer (2012, p. 2383) focuses on two factors as the conditions for the effective participatory budgeting. First, the willingness of local government is an indispensable condition for effective participatory governance. The condition includes not only the willingness of the power holders but also the government's administrative, political, and financial capacities. In particular, Goldfrank (2007) highlights the importance of political will, a commitment of the incumbent party and especially the mayor to opening channels of citizen participation in order to share decision-making power.

Second, civil society should be willing and able to contribute to participatory budgeting program. Building social capital and strengthening civil society's solidarity has been seen as one of the best strategy to tackle local governance challenges (Teles, 2012, p. 21). Social capital can be defined as "features of social organization such as networks, norms,

and social trust that facilitate coordination and cooperation for mutual benefit” (Putnam, 1995, p. 2). It is a “structural feature of civil society” such as the number of civil society organisations and the strength of the ties between them (Speer, 2006, p. 2383). Tocqueville (1831, p. 153) emphasises engaged citizenship through solidarity to overcome the inherent weakness in a democratic society. Participatory governance necessarily involves civil society as a key stakeholder. A well-organised and active civil society is emphasised for enforcing participatory governance arrangements and bringing them to life. The absence of social capital can account for low level of citizen participation. Teles (2012, p. 21) argues that an appropriate institutional design for participatory governance enhances social capital. The direct involvement of citizens and civil society in public policy-making is regarded as a process of accumulating social capital, which is indispensable to deepening democracy.

Along with the pre-conditions for effective participatory budgeting, Goldfrank (2007) views institutional design as an important mechanism to influence outcome of participatory governance. The outcome may vary depending on how local government designs institutional setting such as informal or formal structure, mode of deliberation, centralised supervision, accessible rules and information. In particular, Goldfrank (2007, p. 15) emphasises that the rules governing the participatory budgeting process including the criteria for resources allocation and the way of decision-making, as well as all the budgetary and planning information necessary to make informed decisions and to monitor results should be both available to the public and provided in an accessible format.

5. Conclusion

This chapter has addressed theoretical frameworks for participatory governance, in particular, focusing on participatory budgeting. Three theoretical models have laid a solid foundation of participatory governance framework. They help answer the research

questions by providing an analytical tool for evaluating the participatory budgeting of Jeju Province in this case study.

First, Goldfrank's (2007) normative perspectives lay a theoretical foundation for understanding the political background of adopting participatory budgeting and dynamic relations between different ideological perspectives. Participatory budgeting is not a politically neutral framework. Different ideological, political perspectives account for varieties of institutional design in citizen participation framework. More importantly, political orientation and political willingness of the incumbent government can have a huge influence on the success or failure of participatory budgeting. Thus, they are considered as an important factor to be analysed for the evaluation in the case study.

Second, Arnstein's (1969) ladder of citizen participation provides a useful tool for analysing institutional design of participation. At worst, local government can make ill use of participatory mechanism discretionally according to their preferences if they have different political orientation. Reluctant local government can adopt a distorted type of participatory budgeting and manipulate it by designing the institutional framework simply as a token. Arnstein's (1969) theoretical model may help interpret what impact the national expansion of participatory budgeting in South Korea has had on the institutional design and implementation process of participatory budgeting system in municipalities with relatively weak political willingness.

Third, Fung (2006) provides an analytical tool for evaluating participatory budgeting. The model's advantage is to put any type of participatory governance in the analytical framework for evaluation. The features of three dimensions are a useful tool for evaluating and interpreting various factors by linking them to the impact on democracy values such as legitimacy, justice, and effectiveness.

A critical question here is why participatory governance does not guarantee positive outcomes despite robust theories and evidences. One presumption is that there are some conditions for effective participatory governance. The most decisive conditions are

the willingness of government and the capability of civil society based on social capital (Goldfrank, 2007; Speer, 2012). The other is that the different setting of institutional design can create different outcomes.

In conclusion, the theoretical frameworks of participatory governance lay a foundation for exploring key issues and providing a clue to research questions. Various theories and institutional models are expected to provide an analytical tool for evaluating institutional design and implementation process of Jeju participatory budgeting.

Chapter III. A Historical Background of Participatory Budgeting in South Korea

1. Introduction

In 2013, the International Budget Partnership (IBP) released the Open Budget Survey 2012 with a new section on public participation in the budget process. South Korea is the most outstanding country with a score of 92 “that provides extensive opportunities for public engagement during all phases of the budget process” (IBP, 2013, p. 33). The Survey also shows that South Korea is one of the top performers in budget transparency with the 2nd in Asia and the 9th place out of the surveyed countries. The results cannot be explained without discussing the process of democratic development in South Korea in the historical perspective.

This chapter addresses a historical background of participatory budgeting in South Korea, focusing on the issue of budget transparency and participation. The first half of the chapter discusses three key driving forces to bring about the appearance of participatory budgeting in South Korea: the transition to democracy, the appearance of liberal governments, and the growth of civil society. The second half deals with a history of participatory budgeting in South Korea including the process of the introduction, institutional establishment and nationwide expansion of participatory budgeting system. The conclusion indicates that political will, social capital, and the gradual institutionalisation have played a decisive role to establish participatory budgeting in South Korea.

2. A Historical Background of Participatory Budgeting in South Korea

Participatory budgeting in South Korea is a product of democratisation. It can be considered as part of social process in which key political stakeholders interact, adjust

and reach a social consensus. Three historical landmarks of events in the process of democracy development contributed to budget transparency and participation, and the shape of participatory budgeting: democratic transition in 1987, reintroduction of local autonomy in 1995, and financial crisis in 1997 (You and Lee, 2011).

A transition to democracy

From 1961 until 1987, South Korea had two opportunities for democratisation, but both ended in frustration (Jung and Kim, 1993). The April 19th Democratic Revolution in 1960 initiated by students was interrupted by the military force led by Park Chung-hee. The “Seoul Spring” after the assassination of the authoritarian dictator in 1979 lasted only a few months and was again halted by the military force led by Chun Doo-hwan (Fowler, 1999, p. 265). The delayed transition to democracy is ascribed to several domestic reasons, including the weak formation of middle class and the weakness of the interim civilian government (Fowler, 1999, p. 265). However, on the 29th Jun 1987, there was a dramatic change in the history of democratisation in South Korea. Different from the previous cases, the democratic movement in this period won the extensive support from labour and middle-class across the country. Succumbing to people’s persistent demand and struggle for democratisation, the military authoritarian regime was finally forced to make the Declaration of Democracy including the pledge of the shift to direct presidential election system and the reintroduction of local autonomy (Jung and Kim, 1993; You and Lee, 2011; Kim, 2001).

The Declaration of Democracy in 1987 led to the reintroduction of local autonomy with local council election in 1992 and mayoral and gubernatorial election in 1995 (Kim, 2001; You and Lee, 2011). Local autonomy is significantly important as a prerequisite mechanism for the realisation of grassroots democracy. Local autonomy requires the devolution of accountability and authority on public resources from central to local government. The periodic election mechanism has contributed to holding civil servants

more accountable (Choi, 2009). It has prompted citizen participation in public governance. The resumption of local autonomy has laid a foundation for the adoption of participatory budgeting system.

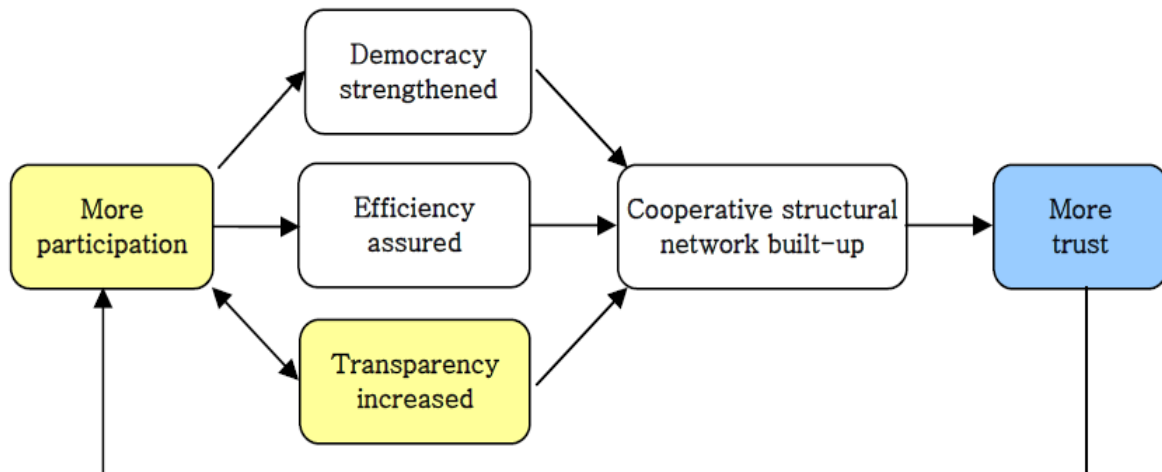
The appearance of liberal government

The financial crisis of 1997 had a huge impact on the economy and the society at large, and brought about the first appearance of the liberal government. The Kim Dae-jung liberal government (1998-2002), labelled the "People's Government", successfully overcame the financial crisis in a very short time by driving a comprehensive economic reform program which focused on economic democracy based on "the parallel development of democracy and market economy" (You and Lee, 2011). The liberal government also pursued a series of substantial reforms to enhance budget transparency. The reforms included the adoption of budget incentive system, preliminary feasibility study, performance-based budget system, pilot projects for double bookkeeping and citizen audit request system, and the basic law for special funds management. The economic and financial reform significantly improved the level of economic openness and governance transparency (You and Lee, 2011).

Another successive liberal government has contributed to the dispersion of participatory governance. The Roh Moo-hyun liberal government (2003 - 2007), labelled the "Participatory Government", set up the goals to promote a nation that fosters inclusive democracy and a regionally balanced society. In order to achieve them, the government has made governance visions including "principles and trust, fairness and transparency, dialogue and compromise, and decentralisation and autonomy" in innovating public governance (Kim and Kim, 2007, p. 5). The administration presented five objectives toward the vision to innovate its government: efficiency, decentralisation of power and autonomy, serving public needs, participation, and transparency (Kim and Kim, 2007, p. 5). Citizen engagement including civil society is a key mechanism to achieve the goals

for trust in government. The model below illustrates how participation and transparency policy can enhance trust in government (see Figure 4).

Figure 4. The relationship among participation, transparency and trust



(Source: Kim and Kim, 2007, p. 10)

The growth of civil society

Although Korea has a strong tradition in social movements, there has been a steady growth of civil society since a transition to democracy in 1987 (Yeo, 2013; Richard, 2008; Kim, 2001). The rapid economic growth in the 1970s and 1980s contributed to the formation of the middle-class which laid the foundation on for the growth of civil society. They played a decisive role in overthrowing the dictatorship. The growth of civil society mirrors the economic growth in the authoritarian era (Richardson, 2008, p. 166). The number of civil society organisations rapidly increased after the Participatory Government actively involved civil society in the public governance. There were 2,193 non-profit civic groups registered in 2010, and the number explosively increased to 10,362 in 2012 (Yeo, 2013, p. 3).

It is notable that the newly organised civil society since the late 1980s shows different

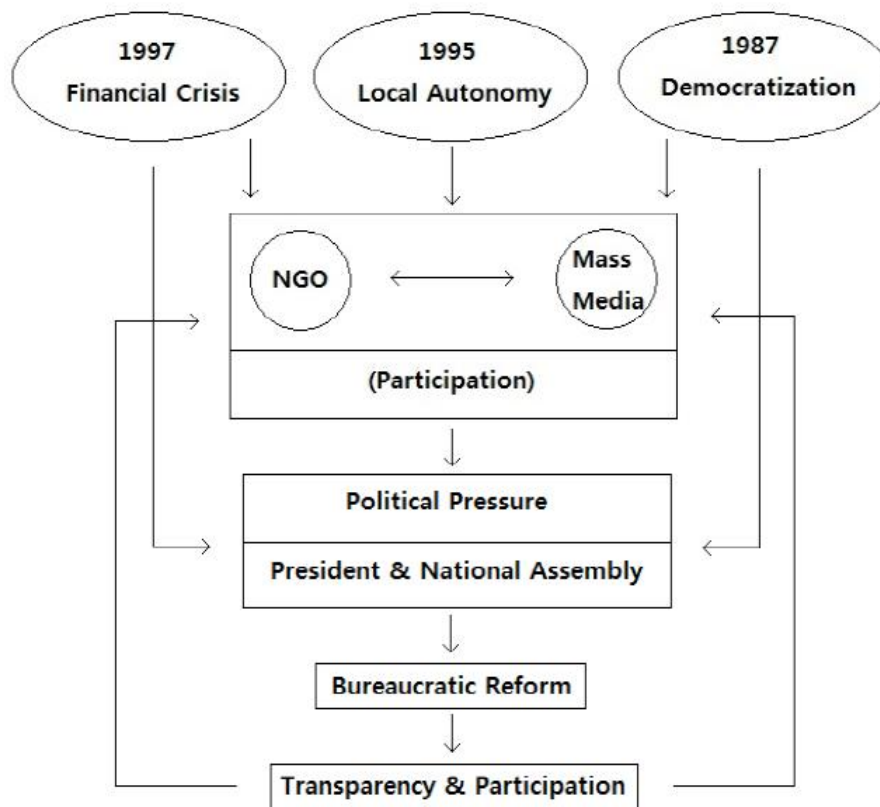
features from before. New civic groups are composed of experts, professors, lawyers and ordinary citizens with moderate and rational inclination, whereas the existing groups were mostly composed of political dissidents, students, labour unions, and religious groups with militant tendency. The new civic groups are more widely supported by the majority of middle-class by focusing economic justice, social welfare, environment, and women's rights (Kim, 2001; Yeo, 2013). They played a role as watchdogs, representing the interests and demands of ordinary citizens. The most prominent civic groups are the Citizens' Coalition for Economic Justice established in 1998, immediately after the outbreak of the financial crisis, and the People's Solidarity for Participatory Democracy in 1994 (Yeo, 2013; You and Lee, 2011). Particularly, the new civic groups focused on budget monitoring to prevent budget waste. The Citizens' Action Network was established in 1999 for anti-budget waste movement on line, and played a successful role in networking civic groups working for budget transparency and participation (You and Lee, 2011). The networked civic groups executed budgetary monitoring as watchdogs. Although there were some limitations due to the unwillingness of local government to release information, the budgetary monitoring of the civil society raised an awareness of budgetary transparency issues and played a decisive role to motivate the introduction of participatory budgeting.

Another feature of the new civic groups is civil campaigners' participation in realpolitik to break through political obstacles. For example, the mayor of Buk-gu who first adopted participatory budgeting in South Korea had had a background of working for civil society organisations (Choi, 2009; Sintomer et al., 2010). Park Won-soon, the incumbent mayor of Seoul City, was a principal founder of People's Solidarity for Participatory Democracy (Chang and Bae, 2012). Apart from the impact on civil society and social movement, the direct political participation of civil campaigners has contributed to the establishment and successful diffusion of participatory governance.

Overall, since the transition to democracy in 1987, key stakeholders have played an active and dynamic role to consolidate political and economic democracy. Citizen

engagement is a key mechanism to bring stakeholders together for more accountability and transparency in public governance. You and Lee (2011) present a diagram to show major events and the democratisation process for budget transparency and participation as shown in Figure 5.

Figure 5. Major events and the democratisation process for budget transparency and participation



(Source: You and Lee, 2011, p. 23)

3. A Brief History of Participatory Budgeting in South Korea

Participatory budgeting evolved from budgetary monitoring of civil society organisations against budget waste (Hwang and Song, 2013). There were some limitations in budgetary monitoring of civil society organisations. It was partly because they had difficulty in accessing budget information due to the technicality of budget and

insufficient transparency, and partly because they could only deal with the results after the execution of the budget. The limitation to budgetary monitoring was a driving force for turning their attention to participatory budgeting. They began to discuss the need of direct participation in budget allocation process (Hwang and Song, 2013). After meeting with the Worker's Party in Brazil, the Democratic Labour Party first introduced participatory budgeting to South Korea in 2011, and it gained the national popularity for the local election in 2012 (You and Lee, 2011; Hwang and Song, 2013). In 2003, Buk-gu district of Gwangju Metropolitan City established participatory budgeting ordinance for the first time in South Korea, followed by Dong-gu district of Ulsan city (Choi, 2009; Sintomer et al., 2010).

As the Roh Moo-hyun liberal administration came to office in 2003, participatory budgeting gained the strong impetus for nationwide diffusion. The liberal government encouraged citizen engagement in the public policy making process as a key strategy to enhance accountability and public service quality, ultimately to gain trust in government (Kim and Kim, 2007). In the same context, the liberal government strongly recommended the implementation of participatory budgeting, taking the Buk-gu case as a model of good practice. In 2004, the administration provided "the basic guidelines for budget allocations in municipality" and "the standard for budget allocation in municipalities" (Hwang and Song, 2013, p. 3). The government focused on the institutional mechanism by revising relevant laws in 2005 and presenting a model of participatory budgeting ordinance in 2006. As a result, 99 local governments out of the 246 municipalities adopted participatory budgeting as of 2010, and the number rapidly increased to 120 in 2011, and 242 in 2012 (You and Lee, 2011; Hwang and Song, 2013).

After the Lee Myung-bak Conservative Party (2008 - 2013) took power, there was a deadlock due to its reluctant stance on citizen engagement in public governance. However, the new administration could not hold back the spreading of participatory budgeting as local autonomy had already taken root and a number of municipalities continued to promote the implementation of participatory budgeting through the wide

support from citizens and civil society. Finally, in 2011, the conservative government revised the relevant laws which forced the head of municipality to establish local ordinance on the procedures for citizen participation in budget allocation process. Figure 6 below indicates how participatory budgeting in South Korea has been established.

Figure 6. A brief history of Participatory budgeting in South Korea

Year	The brief history of participatory budgeting	
2001	The first introduction of participatory budgeting to South Korea by the Democratic Labour Party as an election platform	
2003	The participatory budgeting ordinance first established in Buk-gu District, Gwangju Metropolitan City	
2004	"The basic guidelines for budget allocations in municipalities" and "the standard for budget allocation in municipality", issued by Rho Moo-hyun Government	
2005	The revision of the Local Finance Act (Article 39) and the enforcement ordinance (Article 46), giving the head of municipality the authority to implement participatory budgeting	
2006	A participatory budgeting ordinance model, presented by the Rho Moo-hyun Government	
2010	Participatory budgeting application ordinance models, issued by the Lee Myung-bak government	
2011	The revision of the Local Finance Act and the enforcement ordinance, enforcing the implementation of participatory budgeting in municipalities (the nationwide expansion)	

(Source: Hwang and Song, 2013)

In terms of legal basis, Article 39 of the Local Finance Act states that the head of municipality should establish the legal procedure of citizen participation in local budget allocation process, and submit a budget bill attaching the written proposals of residents to local councils. The Article 46 of the enforcement ordinance requires the compulsory enactment of local ordinance on the scope of participatory budget, and the operational process and method of collecting residents' proposals. The Article also enumerates the specific methods of citizen participation including public hearings and conference on

major projects, a survey through document or internet, and the open collection of project proposals.

4. Conclusion

Considering the historical background, participatory budgeting in South Korea is a product of Korean people's dynamic democratisation movement in the socio-political context. The successful establishment of participatory budgeting should be understood not simply as part of an institutional reform for better public services but as the outcome of the political consensus between key actors to realise grassroots democracy.

Three distinctive features can be found in the process of the institutional consolidation of participatory budgeting. First, political will is the most significant factor for the successful establishment of participatory budgeting. The mayor of Buk-gu, who first adopted participatory budgeting, had a strong willingness to attain the goal of transparency in government through participatory budgeting as an election pledge (Choi, 2009). He successfully persuaded stakeholders with a strong leadership through incessant dialogue. Moreover, President Rho Moo-hyun of the Participatory Government also consistently established institutional mechanism with a strong political belief. Goldflank (2007, p. 14) emphasises the importance of political will as one of the key pre-conditions for effective participatory budgeting.

Second, the appearance of participatory budgeting has been greatly indebted to social capital which has been accumulated through democratisation movement for a long time. Voluntary civil engagement can make democracy work and consolidate it as it has been shown in the process of democratization and consolidation in South Korea since 1980. The Korean civil society has persistently put the pressure through solidarity on the government to move toward democracy. In this context, participatory budgeting is a product of social capital.

Third, the consistent institutionalisation contributed to the consolidation of participatory budgeting. The rule of law enhances certainty, predictability, and security by restricting the discretion of government officials (Tamanaha, 2007, p. 9). Participatory budgeting could successfully settle down and secure sustainability due to the gradual institutionalisation and its dispersion. The legislation on participatory budgeting paved the way for sustainability and resilience. For that reason, although the promotion of participatory budgeting was once stopped by the reluctance of the conservative government, it has been recovered soon.

Finally, the nationwide expansion of participatory budgeting is another experimental challenge for consolidating democracy. Participatory budgeting system has been compulsory in South Korea since 2011. However, the expansion does not necessarily guarantee the positive outcome in all municipalities. This raises critical questions of why the level and outcome of citizen participation is diverse even in the same legal framework and what factors lead to successful outcome. In this regard, the case study of Jeju participatory budgeting may provide a microscopic vision and clues to seek for the answer.

Chapter IV. A Case Study of Participatory Budgeting in Jeju

1. Introduction

This chapter is to explore the participatory budgeting of Jeju Province, focusing on organisational structure and function. First of all, this chapter is to briefly review the historical, social-political environment surrounding the establishment of Jeju participatory budgeting, including the characteristics of local area and administrative structure and a brief history of participatory budgeting. Then it analyses the participatory budgeting bodies and three stages of budgeting process, based on legal framework of the ordinance. It discusses the composition, functions, and characteristics of decision-making bodies. It also explores what relation participatory budgeting process has with the mainstream budget process of the Provincial Council. Then, it looks into inputs in terms of finance (cost and budget) and non-finance (participants), along with outputs (projects) at the set-up phase in 2012.

2. The Participatory Budgeting Model of Jeju

Jeju Special Self-governing Province is one of the nine provinces with a population of 620,000 in South Korea. Jeju province is situated on the nation's largest island of Jeju, southwest of the mainland of South Korea and in the centre of North-east Asia. The total area is 1,848.85km² (JSSP, n.d.a). It is well known as an attractive travel destination as 12 million tourists come to Jeju every year (JSSP, n.d.a).

Jeju Province has been endowed with a relatively higher level of self-governing authority such as the imposition of tax, duty-free system and visa exemption, since it was given status as a special autonomous province in 2006 to promote a "free-market economic

model in which the flow of human resources, products, and capital is free" (JSSP, n.d.b). Exceptionally, Jeju province is a single municipality with a 3-tier administrative structure. It has two non-autonomous administrative cities, Jeju-si and Seogwipo-si, which are sub-divided into 43 local areas by size: 7 towns (*'eup'*), 5 townships (*'myeon'*), and 31 neighbourhoods (*'dong'*) (JSSP, n.d.a). When the Participatory Budgeting Operational Ordinance in Jeju Province (hereafter, JPBO Ordinance) was established in 2011, the Governor was independent and the liberal Democratic Party held the majority in the Provincial Council (JSSP Council, n.d.).

Before participatory budgeting system was adopted, local municipalities had exercised a monopolistic authority over the budget, based on closed decision-making process through bureaucracy (Kwon, 2013, p. 3). The municipal government made up the budget bill and the Council deliberated and passed the bill. There was no legal procedure of citizen participation in the budget process and thus no experience of civil engagement in budgetary process such as setting the priorities for spending or for service delivery. Citizens could only indirectly control them by voting every four year. According to the Local Autonomy Act and Local Finance Act, the existing mainstream budget process still sticks to the traditional budgeting framework although it has improved in terms of transparency and accessibility.

A Brief history of participatory budgeting of Jeju

In August, 2011, Jeju Province established JPBO Ordinance just before the national expansion of participatory budgeting system in September, 2011. However, the first attempt to introduce the participatory budgeting in Jeju dates back to 2006. The local government of Jeju announced the prior announcement for legislation on participatory budgeting operational ordinance bill three times from 2006 to 2011 before the establishment of the ordinance (JSSP, 2012b). In 2006, the local government held forums and meetings to discuss the introduction of participatory budgeting. In order to

establish a legal basis for participatory budgeting, the local government organised the Research Group, composed of 17 members from civil society, finance deliberation committee and the association of community centres. However, the bill was not passed in the Provincial Council until August 2011.

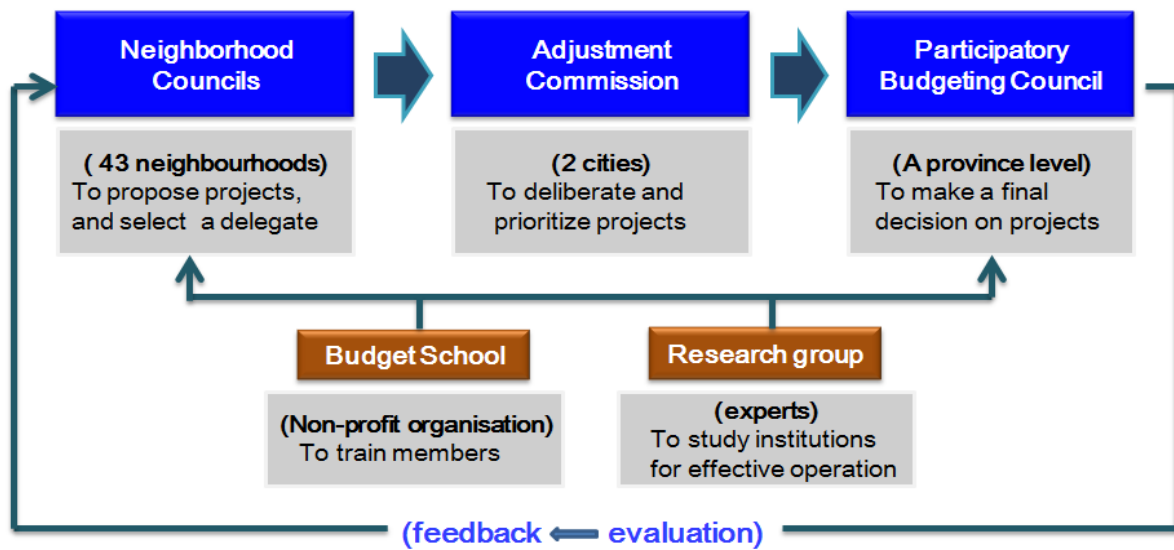
The direct motivation for the legislation was the central government's announcement in January, 2011, to make participatory budgeting compulsory in all municipalities (Hwang and Song, 2013). The persistent demand of local civil society could no longer be ignored. Finally, in August 2011, the Participatory Budgeting Operational Ordinance was first established in Jeju.

Institutional framework and process

The rationale for introducing participatory budgeting is to guarantee resident participation in local budget formulation process and to enhance budget transparency (JPBO Ordinance, Article 1). The legal framework of the ordinance is based on the Local Autonomy Act and the Local Finance Act (Article 39). The participatory budgeting operational plan in 2012 made it clear that the purpose of introducing the participatory budgeting system in Jeju is to "enhance transparency, justice, and effectiveness in the operation of local finance by guaranteeing resident participation in the budget process" (JSSP, 2012a). Therefore, transparency, justice, and effectiveness are the final goals and democratic values to achieve through the implementation of participatory budgeting.

The organisational structure for participatory budgeting of Jeju can be divided into two categories: decision-making bodies and support bodies. The decision making bodies are made up of Neighbourhood Councils (NCs), Adjustment Commissions (ACs), and Participatory Budgeting Council (PBC). The support bodies are composed of the Budget School and Research Group. Figure 7 illustrates the institutional structure and budgeting process of Jeju participatory budgeting.

Figure 7. A Jeju Model of Participatory Budgeting



The participatory budgeting cycle proceeds over the three phases. The first phase of participatory budgeting is the formation process of project proposal at the level of Neighbourhood Councils (NCs) across the province. According to the Ordinance, the NC is composed of less than 60 members including official members and commissioned members. Official members are the members of community centre committee who automatically become the NC members, and commissioned members are residents with a two-year term of office selected through open public recruitment (JPBO Ordinance, Article 22). The main function of Neighbourhood Councils is to propose projects for their neighbourhoods. The NC members collect residents' opinions by meeting residents and civil groups, deliberate, select the favourite projects by vote, and submit them to Adjustment Commission (AC). Another function is to elect a delegate on behalf of their neighbourhood (JPBO Ordinance, Article 22). 43 NC delegates are assigned to ACs Commission, established at the city level (JPBO Ordinance, Article 25).

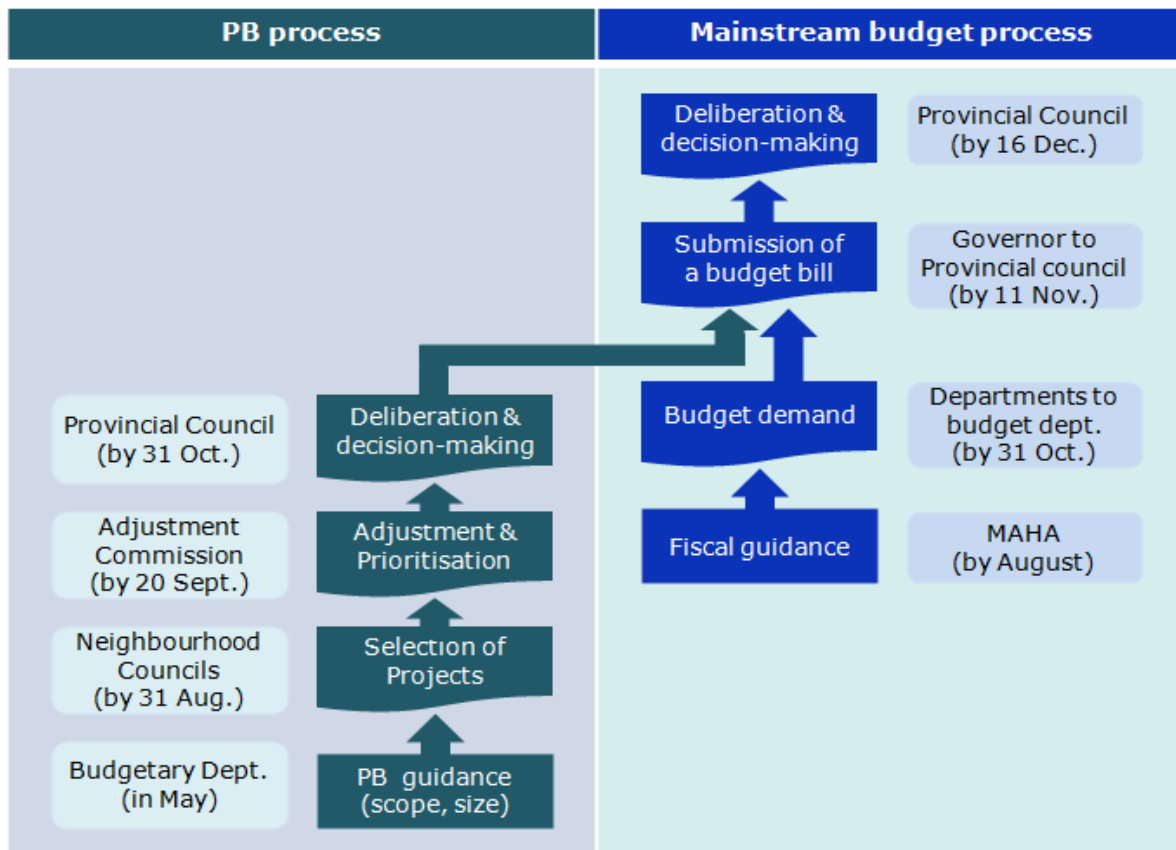
The second phase is the process of deliberating and adjusting the projects in the ACs which are established in two administrative cities (JPBO Ordinance, Article 27). Each AC consists of 40 members including Deputy Mayor, directors of bureaus, NC delegates, and budget experts (JPBO Ordinance, Article 25). After adjusting the proposed projects

through negotiation and vote, the ACs submit the results to the Participatory Budgeting Council.

The Participatory Budgeting Council (PBC) is the final body to make a decision on priorities and budget distribution. According to the Ordinance, the Council is composed of less than 80 members, including Deputy Mayors of two cities, heads of bureaus, departments, and headquarters in Jeju Province (official members), selected residents and representatives of community centre committees with a two-year term of office (commissioned members), and budget experts (JPBO Ordinance, Article 10). The Council has three sub-committees for effective operation including the operational committee, the social committee, and the industrial committee (JSSP, 2013b, P. 2). The Council deliberates and determines priorities of proposed projects, and allocates funding for projects submitted from Adjustment Commissions in two administrative cities. The participatory budgeting proposal, finalised by majority vote in the PBC, is delivered to the budgetary department of local government before submitting it as part of the main budget bill to the Provincial Council (JPBO Ordinance, Article 13, 14 & 15).

Meanwhile, participatory budgeting is interlocked with the main budget compilation process. The main budget process starts in August when the fiscal guidance issued by the Ministry of Administration and Home Affairs (MAHA) is sent to local municipal authorities. Department and government-affiliated organisations in local government draw up and submit the budget demand to the budgetary department by October. Then, the Governor of local government should submit the annual budget bill including the participatory budgeting proposals to the Provincial Council for deliberation and resolution by 11 November (JSSP, 2012b). Figure 8 shows how participatory budgeting is linked to the mainstream budget process.

Figure 8. The budget compilation process of Jeju province



(Source: JSSP, 2012b; JSSP, 2013a)

Next, the support bodies for participatory budgeting include Budget School and Research Group. The Budget school has been organised to train residents and members of the participatory budgeting bodies to inform overall participatory budgeting process, resident participation methods, and operational plan of the Participatory Budgeting Council (JPBO Ordinance, Article 20; JSSP, 2012b). The Budget School is run by private non-profit organisations (JSSP, 2012b). The Article 21 of JPBO Ordinance requires the Governor to run a research group to gather opinions from the public and to study on the effective operation of participatory budgeting system. The Research Group is composed of ten members including a Provincial Councillor, 3 experts, 2 representatives of civil society, and 4 senior officers (JSSP, 2012b).

Inputs and results/outcomes

In terms of participant input, the set number of members in three decision making bodies based on the JPBO Ordinance is 2,740 (JSSP, 2013b). In 2012, when participatory budgeting was first implemented, only 2,023 people were appointed as member of three decision making bodies: 80 members in the Participatory Budgeting Council, 67 members in the Adjustment Commissions, and 1,876 members in the 43 Neighbourhood Councils (JSSP, 2013b). The number of members was only 73.8 % of the set number and fell far short of the planned number. What caused the low rate of composition is not known, but local government is presumed to fail in involving residents in participatory budgeting bodies due to lack of active publicity campaign. The detailed statistics of participants is shown in Figure 9.

Figure 9. The number of participants in 2012

	Total		Jeju-si (city)				Seogwipo-si (city)				Officers
	Participant number	Rate	Sub-total	<i>eup</i>	<i>myeon</i>	<i>dong</i>	Sub-total	<i>eup</i>	<i>myeon</i>	<i>dong</i>	
Total	2,023 (2,740)	73.8	1,279	205	142	932	718	153	86	479	26
PBC	80 (80)	100	40	7	3	30	26	3	2	21	14
AC	67 (80)	83.8	33	4	3	26	22	3	2	17	12
NCs	1,876 (2,580)	72.7	1,206	194	136	876	670	147	82	441	

* Note: the number in brackets indicates the set number based on JPBO Ordinance.

(Source: Jeju Development Institute, 2013)

Regarding the cost input, the set-up phase costed ₩20 million in 2011 and ₩71 million in 2012, a total of ₩91 million, equivalent to £53,520² (JSSP, n.d.c). The costs included the expenses of operational management, various events for forum, meeting and workshop, public promotion, and travel expenses. The resource for the implementation of projects was ₩13.2 billion (£7.8 million) in 2012 to carry out 296 projects (JSSP,

² The code of the South Korea's currency is KWR and its symbol is ₩ (won).

2013b). The average budget per project was ₩44.6 million (£26,232). The size of the budget has remained the same for the last three years (Kang, 2015).

Figure 10. The input budget for projects (Unit: KWR, billion)

Year	2013	2014	2015
Number of projects	296	254	256
Input budget	13.2	13.2	13.2

(Source: Kang, 2015)

In the first year of the participatory budgeting process, Neighbourhood Councils came up with 416 projects corresponding to ₩13.2 billion, but 162 projects (39%) were rejected for the reason of going against the project standards made by local government (JSSP, 2013b, p. 3). The rejected projects were replaced with other projects. As a result, 296 projects were selected as priorities and ₩13.2 billion were allocated to implement the projects in the first year of 2012. The analysis on the contents of projects is not available due to lack of detailed information on the list of the projects.

3. Conclusion

This chapter has discussed the internal and external factors to influence the formation of the Jeju model of participatory budgeting. Three important implications are deduced from the findings and discussion.

First, the participatory budgeting in Jeju was introduced by external pressure rather than the political willingness of local government or demand of residents in the local community of Jeju. Although local government took measures such as the preliminary announcement of the legislation in 2006, there was little progress on the actual legislation of participatory budgeting. The reason is not known, but it may account for the degree of relevant stakeholders' political willingness. Nonetheless, the steady

preparatory work of local government and the persistent demand and participation of local civic groups are considered as contributing to the establishment and stable operation of participatory budgeting.

Second, the operational bodies of participatory budgeting in Jeju are assessed to appropriately reflect the administrative structure of Jeju Province. The three stages of budgeting process may provide the facilitation to accommodate the demand of residents in the context of the three tier administrative structure. However, the authority and functions of some participatory budgeting organisations are not clear, in particular, in the case of the ACs and the research group.

Third, there may be a gap regarding the role of the Provincial Council in the legal framework. Participatory budgeting has much to do with Provincial Councillors as it is part of the mainstream budget process. Institutional reform is under the jurisdiction of the Council. Councillors are necessarily keen to the demand of constituents. Nonetheless, there is no legal procedure involving Councillors in the process of participatory budgeting. This raises a question of what the role of Provincial Councillors should be.

Chapter V. Evaluation

1. Introduction

This chapter is to evaluate the institutional framework and implementation process of Jeju participatory budgeting in depth by analysing and assessing various indicators of main characteristics. The main purpose of analysis is to seek the research questions and to further contribute to the institutional reform in the future by charactering the Jeju model of participatory budgeting and identifying major problems.

A literature review on participatory budgeting has provided useful information on various theoretical frameworks to help set up the evaluation framework for the Jeju case. In particular, Fung's democracy cube is employed as a key analytical tool to analyse and assess the Jeju case because it makes it easy to interpret and evaluate the characteristics of the Jeju case by placing it within the three dimensions of institutional framework.

In order to analyse the Jeju case, the chapter presents the evaluation frameworks which are composed of four themes as fundamental conditions for effective participatory budgeting (Arnstein, 1969; Souza, 2001; Fung, 2006; Goldfrank, 2006; Speer, 2012). It evaluates key issues of the themes by analysing various indicators shown in the institutional framework and implementation process of the Jeju case. Then, it discusses key challenges based on analysis of the findings in the Jeju case.

2. Evaluation Framework

An evaluation framework has been developed to analyse and assess the institutional framework of the Jeju case as shown in Figure 11. Fung's (2006) democracy cube is adopted as a main analytical tool for assessing the Jeju case, and Arnstein (1969)'s

ladder of citizen participation and other theories of participatory governance also help interpret and assess the indicators characterising the Jeju case. The criteria of the evaluation framework indicate basic concepts to judge various indicators characterising Jeju participatory budgeting. They are core democratic values of relevant theories. The analysis explored four main areas which are accepted by a number of scholars as key conditions for effective participatory budgeting, including representativeness, empowerment, communication/decision, and political willingness and capacity.

Figure 11. Evaluation framework for the participatory budgeting model of Jeju

Themes	Criteria	Indicators ³	Theories
Representativeness	. open to the public	. composition of NC, AC, PBC . criteria of member selection	Arnstein (1969) Souza (2001) Fung (2006)
Empowerment	. participants' authority and power of deliberation and decision making	. the power holder who makes a decision on projects . the rate of project adoption . the clarity of criteria on project selection and resource allocation . perception of NC members on Empowerment . perception of NC members on criteria	Arnstein (1969) Fung (2006) Speer (2012)
Communication/ decision and transparency	. interactive communication . authority of decision making . transparency in PB process and information . Accessibility to information	. communication and decision mode . perception of NC members on Communication/information flow and decision process . the quantity and quality of information on the website . the degree of accessibility to information . the quantity and quality of report on achievement . perception of NC members	Fung (2006) Goldfrank (2006)
Political willingness /capacity	- Willingness . local government . officials	. political background and activities for establishment . perception of NC members . implementation of the plan . cohesiveness and responsiveness to feedback . effort for sustainable reform	Goldfrank (2006) Speer (2012)

³ The perceptions of NC members and most statistics in the indicators are based on the 2012 Survey results conducted by Jeju Development Institute (JDI) in 2013.

. residents	. perception of NC members	
	. the rate of participation in NC	
. civil society actors	. the willingness to keep on engagement	
	. degree of commitment to participatory budgeting and activities of civic groups	
- Capacity		Goldfrank (2006)
. local government (budget, administration)	. the size of PB resources	
	. the rate of increase in budget	
	. the sustainability of budget	
. capacity of civil society	. solidarity and network among civic groups, mobility	

The scope of analysis is the set-up phases of 2012 and 2013, focusing on the characteristics of institutional design and process, and the indicators reflecting results of participatory budgeting. The evaluation data is dependent on the existing secondary sources including a range of official documents and publication, information posted on the website of Jeju local government, and the 2012 Survey conducted by the Jeju Development Institute (JDI). In particular, the 2012 Survey on the perception of participants who experienced the participatory budgeting process in 2012 has helped overcome the limitation of the case study relying on document-centred research as well as providing in-depth information for assessment. Jeju municipal government committed the survey as a means of feedback to the JDI which conducted the survey on the members of Neighbourhood Assemblies with structured questionnaires from the 1st to 28th of February, 2013 (JSSP, 2013b; JDI, 2013). The sample size is 326 members who are randomly selected among the population of 1,874 NCs members.

3. Evaluation

Representativeness

Who participates in decision-making process is a key issue in the set-up phase of participatory budgeting in terms of institutional design, because ordinary citizens'

voluntary engagement is identified as a necessary pre-condition for the participatory budgeting. The more important thing is the organisational background of members who are involved in the decision-making process rather than simply the number or rate of ordinary citizens. This is closely involved with the issue of whether participants are genuinely representative of local residents.

Neighbourhood Councils are grassroots organisations of participatory budgeting which gather residents' opinions and form projects for their neighbourhoods. According to the JPBO Ordinance, the NC is composed of 60 members. The members of community centre committee automatically become the members of the NCs (official members), and the rest of members (commissioned members) are open to the public (JPBO Ordinance, Article 22). The members of community centre committees are appointed by the heads of the subordinate administrative authorities called *eup/myeon/dong* (neighbourhoods) (the Establishment and Operation of Community Centre Establishment Ordinance, Article 17).

The serious problem is that the most NCs are controlled by official members rather than ordinary residents. According to the 2012 Survey statistics (JDI, 2013, p. 9), the official members hold an overwhelming majority in 33 out of 43 Neighbourhood Councils over ordinary citizens as shown in Figure 12. Ordinary citizen members (commissioned members) hold a majority in only 4 NCs, including *Aewol-eup*, *Chuja-myeon*, *Yongdam2-dong*, and *Oydo-dong*. The contrasting groups hold the same seats in 6 NCs.

Figure 12. The composition of Neighbourhood Councils

	Distribution of the majority in NCs				Number of NC members		
	Total	Official members' majority	Commissioned members' majority	Balanced councils	Total	Official members	Commissioned members
Total	43	33	4	6	1,874	1,031	843
Jeju-si	26	16	4	6	1,206	627	579
Seogwipo-si	17	17	0	0	668	404	264

(JDI, 2013, p. 9)

Empowerment

The principal goal of participatory governance is the empowerment of the social groups that have been typically excluded in the process of decision-making in public policies (Souza, 2001, p. 174). From the leftist perspective, in particular, empowerment is the ultimate goal of participatory governance reform (Speer, 2012, p. 2380). In this case study, in order to evaluate the level of empowerment, various indicators that appear in the process of decision making on priorities and resource allocation are analysed and assessed.

One of the key issues regarding empowerment is whether participants hold the authority and power on decision making in the participatory budgeting process. In 2012, when the participatory budgeting was first on its way, 43 Neighbourhood Councils came up with a total of 416 projects corresponding to ₩13.2 billion. However, local government rejected 162 proposed projects (39 %), and, instead, added 42 new projects and passed 296 projects (JSSP, 2013b, p. 3). The high rate of proposal rejection highlights the criteria of selection standards. The detailed reasons for rejecting to the projects proposed by NCs are not disclosed. The 2012 operational plan of participatory budgeting in Jeju presented the basic operational plan that the priorities of projects would be decided by the criteria of deliberation and selection set out by the PBC (JSSP, 2012a, p. 15), but the criteria are yet to be identified. The 2012 participatory budgeting operational plan and the self-assessment report issued in 2013 by the JSSP included some guidelines on the principle and method of resource allocation, and the criteria of rejection to projects as follows (JSSP, 2013b, p. 3).

- The principle of resource allocation
 - Evasion of the mechanical even-allocation
 - Evasion of excessive allocation in certain area
- The pre-ceiling allocation of budget
 - Allocate ₩0.5 billion to *eup/myeon*,

- Allocate ₩0.2 ~ 0.4 billion to *dong* by size
- The criteria of rejection to projects
 - Pork-barrelling, consumable, and inclusive projects or services, and the supporting business on specific groups, projects initiated by local government

Apart from the rationality of the selection standards and principles, it is suspicious if resident representatives get involved in making the standards and criteria of priorities and exert the authority and power through the due decision-making process. Another dubious thing is how new 42 projects could be included in the final priorities without deliberation process of the NCs, ACs, and PBO. The clue to this question can be found in the self-assessment document which reveals that the departments concerned in local government excluded the proposed projects without consultation or joint-deliberation with the PBC in 2012 (JSSP, 2013b, p. 12). In what process and on what criteria and legal basis such a decision was made has been not identified.

The institutional reform of 2013 still indicates that local government is willing to get directly involved in decision-making on priorities. For example, the 2013 operational plan reveals that the deliberation on priorities would go through the dual procedure as part of institutional reform: the primary deliberation phase in the department concerned, and the second deliberation stage in the PBC (JSSP, 2013b). In this regard, local government continues to be willing to exert the direct influence on participatory budgeting process beyond the basic principles and policies. This suggests that participants in participatory budgeting do not have the genuine empowerment in decision-making process of participatory budgeting. This assessment considerably corresponds with the perception of NC members in the 2012 Survey. According to the survey, only 199 (61 %) of respondents believe that the prioritised projects might have been determined through the due process of deliberation (JDI, 2013, p. 22). 29 members out of 326 respondents expressed that they would not participate in the next session (JDI, 2013, p. 26). The reasons for non-participation are the formality of of NC meetings (40.7 %), no expectation for substantial effect of participation (29.6 %), and no reflection of proposals

(22.2%) and no time available (7.4 %) (JDI, 2013, p. 26). A Provincial Councillor pointed out that Jeju participatory budgeting had been yet to escape from local government-led system even in 2013 (Ko, 2013).

The next issue is the rationality of the selection standards on the projects. It is difficult to assess the guideline because detailed criteria are not identified. The basic principles on project selection do not seem to be clear-cut, for example, “pork-barrel, consumable, inclusive projects or services” (JSSP, 2013b, p. 3). The basic policy and principles look contradictory in resource allocation method. For example, the basic policy on resource allocation opposes the mechanical even-distribution, but local government employed the pre- ceiling system that the same or similar amount of resources is uniformly allocated to *eup/myeon* (₩0.5 billion) and *dong* (₩0.2 ~ 0.4 billion by size) in advance without considering the characteristics and urgency of the projects or services (JSSP, 2013b, p. 3). According to the 2012 Survey (JDI, 2013, p. 23), 71 (21.8 %) of 326 NC members point out the flaws such as the uniform and perfunctory allocation (43.7 %), the rejection of local current and pending projects (22.5 %), the ineffective allocation due to political and external factors (16.9 %), and others (16.9 %).

Communication/decision-making and transparency

Communication and decision-making is the crucial dimension in the institutional design of participatory budgeting which indicates how participants interact within the budget process (Fung, 2006, p. 68). They are closely linked with the issue of transparency in terms of budget process and information publicity because transparency fosters the dynamic interaction in the course of the budgeting process. Presenting “accessible rules and information” as pre-conditions of institutional design, Goldfrank (2006, p. 15) emphasises transparency in the participatory budgeting process. He argues, “the rules governing the PB process including criteria used to allocate resources across neighbourhoods and how decisions are reached, as well as all the budgetary and

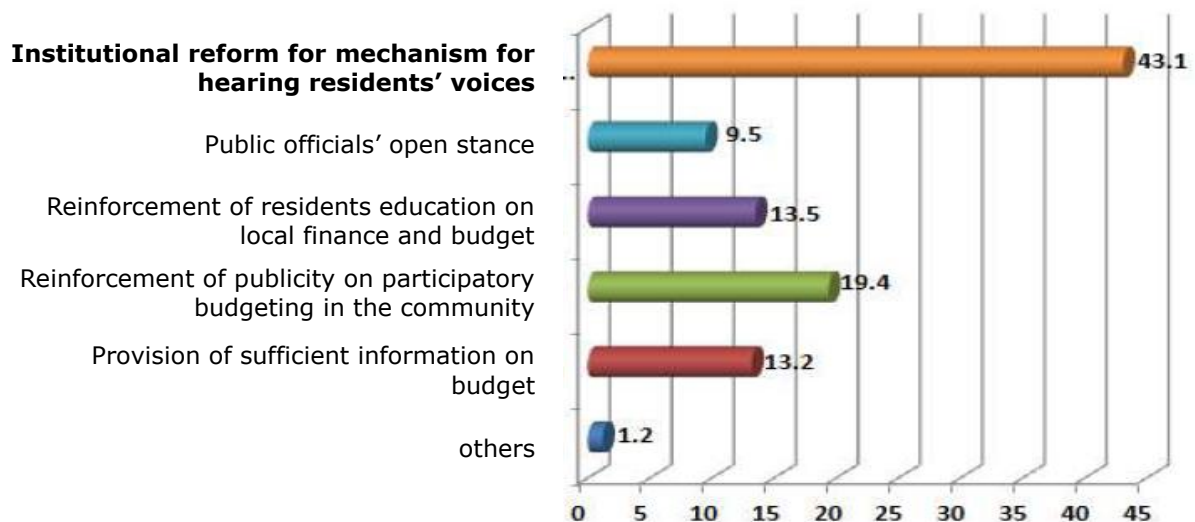
planning information necessary to make informed decisions and to monitor results should be both publicly available and provided in the accessible format” (Goldfrank, 2006, p. 15).

The communication and decision mode of Jeju participatory budgeting is institutionally designed for participants to develop preferences, deliberate projects, and make a decision on priorities through three stages of budget procedure. Due to the lack of relevant information, it is not easy to verify this design. However, surrounding circumstances suggest that the practice is quite different. As shown in the analysis on the empowerment issue, local authorities filtered a number of projects proposed by NCs and added new projects without negotiating with participatory budgeting organisations in 2012 (JSSP, 2013b). This implies that the deliberation and decision on priorities and budget allocation were made not through the institutional mechanism but through the bureaucracy procedure of local government.

In terms of information provision, the problem is serious. Although the JPB Ordinance (Article 9) requires the Governor to “publicise the final priorities and the result of budget allocation on the JSSP homepage on the internet,” it does not seem to be adhered to. There are only seven documents posted on the website since 2012, and the detailed criteria on project selection and the list of projects and budget allocation cannot be found anywhere on the website.

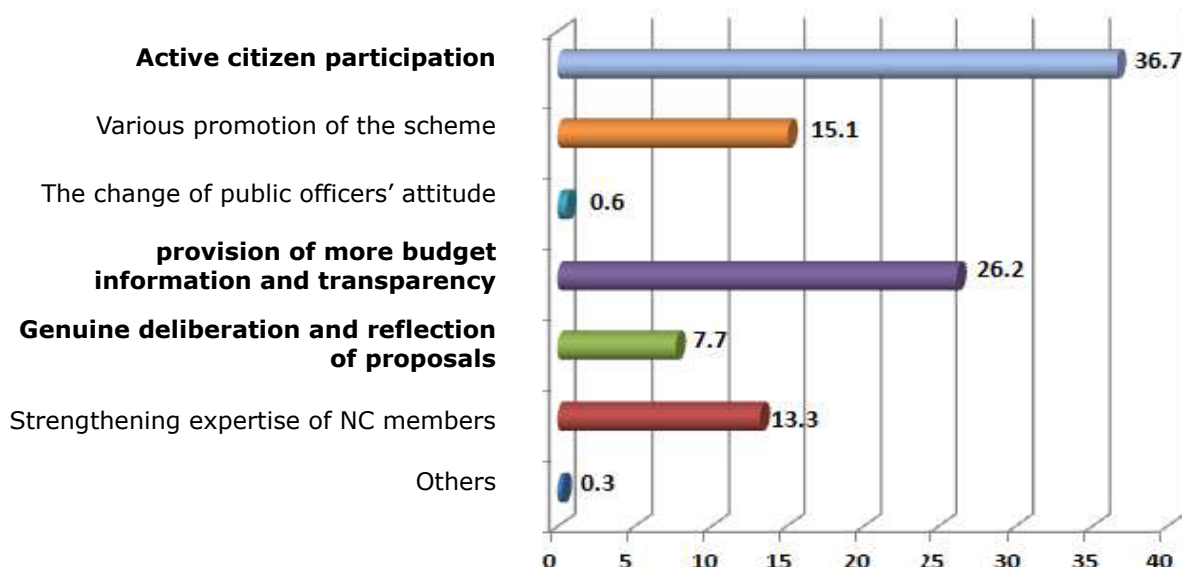
Consequently, the quantity and quality of information are not satisfactory enough. NC members show the similar perception on the communication mode and information flow in the Jeju model. According to the 2012 Survey (JDI, 2013, p. 27), 140 respondents (43.1%) emphasise the need for establishing the institutional mechanism for hearing the residents’ voice for effective participatory budgeting, and 43 (13.2 %) demand efficient information on budget (see Figure 13). This implies that there is a considerable lack of interactive communication and information provision in the participatory budgeting process.

Figure 13. Urgent issues for efficient operation and effective participatory budgeting



The lack of information provision has led to the issue of transparency. As shown in Figure 14, NC members demand the provision of more budget information and transparency (85 respondents, 26.2 %) as well as genuine deliberation and reflection of proposals (25 respondents, 7.7%) for effective participatory budgeting (JDI, 2013, p. 54).

Figure 14. Factors for effective participatory budgeting



(Source: JDI, 2013)

Political willingness and capacity

A number of scholars see political willingness and local governments' capacity as critical pre-conditions for effective participatory budgeting. Goldfrank (2006, p. 14) emphasises the Governor's willingness or effort to open the channels of citizen participation and break through obstacles. Speer (2012, p. 2383) emphasises the willingness of local government to concede decision-making power. As was the case in Porto Alegre in Brazil, both mayors of Puk-gu District and Dong-gu District initiated the first introduction of participatory budgeting with strong political will and leadership and contributed to establishing the system in South Korea (Choi, 2009; Sintomer et al., 2010). Political willingness includes not only that of a political leader, but also that of public officials, civil society actors and residents. The local government's capacity includes the administrative, political, and financial aspects to implement projects and services (Speer, 2012, p. 2384). The indicator for political willingness of participatory budgeting actors can be assessed in an indirect way by analysing their political orientation, background, activities, and perception of NC members.

First, it is doubtful if local government had a strong willingness to push forward the introduction of participatory budgeting scheme. Since the Noh Moo-hyun administration presented a model of participatory budgeting ordinance in 2006, the JPBO ordinance bill had been at a standstill for four years. This means that the governor failed to persuade local councillors. The political orientation of former Governors is not seen as progressive or liberal from the viewpoint of ideological and political background. The political orientations are not seen as progressive or liberal from the viewpoint of ideological and political background. The adoption of participatory budgeting of Jeju results from the mandatory enforcement in 2011.

There is no sign to show that public officials have made a consistent commitment to attaining the objectives of establishing participatory budgeting. For example, public officials have recognised the problem of representativeness of NCs and the method of

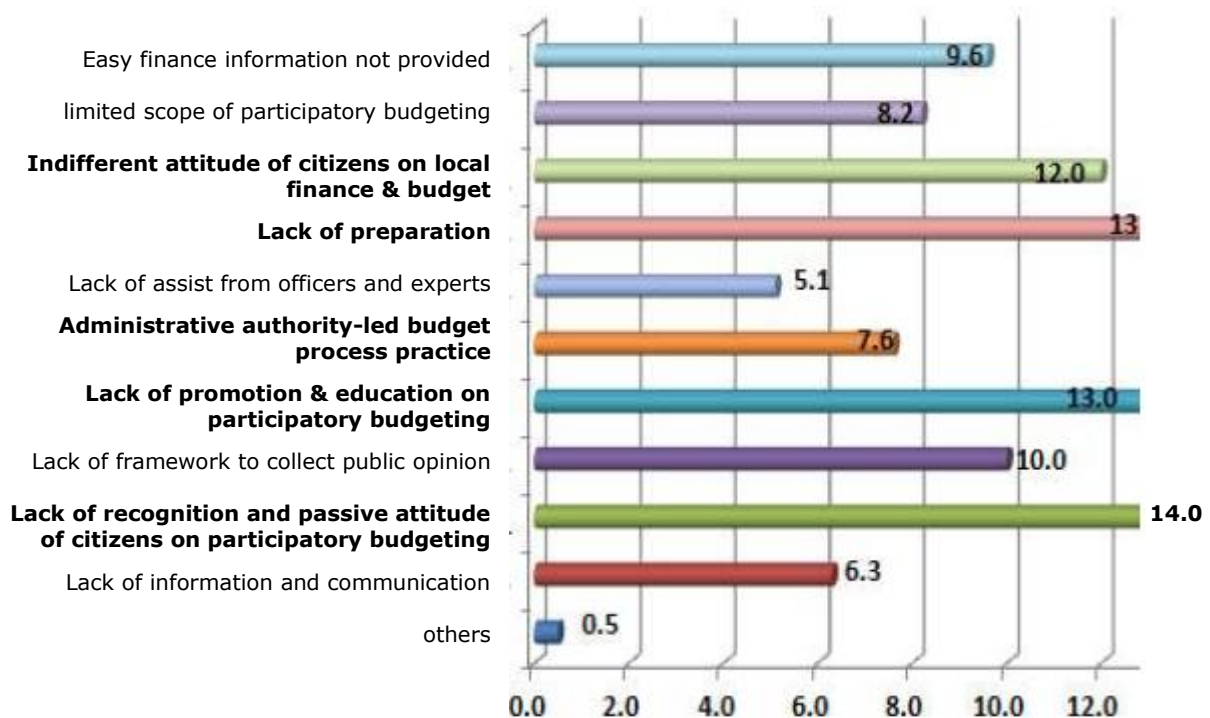
resource allocation (JSSP, 2013b, p. 3), but it remains unsolved. According to the 2012 Survey, the most serious problem is the low citizen participation and defects of institutional design (JDI, 2013, pp 27-28), but they do not seem to respond to the feedback of the survey. The issues are still unsolved (JSSP, 2014a, p. 4). According to the 2012 roadmap for implementation participatory budgeting, local government was scheduled to open a new website dedicated to participatory budgeting but this is yet to be open (JSSP, 2012a).

The willingness and capacity of civil society are seen as a critical factor for successful participatory budgeting (Speer, 2012). Speer (2012, p. 2383) highlights the importance of a well-organised and active civil society. Local civic groups in Jeju Province have initiated the budget monitoring since early 2000s (CCEJ, n.d.). In 2006, eight local civil society organisations, including the Citizens' Coalition for Economic Justice (CCEJ) and the People's Solidarity for Participatory Democracy (PSPD), and Korean Federation for Environmental Movement (KFEM), joined Anti-corruption National Network (ANN) to carry out budget monitoring activities for budget transparency as watchdogs (Jo, 2006). Since the discourse of participatory budgeting began in Jeju community in 2006, they have actively participated in research group, fora and meetings organised by local government (JSSP, 2012b; JSSP, 2013a). They held forums and workshop for budget monitoring and effective participation in participatory budgeting (CCEJ, n.d.). Civil society actors have also participated in the research group, and run the Budget School through the entrusted contract with local government (JSSP, 2012b).

In this context, local civil society organisations are perceived to be willing to contribute to the local government task. Meanwhile, it is difficult to assess if they have the well-organisational capacity corresponding to their willingness, because there are not enough information or studies on the capacity of local civil society organisations such as internal human resources, organisational management capacity, mobilising power, and the intensity of solidarity in the community. One potential issue is how they can carry out their dual role as participants on one hand, and watchdogs on the other hand.

Residents in Jeju community have shown low interest in participatory budgeting. According to the survey of recognition on participatory budgeting which was carried out by the Provincial Council in 2014, only 15.6% of residents in *dong* area of Jeju-si, recognised the participatory budgeting program, and 13% in the region of *eup/myeon* areas (Han, 2014). The perception of NA members is similar. According to the 2012 Survey (JDI, 2013), they see low recognition (14 %) and indifferent attitude (13 %) of residents as the most serious problems, followed by the lack of preparation (13 %), promotion and education on participatory budgeting (13 %), insufficient provision of information (9.6 %) and government-led operation practice (7.6 %) (see Figure 15). The survey result suggests that low recognition and participation of residents are deeply related to low commitment and passive bureaucracy of local government in terms of the promotion and operation of participatory budgeting.

Figure 15. the most serious problems (plural response)

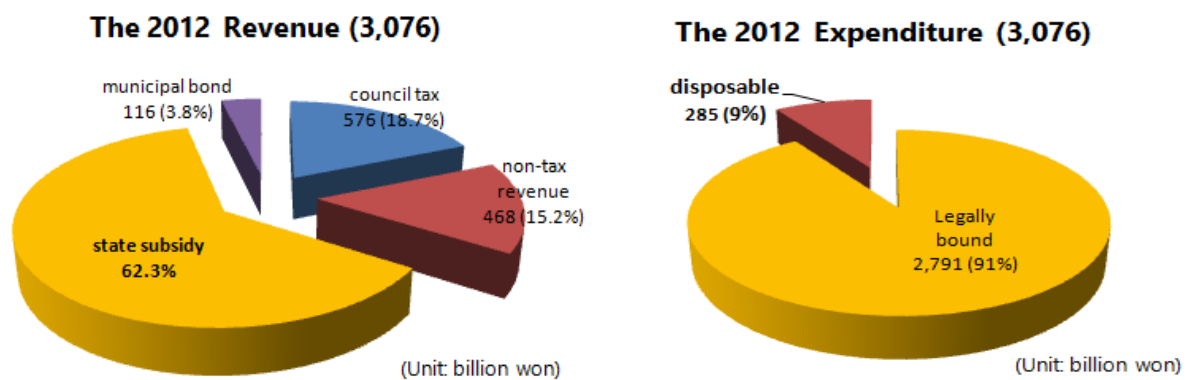


(Source: JDI, 2013)

Next, the important factor is the local government's capacity in terms of resources (Goldfrank, 2006, p. 15). The local government should be able to provide sufficient

budget resources with sustainability to implement projects and services. The 2012 revenue of Jeju local government is 3,076 billion won (JSSP, 2012b). Jeju Province's own budget is 1,061 billion won (37.7%), and the rest (62.3 %) relies on the subsidy from the state as shown in Figure 16 (JSSP, 2012c). Jeju local government has heavily relied on the central government for its funds as other municipalities have.

Figure 16. The 2012 budget of Jeju Province



(data source: JSSP, 2012b; JSSP 2012c)

The disposable budget of the Jeju local government out of 2,049.7 billion won of the general accounts expenditure for the fiscal year 2012 is 285 billion won (13.9 %), and the rest of budget expenditure (86.1 %) is for legally bound expenditure such as personnel expenses, operating expenses, and budget for the national policy projects (Kim, 2012, p. 10). The 2012 resource for participatory budgeting process is 13.2 billion won (£7.8 million), only 4.6 % of the local government's disposable budget and 0.4 % of the total expenditure.

In terms of resources, the strong point in the participatory budget of Jeju is that the resource is guaranteed to keep sustainable due to the institutional establishment of participatory budgeting. The weakness is that the financial structure of the local government is very weak and too dependent on the state subsidy (Kim, 2012). As a result, the affordable resources of the local government for its own projects and service are limited, and the resources for participatory budgeting have remained the same level

of 13.2 billion won for the first three years despite the annual increase of budget (Kang, 2015). There is no national statistics on the budget scale of participatory budgeting, so it is difficult to assess the Jeju case. It may depend on the political will of Governor, the aspiration of the community, and the financial capacity of local government.

4. Discussion and Conclusion

This chapter has analysed the Jeju model of participatory budgeting in terms of organisational structure, institutional design and budgeting process, focusing on four key issues of representativeness, empowerment, communication and decision-making mode, and political willingness and capacity of relevant actors, known as fundamental factors for effective participatory budgeting (Arnstein, 1969; Souza, 2001; Fung, 2006; Goldfrank, 2006; Speer, 2012).

The purpose of adopting participatory budgeting in Jeju Province is to enhance transparency, justice and effectiveness of governance by involving residents in deliberation and decision-making in resource allocation process (JPBO Ordinance Article 1; JSSP, 2012a). According to the 2012 Survey (JDI, 2013), the expectant effects of participatory budgeting include the enhancement of democratic values, including responsiveness to the demand of residents through resident participation in budgeting process (30.7 %), residents' interest in local budget (17.9 %), budget transparency (15.6 %), the effectiveness of resource allocation (prevention and control of budget waste). The JPBP Ordinance is institutionally designed to achieve such purposes. However, the findings in this research suggest that there are critical problems in the institutional design and process.

One of the most serious problems is the lack of the representativeness. The findings show that the NCs have critical drawback in their compositional background. More seriously, the composition of the PBC has critical defects in terms of institutional design, considering that it has the authority to make a final decision on priorities and budget

allocation. According to the JPBO Ordinance, the PBC is composed of 80 members who include 16 provincial officials, 3 budget experts, and 63 representatives of residents (JPBO Ordinance, Article 10). 63 representatives of residents are again divided into two groups. A group of 20 members are selected through open recruitment, and the other group of 43 members are chosen through the recommendation of 43 community centre committees. A close look at the 2012 list of resident members in the PBC indicates that the former group are most composed of executives from profit or non-profit organisations despite the principle of the openness to the public, and the latter are almost filled with chairpersons of community centre committees or at least members of the committees (JSSP, 2012b). Consequently, the members of NCs, ACs and PBC cannot be described as appropriately representative of ordinary residents in the neighbourhoods, and accountable to neighbourhood constituencies.

The results may impair the original purpose of adopting participatory budgeting system to enhance transparency, justice, and effectiveness, and cause various problems. Souza (2001, p. 174) points out three central problems of defective participation. First, the flawed participation causes the implementation problem that would foster power-holders to exert greater decision-making control over the less powerful. Second, it brings about the inequality problem. Even if all participants have the equal right, socio-economic inequality tends to hinder the effective participation of certain groups. Third, it gives rise to the co-optation problem. Even if delegates genuinely participate in the budgeting process, the inequalities in controlling information and resources tend to lead to manipulation of participatory budgeting process by government officials. Arnstein (1969, p. 218) discusses the co-optation problem, and argues that power holders can hire particular groups to co-opt them and to placate and manipulate them, depending on their motives.

Another issue is the level empowerment of residents who are involved in participatory budgeting process. The institutional framework is seemingly designed to devolve citizens a delegated power on decision-making in the budget process, but local government still

holds the power by exercising the internal control in the budget process. Communication and decision-making mode has the same problem. It is institutionally designed for residents to deliberate and make a decision on preferences through three phases. However, local government interfered the budgeting process and exercised the power against the Ordinance in the decision making process with ambiguous guideline and criteria on priorities and resource allocation. This means that the participatory budgeting mechanism was not in working order contrary to the original intention.

In conclusion, the participatory budgeting of Jeju has been degenerated into the low level of perfunctory participation mainly due to the local government's direct intervention in the budgeting process through manipulation. This highlights a need to shift a decision-making process from the government-driven system to the public-driven or government-public joint decision model.

VI. Discussion and Conclusion

The Jeju case has two distinctive features. First, the introduction of the participatory budgeting in Jeju Province was prompted mainly by the nationwide institutional expansion of the central government rather than the political willingness of local government or demand of local residents. Second, it is only three years since the implementation of the reform.

The main question is what impact the national expansion of the institution has had on the institutional design and operation of the participatory budgeting in Jeju Province with the relatively weak political willingness of local government and residents. The second concern is what should be tackled in order to achieve the original purpose. This conclusion chapter discuss key challenges of Jeju participatory budgeting and presents the Jeju model of participatory budgeting as a conclusion by placing it within the three dimensions of Fung's model.

Positive impacts

The introduction of participatory budgeting in Jeju is a turning point for participatory governance in that it is the first attempt to institutionally guarantee ordinary residents to participate in the public sphere of Jeju. Despite little empirical evidence on a causal link, there is a strong argument for the positive impact of participatory governance on effective outcomes and achievements (Speer, 2012). Principal-agent theory supports this argument as citizen engagement may help overcome the agency dilemma coming from asymmetric information between agent (elected representatives) and principal (voters) through interactive communication and the devolution of empowerment to residents. Participatory budgeting may have a positive impact on democratic values such as legitimacy, justice, transparency and effectiveness (Souza, 2001; Gaventa, 2004; Fung, 2006; Speer 2012). According to the 2012 Survey, NC members have a high expectancy

that participatory budgeting may enhance budget transparency and government's responsiveness to the interests from the public, trust in government, as well as preventing budget waste (JDI, 2013, p. 19). However, it is too early to assess the effect of the budgetary reform in Jeju as there is very little study and no comprehensive evaluation on the Jeju case.

The Jeju model of participatory budgeting

The previous two chapters have analysed and assessed the Jeju model of participatory budgeting, focusing on four themes which are seen as fundamental conditions for effective participatory budgeting, including the scope of participants, empowerment, communication and decision mode, and political will and capacity. The theoretical frameworks presented by Arnstein (1969) and Fung (2006) have been shown to be useful analysis tools. Arnstein (1969)'s "ladder of citizen participation" provides criteria to judge the distorted empowerment. Fung's (2006) "democracy cube" helps to understand the characteristics of a particular case of participatory budgeting by locating it in the three dimensions with three fundamental questions of institutional design: who participates? How do they communicate and make decisions? What degree of authority and power do they have in decision making and implementation?

The analysis has shown that the institutional design of Jeju participatory budgeting faces various challenges determining the success and failure of participatory. First, the scope of participation focuses on a particular group of residents. The institutional design on the scope of participants in NCs adopts two methods of open recruiting and co-optation, called commissioned members and officials members. The problem is that co-opted members are the members of community centre committees who support local government's policy, and they had the majority of seats in the most NCs. Most seats of residents' share in the Participatory Budgeting Council are also occupied by the appointed members from community council committees. In the light of Fung's (2006)

democracy cube, the participation selection mode of Jeju is outwardly close to the “open, targeted recruiting” on the dimension of participants, but, in practice, the composition of the bodies is different from Fung’s intention. In this regard, Fung’s democracy cube exposes some limitations of accommodating and explaining varieties of participation in practice.

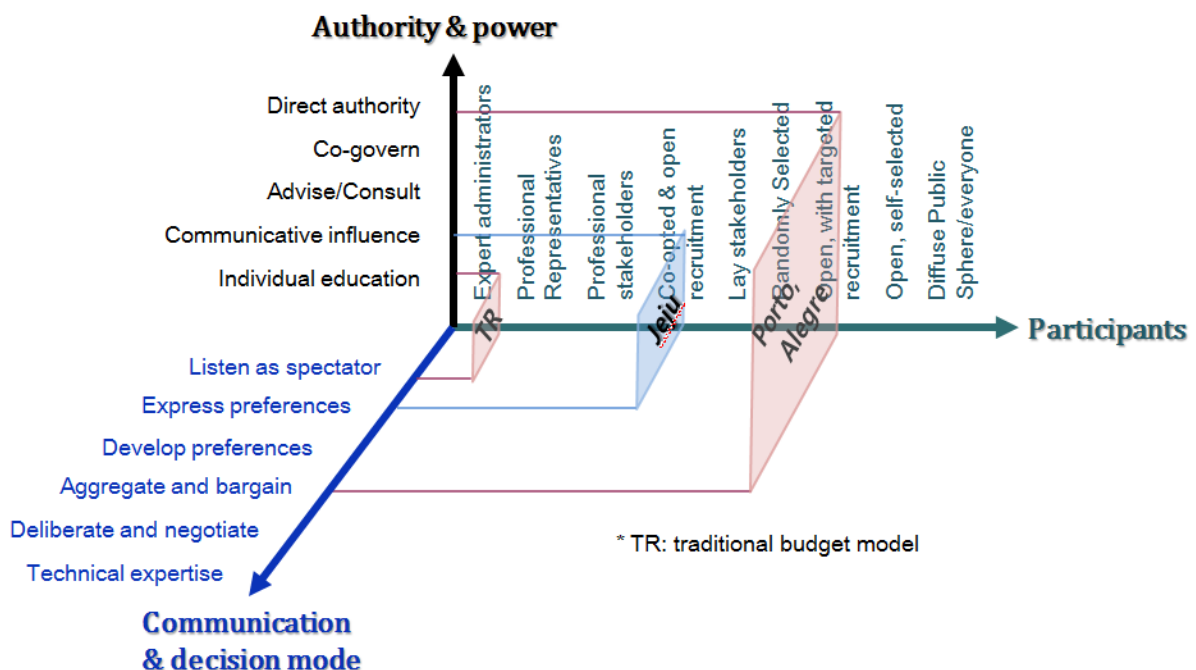
Second, the Jeju model claims to aim at the rung of “delegated power” in institutional design, but the practice is closer to the rung of “manipulation” that Arnstein (1969, p. 218) mentioned. Institutionally, three stages of budgeting process are designed for participants to deliberate and make a decision on priorities and resource allocation. In practice, however, local government have exercised the overwhelming authority and power over the overall budgeting process by creating ambiguous criteria of priorities and using excessive discretions. The PBC just approved the results of priorities that the department concerned had decided in advance. In this regard, the Jeju model remains at the level of “communicative influence” in the dimension of empowerment when applied to Fung’s (2006) democracy cube.

Third, the communication and decision mode of Jeju is assessed to follow the similar pattern to the empowerment mode discussed earlier. Insufficient information openness to residents accounts for less transparency of deliberation and decision-making in the budgeting process. Various indicators show that interactive communication and informed decision are very limited. This implies that the dilemma of asymmetric information between principal (voters) and agency (elected representatives) remain unresolved. The main reason is the lack of transparency. This may constraint the capacity of participants and monitoring activity from the outside. Regarding decision mode, the institutional design creates the participatory budgeting framework for participants to deliberate and make a decision on priorities through three stages of budget process. In practice, however, the budgeting process is considerably controlled by local authorities. In this regard, the communication and decision mode of Jeju remain at the level of “express

preferences” on the dimension of communication and decision mode of Fung’s democracy cube (Fung, 2006, pp. 68-69).

In this context, the Jeju case is a typical model of the government-led category presented by Na (2004) who classifies the pattern of participatory budgeting in local municipalities of South Korea into three groups: government-led, government-public consultation, and public-led form. The participatory budgeting of Jeju Province has been innovated in many ways as contrasted with the traditional budget process, but falls short of the case of Porto, Alegre, in Brazil, exemplified as a justice-enhancing model by Fung (2006, p. 72). The Jeju model of participatory budgeting can be presented by using Fung’s (2006) democracy cube as shown Figure 17 where “co-opted, with open recruitment” selection is added to indicate the characteristics of participation of the Jeju model.

Figure 17. The Jeju model of participatory budgeting



The findings suggest that the main reason lies in the lack of local government’s political willingness. Although the Ordinance empowers the representatives of residents to

deliberate and allocate resources for their preferences, the local government is exercising greater influence on budgeting process through bureaucratic control. The wrong design of the institution facilitated the local government to manipulate the participatory budgeting process by co-opting resident group in favour of local government on one hand, and by setting ambiguous criteria of project selection.

Another reason may be related to the willingness and capacity of civil society and local residents. Some progressive civil society organisations persistently advocated the introduction of participatory budgeting in early stage. Since the implementation of the institution, they have contributed to stabilising the participatory budgeting system by running the Budget School to educate NC members and support the operation or by joining the Study Group. Despite such efforts, it is not clear whether they have the well-organised capacity corresponding to their eagerness such as human resources, solidarity, network of civic engagement, and citizen mobilising power to achieve goals.

One concern raised by civic groups' participation, civil society organisations' direct engagement in public governance may dwarf the essential role as watchdogs. Therefore, local civil society needs to establish a clear-cut, twin-track strategy through networked solidarity in order not to lose the main role as watch dogs. Low interest and participation of local residents are a serious problem for effective participatory budgeting, even if it is the early stage. In particular, the participation of expert citizens in budgeting is very much needed.

Policy recommendations

The case study has various implications for participatory budgeting of Jeju Province. The study highlights the need for institutional and operational reform as well as the creation of a favourable environment for effective participatory budgeting operation. The basic policy reform direction is a shift from government-led to citizen-government joint-decision model, and then to citizen-led model in the long run.

In order to do this, first, the composition of participatory budgeting bodies should be reformed in order that commissioned members have the majority in the seats of Neighbourhood Councils and Participatory Budgeting Council. The number of NC members needs to decrease to less than 20 people for intensive deliberation and strong accountability. The selection standard of resident representatives should include the willingness of participation and expertise. Second, the PBC should have the authority to set criteria of project selection and resource allocation. In order to come up with fair and clear-cut criteria, the PBO needs to hold open fora to hear the voices of experts, public officials, representatives of civil society. Third, there is a need to stipulate the prohibition of local authorities from intervening in the budgeting process. Forth, all information produced in the budgeting process should be open to the public through a website, including operational plan, criteria of project selection and resource allocation, resolutions in all levels of meetings, a list of proposed projects and contents of NCs and final priorities, the process of implementation and monitoring, and evaluation report. Local government should run a website dedicated to participatory budgeting to enhance effectiveness of information management, interactive communication among members, and to hear the voices of ordinary citizens. It is expected to contribute to enhancing transparency, trust, and legitimacy of participatory budgeting. Fifth, there is a need to evaluate the participatory budgeting on a regular basis. Evaluation should be carried out by an external organisation.

At national level, the central government needs to carry out comprehensive evaluation on participatory budgeting, including impacts of the national expansion of the institution, the cost and effect analysis on outcomes, challenges and future tasks. There is a need to establish nationwide support network, which could be called "Participatory Budgeting Network". The Participatory Budgeting Network in the UK is a good model. It is an independent body run by a volunteer steering group made up of experienced participatory budgeting practitioners and academics. The Participatory Budgeting Network holds events, publishes policy related papers and stimulates debates. The

function of the Network needs to be expanded to education, consultation, and evaluation.

Future research

This case study has addressed key issues of the participatory budgeting in Jeju by applying Fung's democracy cube and other theoretical frameworks. However, the evaluation framework set up for this case study has some limitations for comprehensive analysis of the case study. Therefore, there is a need for the future study on the evaluation model by developing standard indicators relating to instrumental benefits such as legitimacy, justice, and effectiveness. There is little study on evaluation on the impact of participatory budgeting on local governance. The future study is going to develop the evaluation method on the effects of participatory budgeting in the socio-political and administrative context of South Korea.

Conclusion

In conclusion, the expansion of participatory budgeting across the country in South Korea in 2011 has contributed to the establishment of participatory governance on a basis of rule of law. The legal framework has laid the foundation for citizen participation in resource allocation for their preferences. However, the national expansion does not guarantee successful outcome in all municipalities. The case study suggests that the political willingness and capacity of local government and civil society are the most decisive factors for effective participatory budgeting, along with institutional design setting in favour of empowerment for participants. The different level of political willingness and capacity explains why participatory budgeting varies in different municipalities in similar legal environment, in terms of institutional design and process, outcomes, and impacts on democratic values. (15,000 words)

Bibliography

- Aberbach, J. D., & Christensen, T. (2005). Citizens and Consumers: An NPM Dilemma. *Public management review*, 7(2), 225-246.
- Allegretti, G., & Herzberg, C. (2004). *Participatory Budgets in Europe: Between Efficiency and Growing Local Democracy*. The Transnational Institute. Briefing Series, (2004/5).
- Amirkhanyan, A. A., Kim, H.J., & Lambright, K. T. (2013). *Going beyond Service Delivery: Exploring the Prevalence of Citizen Participation in Government Contracting*. Proceedings of the 11th Public Management Research Conference (pp. 1-48). 20-22 June, Madison, Wisconsin. Retrieved August 27, 2015, from http://www.appam.org/assets/1/7/Going_Beyond_Service_Delivery_Exploring_the_Prevalence_of_Citizen_Participation_in_Government_Contracting.pdf
- Arnstein, S. R. (1969). A Ladder of Citizen Participation. *Journal of the American Institute of planners*, 35(4), 216-224.
- Bhatnagar, D., Rathore, A., Torres, M. M., & Kanungo, P. (2004). *Participatory Budgeting in Brazil*. World Bank,[Online], 20. Retrieved August 27, 2015, from http://siteresources.worldbank.org/INTEMPowerment/Resources/14657_Particip-Budg-Brazil-web.pdf
- Campbell, T., Peterson, G., & Brakarz, J. (1991). *Decentralization to Local Government in LAC*. Regional Studies Program, Banco Mundial.
- Chang, D., & Bae, Y. (2012). *The Birth of Social Election in South Korea, 2010-2012*. Fesmedial Asia. Retrieved August 27, 2015, from <http://library.fes.de/pdf-files/bueros/asia-media/09327-20120928.pdf>
- Choi, H. D. (2009). Participatory Budgeting in Buk-gu, Korea. *OECD Studies on Public Engagement*, 135-141.
- Crook, R. C., & Manor, J. (1995). Democratic Decentralisation and Institutional Performance: four Asian and African Experiences Compared. *Journal of Commonwealth & Comparative Politics*, 33(3), 309-334.
- De Tocqueville, A., & Lawrence, G. (1976). *Democracy in America*. J. P. Mayer (Ed.). Harper & Row.
- Devas, N., & Grant, U. (2003). Local Government Decision-making - Citizen Participation and Local Accountability: Some Evidence from Kenya and Uganda. *Public Administration and development*, 23(4), 307-316.
- Ebdon, C., & Franklin, A. L. (2006). Citizen Participation in Budgeting Theory. *Public Administration Review*, 66(3), 437-447.
- Fowler, J. (1999). The United States and South Korean Democratization. *Political Science Quarterly*, 114(2), 265-288.
- Franklin, A. L., Ho, A. T., & Ebdon, C. (2009). Participatory Budgeting in Midwestern States: Democratic Connection or Citizen Disconnection?. *Public Budgeting & Finance*, 29(3), 52-73.

- Fung, A. (2006). Varieties of Participation in Complex Governance. *Public administration review*, 66(s1), 66-75.
- Gaventa, J. (2004). Towards Participatory Governance: Assessing the Transformative Possibilities. In S. Hickey & G. Mohan (Eds.), *Participation: From Tyranny to Transformation? Exploring New Approaches to Participation in Development*, 25-41. London and New York: Zed Books.
- Goldfrank, B. (2007). Lessons from Latin American Experience in Participatory Budgeting. *Participatory budgeting*, 91-126.
- Han, H.J. (2014, November 4). 도입 3년 주민참여예산, 제주시만 아직도 모른다? [Residents in Jeju-si, Still Unaware of it?]. (In Korean). *The Jejusori*. Retrieved August 27, 2015, from <http://www.jejusori.net/?mod=news&act=articleView&idxno=154205>
- Hwang, J. G., & Song, D. H. (2013). *Participatory Budgeting in Korea: a Focus on Participatory Budgeting in Yeonsu-Gu, Incheon*. International Strategy Centre. Research Paper 1. Retrieved August 27, 2015, from https://solidarystorieskr.files.wordpress.com/2013/10/participatory-budgeting_e1848be185a7e186bce18486e185aee186abe1848ee185ace1848ce185a9e186bce18487e185a9e186ab.pdf
- International Budget Partnership. (2013). *The Open Budget Survey 2012*. Washington, DC: International Budget Partnership. Retrieved August 27, 2015, from <http://internationalbudget.org/wp-content/uploads/OBI2012-Report-English.pdf>
- Jeju Development Institute. (2013). *2012년 주민참여예산제 운영에 따른 설문조사. [The 2012 Survey on Participatory Budgeting]*. (In Korean). Jeju Development Institute. 2013-1. Retrieved August 27, 2015, from <https://www.jdi.re.kr/contents/index.php?mid=0401&job=detail&seq=1117&gubun=3>
- Jeju Special Self-governing Province. (2012a). *2012년도 주민참여예산 운영계획. [The 2012 Operational Plan for Participatory Budgeting]*. (In Korean). Jeju Special Self-governing Province. Retrieved August 27, 2015, from http://www.jeju.go.kr/upload_data/Synap/BUDGET_P1/4f87e42b1119a.hwp.htm
- Jeju Special Self-governing Province. (2012b). *제1차 주민참여예산위원회 운영회의 회의자료 [Meeting Materials for the First Operational Meeting of the Participatory Budgeting Council]*. (In Korean). Jeju Special Self-governing Province. Retrieved August 27, 2015, from http://www.jeju.go.kr/upload_data/Synap/BUDGET_P1/4f87e3f16ddfe.hwp.htm
- Jeju Special Self-governing Province. (2013a). *2013년도 주민참여예산제 운영계획. [The 2013 Operational Plan for Participatory Budgeting]*. (In Korean). Jeju Special Self-governing Province. Retrieved August 27, 2015, from <http://sido.jeju.go.kr/citynet/jsp/sap/SAPGosiBizProcess.do?command=searchList&flag=gosiGL&svp=Y&sid=#>

- Jeju Special Self-governing Province. (2013b). *2012 주민참여예산제 평가 및 2013 주민참여예산제 운영계획(안)*. [The 2012 Evaluation and the 2013 Operational Plan of Resident Participatory Budgeting]. (In Korean). Jeju Special Self-governing Province. Retrieved August 27, 2015, from <http://www.jeju.go.kr/board/download.jeju?boardId=ETCDATA&dataSid=196453&fileSid=130945>
- Jeju Special Self-governing Province. (2014a). *2014년도 주민참여예산제 운영계획*. [The 2014 Operational Plan for Participatory Budgeting]. (In Korean). Jeju Special Self-governing Province. Retrieved August 27, 2015, from http://www.jeju.go.kr/upload_data/Synap/BUDGET_P1/535632dc1caa5.hwp.htm
- Jeju Special Self-governing Province. (2014b). *제1차 주민참여예산위원회 회의자료* [Meeting Materials for the First Meeting of the Participatory Budgeting Council]. (In Korean). Jeju Special Self-governing Province. Retrieved August 27, 2015, from http://www.jeju.go.kr/upload_data/Synap/BUDGET_P1/533b9b4208f4b.hwp.htm
- Jeju Special Self-governing Province. (n.d.a). *About Jeju*. Retrieved August 27, 2015, from <http://english.jeju.go.kr/index.php/contents/AboutJeju>
- Jeju Special Self-governing Province. (n.d.b). *Road to Autonomy*. Retrieved August 27, 2015, from <http://english.jeju.go.kr/index.php/contents/AboutJeju/government/autonomy/road>
- Jeju Special Self-governing Province. (n.d.c). *운영계획*. [Operational plan]. (In Korean). Retrieved August 27, 2015, from http://www.jeju.go.kr/index.jeju?menuCd=DOM_000000305017006002&sso=ok
- Jeju Special Self-governing Provincial Council. (n.d.). *Members in History*. Retrieved August 27, 2015, from http://english.council.jeju.kr/index.php/contents/members/members_history
- Jo, J.E. (2006, March 15). 전국 23개 시민단체 "반부패 전국 네트워크" 출범. [Launching "the National Anti-corruption Network" joined by the 23 Civic Groups across the Country]. (In Korean). *The Nocutnews*. Retrieved August 27, 2015, from <http://www.nocutnews.co.kr/news/133040>
- Jung, H. G. & Kim, H. K. (1993). *Development of Democratization Movement in South Korea*. Stanford Korea Democracy Working Paper.
- Kang, J.M. (2015, April 7). 제주도 주민참여 예산제도 개선 착수. [Launching the Reform of Participatory Budgeting of Jeju]. (In Korean). *The Newsis*. Retrieved August 27, 2015, from http://www.newsis.com/ar_detail/view.html?ar_id=NISX20150407_0013584200&cID=10813&pID=10800
- Kim, B. S., & Kim, J. H. (2007, June). *Increasing Trust in Government through More Participatory and Transparent Government*. In Proceeding of Capacity Development Workshop on Restoring Trust in Government through Public Sector Innovations.
- Kim, H.K. (2001). The State and Civil Society in South Korea, 1987-1999: Civil Movements and Democratic Consolidation. *Asian Perspective*, 229-248.

- Kim, M.K. (2012). *주민참여 예산 위원 통합 교육자료. [Master Training Materials for Members of Participatory Budgeting]*. Jeju Special Self-governing Province. 1-68. Retrieved September 1st, 2015, from http://www.jeju.go.kr/board/download.jeju?boardId=BUDGET_P9&menuCd=DOM_000000305017006007&startPage=1&dataSid=7302&command=update&fileSid=8169
- Kim, S.H. (2014). *Citizen Participation, Transparency, and Public Trust in Government: Participatory Budgeting in Local Governments of Korea*. Government Research 2014. Korea Development Institute.
- Ko, D.M. (2013, October 28). 제주 주민참여예산제도는 아직도 관 참여예산. [Participatory Budgeting of Jeju is still the Local Government Participation Budgeting]. (In Korean). *The Sisa Jeju*. Retrieved August 27, 2015, from <http://www.sisajeju.com/news/articleView.html?idxno=199947>
- Kwon, H.J. (2013). *주민참여예산제도의 청렴도 제고 효과 분석. [Analysis on the Effects That Participatory Budgeting Has on the Improvement of Integrity]*. (In Korean). The Korean Association for Public Administration.
- Putnam, R. D. (1995). Bowling Alone: America's Declining Social Capital. *Journal of Democracy*, 6(1), 65-78.
- Richardson, M. (2008). *Civil Society and the State in South Korea*. SAIS US-Korea Yearbook. Retrieved August 27, 2015, from <http://uskoreainstitute.org/wp-content/uploads/2010/05/YB07-Chapt13.pdf>
- Sintomer, Y., Herzberg, C., & Allegretti, G. (2010). *Learning from the South: Participatory Budgeting Worldwide-an Initiation to Global Cooperation*. Service Agency Communities in One World.
- Skelcher, C. (2000). Changing Images of the State: Overloaded, Hollowed-out, Congested. *Public policy and administration*, 15(3), 3-19.
- Souza, C. (2001). Participatory Budgeting in Brazilian Cities: Limits and Possibilities in Building Democratic Institutions. *Environment and Urbanization*, 13(1), 159-184.
- Speer, J. (2012). Participatory Governance Reform: A Good Strategy for Increasing Government Responsiveness and Improving Public Services? *World Development*, 40(12), 2379-2398.
- Tamanaha, B. Z. (2007). *A Concise Guide to the Rule of Law*. St. Hohn's University School of Law. Retrieved August 27, 2015, from <http://www.ruleoflawus.info/The%20Rule/Tamanaha%20Concise%20Guide%20to%20Rule%20of%20Law.pdf>
- Tanaka, S. (2007). Engaging the Public in National Budgeting. *OECD Journal on Budgeting*, 7(2), 139-177.
- Teles, F. (2012). Local Governance, Identity And Social Capital: A Framework For Administrative Reform. *Theoretical and Empirical Researches in Urban Management*, 7(4), 20-34.

- The Citizens' Coalition for Economic Justice. (n.d.). *연도별 일지*. [Chronicles of activities]. (In Korean). The Citizens' Coalition for Economic Justice. Retrieved August 27, 2015, from <http://www.jejungo.com/>
- Van Evera, S. (1997). *Guide to Methods for Students of Political Science*. Cornell University Press.
- Wampler, B. (2000). *A Guide to Participatory Budgeting*. In Conference on Participatory Budgeting. Retrieved August 27, 2015, from <http://siteresources.worldbank.org/INTPCENG/214578-1116506912206/20508879/WamplerPB.pdf>
- Yeo, A. (2013). *South Korean Civil Society*. The Council of Foreign Relations. Retrieved August 27, 2015, from http://scholar.google.co.uk/scholar?q=related:AWCV8Raa-3MJ:scholar.google.com/&hl=en&as_sdt=0,5#
- You, J. S., & Lee, W. (2011). *Budget Transparency and Participation – Korean Case Study*. Retrieved August 27, 2015, from <http://88.198.249.35/d/Budget-Transparency-and-Participation-Korean-Case-Study.pdf>