

# Local Autonomy and Decentralization

Local autonomy refers to various activities through which an autonomous body representing the residents within a certain regional boundary carries out its political and administrative decision making while maintaining relative independence from the central government. Significant local autonomy includes jurisdiction; organization and administrative management of local government; the promotion of residents' welfare; the promotion of industries including agriculture, forestry, trade, factories; local development and the establishment and management of public and private facilities for residents; and the promotion of education, athletics, culture, art, public safety, and firefighting. Local autonomy mainly consists of autonomous power over local affairs and an independent budgetary capacity in a geographical region with an explicit boundary where residents and an autonomous body are located. Local governmental autonomy has been a recent global trend.

Administrative organizations play a key role in local autonomy in Korea by maintaining close relations with their residents. The local autonomous body is constituted of local residents, and it forms a legal entity. There are two types of autonomous bodies in

Korea: macro-level bodies such as the Special City, Metropolitan City, Special Autonomous City, do or Special Self-Governing Province, and primary level bodies such as si, gun or gu. In 2018, the macro-level local autonomous bodies in Korea were the Seoul Special City; six metropolitan cities including Busan, Daegu, Incheon, Gwangju, Daejeon, and Ulsan; the Sejong Special Autonomous City; eight dos including Gyeonggi-do, Gangwon-do, Chungcheongbuk-do, Chungcheongnam-do, Jeollabuk-do, Jeollanam-do, Gyeongsangbuk-do, and Gyeongsangnam-do; and the Jeju Special Self-Governing Province. In addition, there are 260 primary-level local autonomous bodies, including 77 sis (including 2 non-autonomous sis), 82 guns, and 101 gus (including 32 non-autonomous gus). There are also 228 eup, 1,184 myeons, and 2,098 dong at the lower level. All the autonomous bodies mentioned above constitute the localized administrative system in Korea.

Local residents may participate in local autonomy mainly through elections. The local residents elect both the members of local councils and the heads of local governments. Both macro-level and primary level local councils are accordingly constituted. The heads

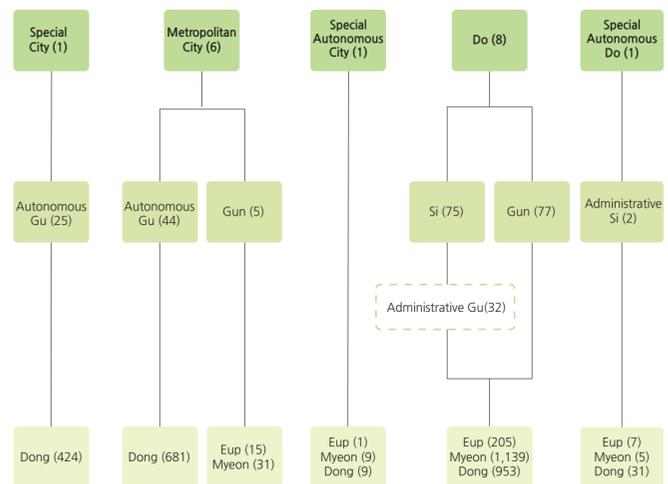
of local governments include the mayor of the Seoul Special City, the mayor of the Metropolitan City, the governors of dos, and heads of guns and autonomous gus. The heads of local governments may request that residents vote on important matters that impose an excessive burden to the government or have a significant effect on the residents. The residents also have the right to recall the head of the local government or local council members.

Local finance must be supported for local autonomy to work efficiently. However, the financial independence ratio of local autonomous bodies in Korea is decreasing gradually as the budget required increases despite the increase in the revenue of local autonomous bodies. In response, the central government has increased the proportion of local taxes collected as part of taxes generally, increasing the revenue of local autonomous bodies. In addition, since local autonomy began in 1991 with the formation of local councils, the tasks and authority of local autonomous bodies have continued to expand as the central government has gradually transferred its administrative tasks and authorities to local autonomous bodies.

Administrative District System in Korea

Si·Do	Classification	Si·Gun·Gu				Administrative City Non-Autonomous Gu			Eup·Myeon·Dong		
		Total	Si	Gun	Gu	Si	Gu	Total	Eup	Myeon	Dong
Special City	Total	226	75	82	69	2	32	3,510	228	1,184	2,098
	Seoul	25			25			424			424
Metropolitan City	Busan	16		1	15			206	3	2	201
	Daegu	8		1	7			139	6	3	130
	Incheon	10		2	8			152	1	19	132
	Gwangju	5			5			95			95
	Daejeon	5			5			79			79
Special Autonomous City	Ulsan	5		1	4			56	5	7	44
	Sejong							19	1	9	9
Do	Gyeonggi-do	31	28	3			17	564	36	104	424
	Gangwon-do	18	7	11			193	24	95	74	
	Chungcheongbuk-do	11	3	8			4	153	15	87	51
	Chungcheongnam-do	15	8	7			2	207	25	136	46
	Jeollabuk-do	14	6	8			2	243	15	144	84
	Jeollanam-do	22	5	17				297	33	196	68
	Gyeongsangbuk-do	23	10	13			2	332	36	202	94
	Gyeongsangnam-do	18	8	10			5	308	21	175	112
Special Autonomous Do	Jeju Special Self-Governing Province					2	43	7	5	31	

Administrative District System

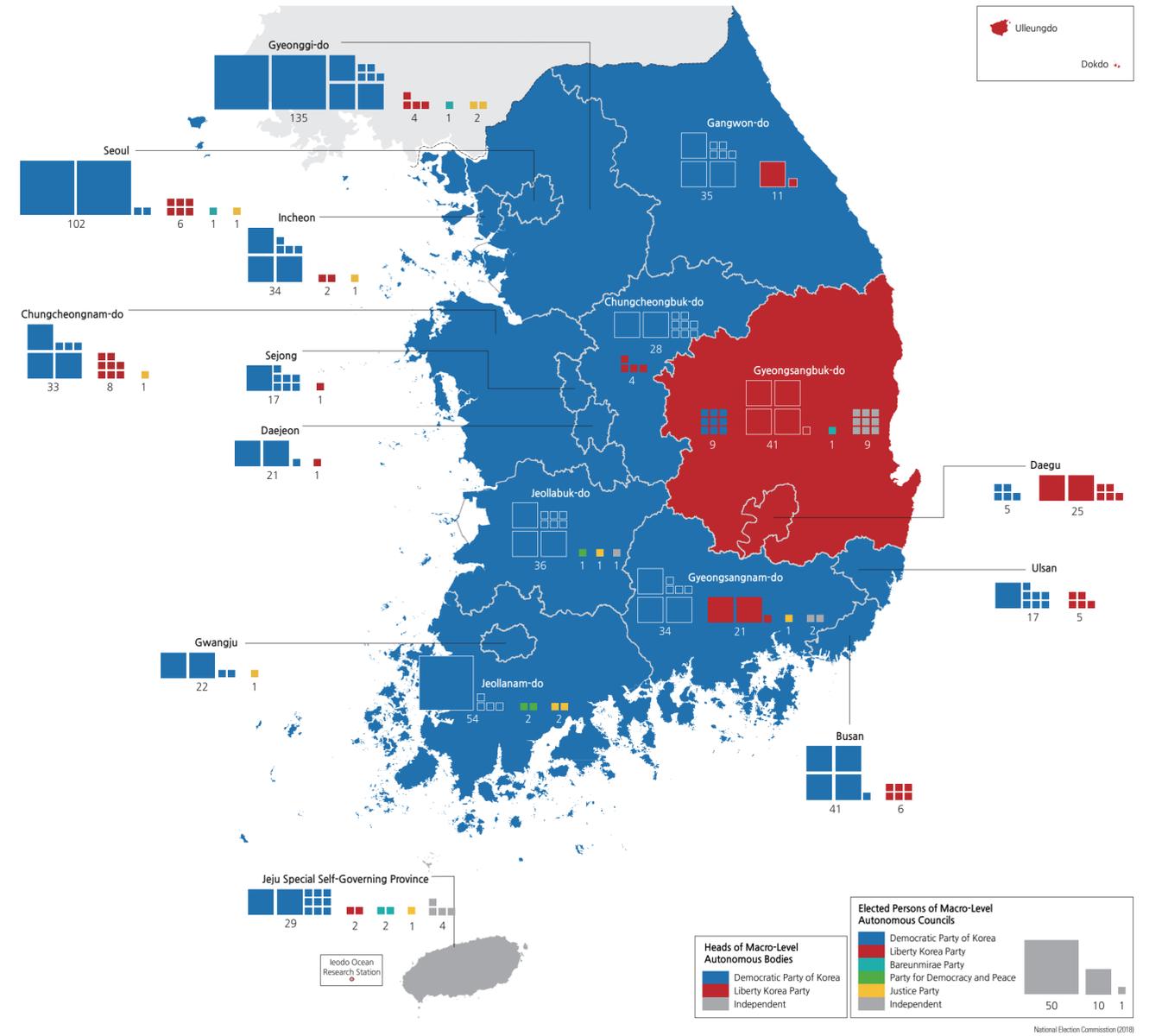


MOSPA (2019)

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## Local Autonomy and Elections

Election of Heads of Macro-Level Autonomous Bodies and Composition of Macro-Level Autonomous Councils by Party



National Election Commission (2018)

Voting for Local Elections (Based on the 7th Nationwide Local Elections)

	Macro-Level Autonomous Bodies			Primary Autonomous Bodies			Educational Autonomy	
	Heads	Members of Councils		Heads	Members of Councils		Superintendent	Member of Board
		Local Constituency	Proportional Representation		Local Constituency	Proportional Representation		
Special City, Metropolitan City, Do	○	○	○	○	○	○	○	○
Sejong	○	○	○				○	○
Jeju Special Self-Governing Province	○	○	○				○	○

National Election Commission (2018)

Heads and Members of Councils of Macro-Level Autonomous Bodies by Party

		Democratic Party of Korea	Liberty Korea Party	Bareunmirae Party	Party for Democracy and Peace	Justice Party	Independent	Total
		Heads of Macro-Level Autonomous Bodies	14	2	-	-	-	-
Members of Councils	Total	652	137	5	3	11	16	824
	Local Constituency	605	113	1	1	1	16	737
	Proportional Representation	47	24	4	2	10	-	87

National Election Commission (2018)

Local elections in Korea were first introduced in 1952 and held until 1960. Subsequently, local elections were not held because the local council was then closed down by the military regime, and the central government appointed heads of primary autonomous bodies. After the amendment of the constitution in 1987, a local council election was held in 1991. In 1995, the first Nationwide Simultaneous Local Election was held. Nationwide Simultaneous Local Elections have been conducted every four years since 1998.

In 2018, the 7th Nationwide Simultaneous Local Election took place. Local elections elect the heads and the members of councils of macro-level autonomous bodies and primary autonomous bodies. Local elections also elect the superintendents of macro-level autonomous bodies for educational autonomy. Local elections grant

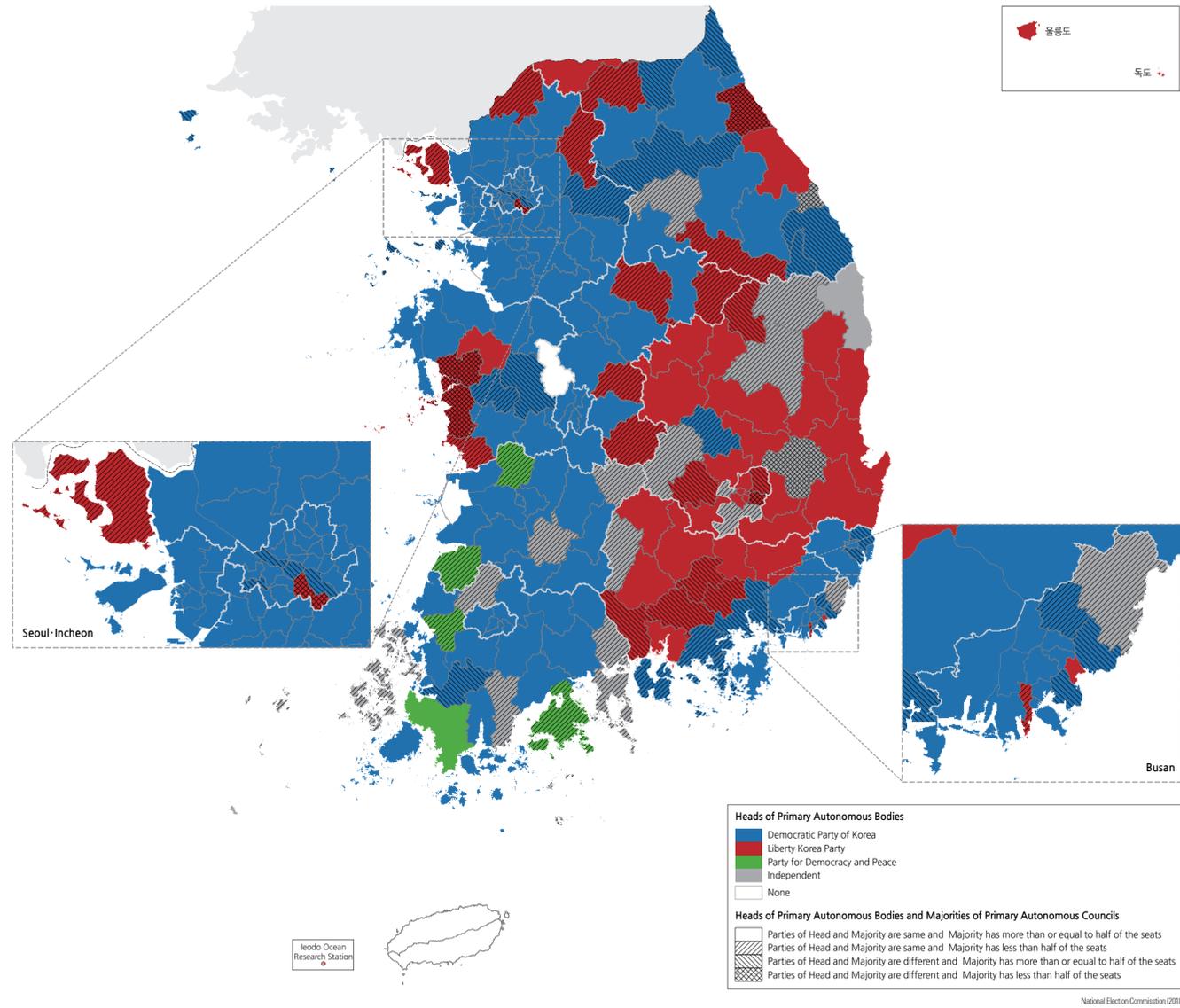
rights to vote only for those who have been in residence for at least three years.

The Democratic Party of Korea, the ruling party, stood out in the party composition of the head of macro-level autonomous bodies and macro-level autonomous councils elected by the 7th Nationwide Simultaneous Local Election. The Democratic Party of Korea's candidates became the heads of 14 macro-level autonomous bodies across the country, including Busan, Ulsan, and Gyeongsangnam-do, where the party's candidates were rarely elected. In Daegu and Gyeongsangbuk-do, the Liberty Korea Party's candidates became the heads of macro-level autonomous bodies. An independent candidate was elected as head of Jeju Special Self-Governing Province.

Among all macro-level autonomous councils, the Democratic

Party of Korea became the majority party in 15 macro-level autonomous councils across the nation, while the Liberty Korea Party became the majority party of the macro-level autonomous councils of Daegu and Gyeongsangbuk-do. The Democratic Party of Korea accounted for 652 members of macro-level autonomous councils, representing 79.1% of a total of 824 elected members of 17 macro-level autonomous councils, followed by the Liberty Korea Party (137 people, 16.6%), No Political Party Affiliation (16 people, 1.9%), Justice Party (11 people, 1.3%), Bareunmirae Party (5 people, 0.6%), and Party for Democracy and Peace (3 people, 0.4%). The Justice Party was successful at the proportional representative election, with ten elected as proportional representatives.

Election of Heads of Primary Autonomous Bodies and Composition of Primary Autonomous Councils



The ruling Democratic Party of Korea also stood out in the numbers of the heads of primary autonomous bodies and the members of Party Autonomous Councils, which were formed by the 7th Nationwide Simultaneous Local Election. Sejong Autonomous City and Jeju Self-Governing Province did not hold an election for the heads of primary autonomous bodies and the members of primary autonomous councils.

The Democratic Party of Korea accounted for 151 heads of Primary Autonomous Bodies, representing 66.8% of a total of 226 elected local autonomous bodies across the nation. The Democratic Party of Korea secured many heads of primary autonomous bodies in the Seoul Metropolitan Area, Chungcheong region, and Gangwon-do, advanced in the Yeongnam region, which was a traditional stronghold of the Liberty Korea Party, and regained its vote in the Honam region, where the People's Party won the 19th National Assembly election in 2016. On the other hand, the Liberty Korea Party showed strength only in Daegu, Gyeongsangbuk-do,

and Gyeongsangnam-do. Only five heads of primary autonomous bodies of the Party for Democracy and Peace were elected, in Jeollanam-do and Jeollabuk-do. Other parties, such as the Barenmirae Party and the Justice Party, did not have a winner.

The Democratic Party of Korea also stood out in the primary autonomous council elections. The Democratic Party of Korea had 1,638 elected candidates, representing 56 percent of the 2,926 elected members of primary autonomous councils, and became the majority party in 176 of the 226 primary autonomous councils in the nation. The Liberty Korea Party won 1,009 seats of primary autonomous councils and became the majority for 49 primary autonomous councils. In Ulsan-gun, Gyeongsangbuk-do, five of the eight members of primary autonomous council were elected as independents.

In the 7th Nationwide Simultaneous Local Election, there were no female heads of macro-level autonomous bodies and females comprised only 3.5% of the total elected heads of primary

autonomous bodies. The proportions of female members of macro-level area councils and primary autonomous councils elected through the regional electoral district elections were 13.3% and 20.7%, respectively. On the other hand, the proportions of female proportional representative seats on macro-level autonomous councils and primary autonomous councils were 71.3% and 97.1%, respectively. The reason for the high proportion of female proportional representative seats is that the Public Official Elections Act requires women to represent at least 50% of the ballot candidates for proportional representatives of the primary autonomous councils and to assign women in odd order of the ballot of proportional representative seats. However, the number of female members of macro-level autonomous councils and primary autonomous councils is significantly smaller than that of males since the numbers of proportional representative seats on these councils are much smaller than the number of electoral district seats.

Heads and Members of Councils of Primary Autonomous Bodies by Party

	Democratic Party of Korea	Liberty Korea Party	Barenmirae Party	Party for Democracy and Peace	Justice Party	Minjung Party	Independent	Total
Heads of Primary Autonomous Bodies	151	53	-	5	-	-	17	226
	Total	1,638	1,009	21	49	26	11	172
Members of Councils	1,400	876	19	46	17	11	172	2,541
	Proportional Representation	238	133	2	3	9	-	385

National Election Commission (2018)

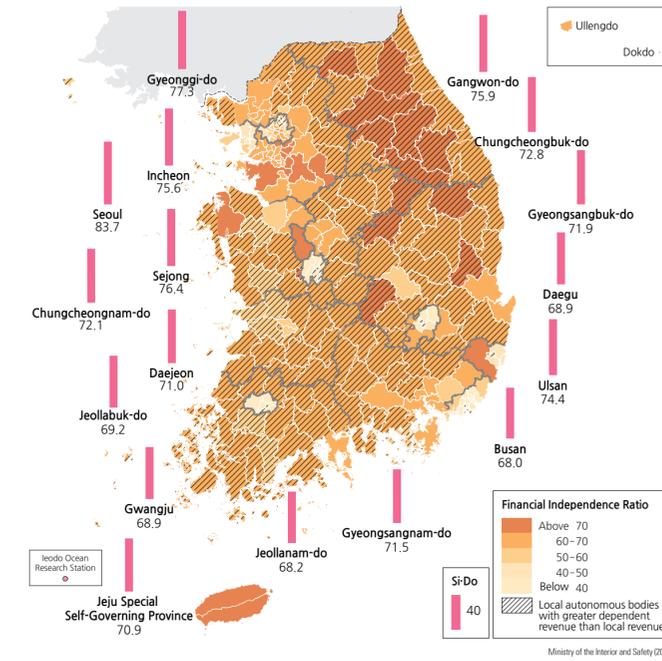
Female Heads and Members of Councils of the 7th Local Elections

	Number of Elected Individuals	Number of Women Elected	Proportion of Women (%)
Heads of Macro-Level Autonomous Bodies	17	-	0.0
Members of Macro-Level Autonomous Councils	824	160	19.4
Local Constituency	737	98	13.3
Proportional Representation	87	62	71.3
Heads of Primary Autonomous Bodies	226	8	3.5
Members of Primary Autonomous Councils	2,926	900	30.8
Local Constituency	2,541	526	20.7
Proportional Representation	385	374	97.1

National Election Commission (2018)

Local Finance and Decentralization of Power

Financial Independence Ratio



Financial Independence Ratio and Fiscal Self-Reliance Ratio of the Local Autonomous Bodies in 2019 (Based on the 2019 Original Budget)

	Financial Independence Ratio (Fiscal Self-Reliance Ratio)						
	Total	Macro-Level Autonomous Bodies		Primary Autonomous Bodies			
		Si-Do	Si-Do Head Office	Si	Gun	Autonomous Gu	
Average Financial Independence Ratio (Fiscal Self-Reliance Ratio)	75.3 (53.4)	61.1 (48.9)	66.4 (36.8)	65.2 (18.3)	47.5 (29.8)		
The Number of Autonomous Bodies by Financial Independence Ratio (Fiscal Self-Reliance Ratio)	Below 30	2 (158)	- (3)	- (4)	- (33)	- (78)	2 (43)
	30-50	47 (66)	- (6)	7 (7)	- (34)	- (4)	40 (21)
	50-70	169 (17)	4 (7)	7 (4)	66 (8)	70 (-)	26 (-)
	Above 70	25 (2)	13 (1)	3 (2)	9 (-)	12 (-)	1 (-)
Total	243 (243)	17 (17)	17 (17)	75 (75)	82 (82)	69 (69)	
The Number of Autonomous Bodies (Local Revenue < Dependent Revenue)		5	37	79	14		

Note: The Fiscal Self-Reliance Ratio and Financial Independence Ratio of a macro-level autonomous body are calculated using net budget and revenue, which excludes overlapping segments between accounting or between intergovernmental bodies, while those of primary autonomous bodies are calculated using gross budget and revenue, which do not exclude overlapping sectors between accounting or intergovernmental bodies.

Ministry of the Interior and Safety (2019)

Based on the 2019 budget, the total expenditures of the central government, local autonomous bodies, and local offices of education totaled about 770.9 trillion won. The central government transfers revenue resources to local autonomous bodies and local offices of education, and local autonomous bodies transfer revenue resources to local offices of education. As a result, the actual expenditure of the central government, local autonomous bodies, and local offices of education is approximately 605 trillion won, and the proportion of expenditures used by each governing body is 49.4%, 38.1%, and 12.5%, respectively.

After the full implementation of the local autonomy in 1995, the local autonomous body is part of the national administration and serves as a local government that is separate from the central government. Financial support for the local autonomous body must precede proper implementation of local autonomy. Finance of the local autonomous body consists of income for local autonomous bodies, including local taxes, non-tax income, municipal bonds, preserved income, and transfer revenue from the central government.

As of 2018, the proportion of national and local taxes to total taxes was 78.3% and 21.7%, respectively, with 3.6 times more national taxes than local taxes. The central government will transfer about 170 trillion won in revenue resources to local governments in 2019 because local governments' revenues are smaller than their expenditures. The government plans to increase the ratio of national and local taxes to 7: 3 by 2022, in accordance with the amplification scheme of local finance.

Just as the local government's finances have to rely on the central government's financial support due to the low proportion of local taxes to total taxes, the administrative authority of local governments is

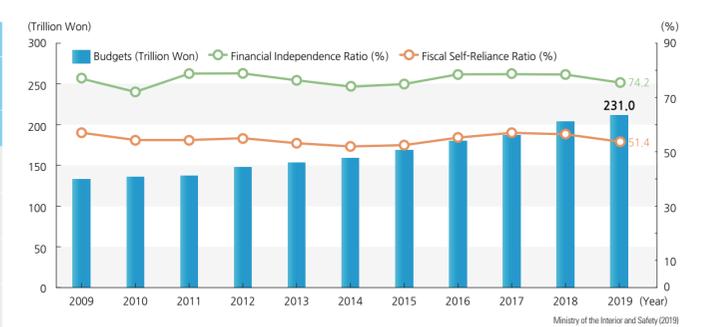
Fiscal self-reliance ratio and financial independence ratio are indicators of local autonomous bodies' revenue decentralization. The fiscal self-reliance ratio is the ratio of local revenue (local tax, non-tax income) to the budget of the local autonomous body. The financial independence ratio is the ratio of local revenue and dependent revenue, including local grant tax, fiscal compensation, and fiscal adjustment, to the budget of the local autonomous body. The fiscal self-reliance ratio is the degree of self-sufficiency in financing for the autonomous body, while the financial independence ratio is the degree of autonomy of the autonomous body's use of financial resources. The financial independence ratio of the autonomous body is calculated in consideration of the transfer revenue from the central government to the macro-level autonomous body or the primary autonomous body and the transfer revenue from the macro-level autonomous body to the primary autonomous body.

Based on the 2019 original budget, the fiscal self-reliance ratio of ten macro-level autonomous bodies among 17 macro-level autonomous bodies and 213 primary autonomous bodies, which is 94% of 226 primary autonomous bodies, is less than 50%, and the overall fiscal self-reliance ratio of autonomous bodies is poor. On the other hands, the average financial independence ratios of the macro-level autonomous bodies and the primary autonomous bodies are 74.2% and 60.2%, respectively.

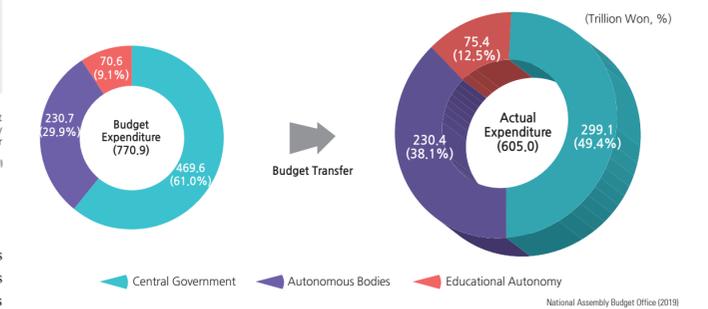
The financial independence ratio is higher than the fiscal independence ratio because the financial independence ratio includes the transfer revenues from central government or macro-level autonomous bodies. Compared to the fiscal self-reliance ratio, the financial independence ratio of macro-level autonomous bodies is 23% higher on average, and the financial independence ratios of sis, guns, and gus are 30%, 47%, and 18% higher on average, respectively. Dependent financial resources have a huge impact on the local autonomous bodies' finances. There were five macro-level autonomous bodies for which dependent revenue was greater than local revenue, including Gangwon-do, Chungcheongbuk-do, Jeollabuk-do, Jeollanam-do, and Gyeongsangbuk-do. In the primary autonomous bodies, 130 local autonomous bodies had more dependent revenue than local revenue.

Local revenues of local autonomous bodies are steadily increasing due to the increase of local tax revenues. However, both fiscal self-reliance ratios and financial independence ratios for local autonomous bodies have declined because their budgets grow faster than their revenues. The central government tends to increase the ratios by adjusting the ratios of national and local taxes.

Budgets of Autonomous Bodies



Budgets of Central Government and Autonomous Bodies



Affairs of Central Government and Local Governments

Year	Total	Affairs of Central Government			Affairs of Local Governments
		Sub Total	Affairs of Central Government	Delegated or Jointly Handled Affairs	
2009	42,316	33,864 (80.0%)	30,325 (71.7%)	3,539 (8.4%)	8,452 (20.0%)
2013	46,005	31,161 (67.7%)	30,143 (65.5%)	1,018 (2.2%)	14,844 (32.3%)

Presidential Committee on Autonomy and Decentralization (2013)

still smaller than that of central administrations. Since local autonomy was implemented, the central government has gradually transferred central administrative authority to the local autonomous bodies.

As of 2009, the ratio of national and local affairs was 80:20. Given that the ratio was 67.7:32.3 in 2013, the ratio of local affair increased as a result of the transfer of the national affairs that were delegated or jointly handled with local autonomous bodies and a large number of the affairs under the central government's own administrative authority. In recent years, the central government has planned to collectively transfer 571 administrative affairs specified in 66 Acts to local autonomous bodies, going further than just transferring simple executive affairs to the local autonomous bodies.