

# The Republic of South Korea

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(This country profile is available online at www.unisa.edu.au/genderbudgets)

## 1 Background

Socio-economic indicators				
Population in 2008	48.6 million			
Projected population change 2008–50	-13%			
Percent urban (% of total population) 2008	82%			
GDP per capita (PPP \$US) 2005	\$22,029			
Human Development Index 2005 Human Development Index rank 2005	0.921 26th of 177			
Proportion (percent) of population below the Poverty Line (\$1 PPP a day) 2004	Not available			

Sources: UNDP (2007) Human Development Report 2007/08; Population Reference Bureau, (2008) World Population Data Sheet. Asian Development Bank (2008) Key Indicators for Asia and the Pacific 2008. (See Explanatory Notes for details).

The Republic of Korea, commonly known as South Korea, is situated on the south of the Korean peninsula and has been separated politically from North Korea since 1953. With the exception of a small ethnic Chinese minority, the Korean population is ethnically homogenous. Population density is high, with around 480 persons per square kilometre, and highly urbanised (Library of Congress 2005). Population ageing in Korea is progressing at a pace that is unprecedented among neighbouring countries (OECD 2007).

The four decades after 1953 were marked by authoritarian rule but, following a widespread mobilisation of civil society, governments since 1988 have been democratically elected. In addition, some of the laws restricting activities of labour unions have been removed; and greater legal protection of speech and press freedom and greater local government autonomy have been introduced (Horowitz 2002). In the 1990s South Korea became widely known as one of the success stories of democratisation (Diamond and Shin 2000; Shin 1999).

Under the military regimes of Park Chung Hee (1961-1979) and Chun Doo Hwan (1980-87) South Korea achieved rapid economic growth. Rapid growth continued following democratisation and South Korea has been transformed from an agricultural-based economy into an industrialised and high-tech modern economy. Researchers have noted that years of rapid economic growth had wiped out absolute poverty (of the type associated with malnutrition) in South Korea by the late 1970s (Konkuk 2007). However, the Asian financial crisis in 1998 led to large-scale unemployment and new forms of poverty (Song, 2006).

South Korea has experienced a significant rise in income inequality since the 1997 crisis. The ratio of the income of the top quintile to the bottom quintile rose from 4.1 in 1997 to 5.7 by 2006 and there has been an increase in the rate of poverty (measured in relative terms) to 14.6% during the mid-2000s. This rate was the sixth highest in the OECD area and well above the OECD average of 10.6% (Jones 2009).

Nevertheless, in the postwar period South Korea achieved a substantial increase in levels of living standards. As noted by the World Bank (2006: 1), in the aftermath of World War II Korea's GDP per capita was comparable to levels in the poorer countries in Africa. However, by 2006 its GDP per capita had increased more than 11-fold to over US\$12,000, which is on a par with the middle income economies that have recently joined the European Union. The South Korean *Millennium Development Goal Progress Report* notes that enrolment and completion rates at both primary and secondary levels are high and infant mortality rates have declined consistently since 2003 due to higher living standards stemming from economic growth, better nutrition for children, improved medical services, and universal health insurance (Republic of Korea, date unspecified). However, the Asian Development Bank (2009: 172) has noted that 'the economy slowed sharply in the second half of 2008' and has been severely affected by the global financial crisis of 2009.

# Gender equality

Gender equality indicators	
Gender Development Index (GDI) value 2005 Gender Development Index (GDI) rank 2005	0.91 26th of 177
Gender Empowerment Measure (GEM) value 2007/08 Gender Empowerment Measure (GEM) rank 2007/08	0.51 64th of 177
Gender Gap Index (GGI) value 2007 Gender Gap Index (GGI) rank 2007	0.640 97 <sup>th</sup> of 128
Seats in parliament held by women (% of total) 2007	13.4%
Population Sex Ratio (males per 100 females) 2005	100.04
Maternal Mortality Ratio (per 100,000 live births) 2005	14
Adult literacy rate, female (aged 15 and older) 2005 Adult literacy rate, male (aged 15 and older) 2005	Not available Not available
Gross secondary enrolment: Ratio of female rate to male rate 2005	1
Gross secondary enrolment: Female ratio (% of the female secondary school age population) 2005	93%
Share of women in wage employment in the non-agricultural sector (% of total employment in the sector) 2005	41.8%
Ratification of CEDAW (year)	1978

Sources: UNDP (2007) Human Development Report 2007/08; World Economic Forum (2007) The Global Gender Gap Report; UN Statistics Division (2008) Millennium Development Goal Indicators; United Nations Population Division (2008) World Population Prospects. (See Explanatory Notes for details).

Traditionally, Korean women were required to follow Confucian virtues of subordination and endurance so that their roles have often been associated with home and child-care (Choi 1994; Won 1994). Women were severely marginalised by strict rules of patrilineal kinship and inheritance which placed the men in the public sphere and relegated women to the domestic sphere (Chung and Das Gupta 2007). Today, some forms of gender inequality have diminished but other forms are still evident. According to the Korean government's Millennium Development Report, as of 2004 gender parity in educational enrolment up to the secondary school level had been achieved. There has also been a significant decline in the maternal mortality rate, resulting from the expansion in the provision of medical supplies, an improvement in living standards, the introduction of medical insurance and the sharp increase in the proportion of pregnant women who received prenatal care and deliveries in medical facilities (Republic of Korea, date unspecified). A further indicator of progress in gender equality is that South Korea is now the first Asian country to reverse the trend in rising male to female ratios at birth. The decline in the intensity of son preference began amongst the educated professional urban elites and has spread rapidly across the rest of the population. (Chung and Das Gupta 2007).

However, inequality persists in the labour market. The share of the female workforce in nonagricultural wage employment is just over 40% and, despite efforts by the Korean government to raise women's rate of labour force participation, it rose only by 1.4% from 1995 (when it was 48.4%) to 2004 (when it was 49.8%) (Republic of Korea, date unspecified). 23% of women are employed in manufacturing which is the lowest-income industrial sector and 17% of Korean women continue to be employed in farming and fishing sectors which are also poorly paid (Chung 1994).

Women's participation in parliament has been very low, occupying only 5.9% of seats in the National Assembly in 2000 (Government of South Korea, date unspecified). Cho (2000) has attributed this to the traditional social values and the lack of policies to facilitate women's political participation. A turning point for the advancement of women in parliamentary politics came with the amendment of the *Political Party Act* in March 2004. The new law required a political party to have women as 50% or more of its nominated candidates in the proportional representation system (Republic of Korea, date unspecified).

In civil society organisations women have played an active role. During the 1980s a growing nationwide feminist movement emerged (Moon 2002). In 1987 numerous small women's groups were brought together through the establishment of the Korean Women's Associations United (KWAU), an autonomous umbrella organisation (Moon 2002: 489). In 1989 the KWAU participated in the National Federation of National and Democratic Movements (NFNDM) which had the goal of achieving democracy and reunification (Moon 2002: 482).

Since the Beijing World Conference on Women in 1995, gender mainstreaming has been the key concept in formulating and implementing gender policy in Korea (Yeong-Ran Park 2005). The Beijing Conference was the driving force behind the 1995 *Framework Act on Women's Development* which established the responsibilities of the central and local governments to promote women's rights and gender equality (Republic of Korea, date unspecified). This law states that the aims of women's policies are to (a) promote equality between men and women; (b) expand women's social participation; and (c) increase women's welfare. As a result of this law, both the central and local governments increased their interest in policies concerning women (Kim 2004; Yoon 2002).

In 1998 under the administration of Kim Dae-Jung, a Presidential Commission for Women was established under the direct authority of the President. The government set up Women's Focal Points in six ministries: the Ministries of Justice, Labour; Health and Welfare; Agriculture and Forestry; Education and Human Resources; and Government and Home Affairs. The mandate of these Focal Points was to build a cooperative system with other departments to deal with women-related policies (Yoon 2002: 67). In 2001, the government extended and reformed the Presidential Commission for Women and established it as the Ministry of Gender Equality. The new Ministry was charged with developing an administrative system for mainstreaming women-related policies. Central and local governments are now required to report annually to the Ministry of Gender Equality on their plans for, and implementation of, women-related policies. In terms of policy, the First Basic Plan on Women's Policies was implemented from 1997–2002 and served as a comprehensive national plan for the advancement of women (Kim 2004: 303). The Second Basic Plan (2003–2007) was launched in 2003. Both plans stemmed from the 1995 Framework Act on Women's Development. A system of gender impact analysis was introduced in 2002 as part of the Second Basic Plan.

While progress in gender mainstreaming has been made since Beijing in terms of women's machineries, the legal system and gender policies (Kim 2004: 303), various challenges remain. According to Yoon (2002) gender policies are not being effectively coordinated or managed and there has been no evaluation of the implementation of women-related policies due to the absence of evaluation standards and the lack of capacity to evaluate. In addition, Kim (2004: 303) claims that: 'Resistance has arisen against policy initiatives for mainstreaming women in decision making positions in the public sector, due to a lack of understanding of the structural aspects of gender inequality, and to the patriarchal culture deeply embedded in Korean society'.

The Korean Women's' Associations United has entered into partnership with government since 1995. It has benefited from the public funding for women's organisations made available under the Act on Women's Development. KWAU representatives have been appointed to government posts to strengthen mainstreaming of women's issues, and KWAU members have been elected to the National Assembly (Moon 2002).

## **Budgetary context**

BUDGETARY INDICATORS	
Central Government tax revenue (% of GDP) 2007	17.92%
Central Government total expenditure (% of GDP) 2007	21.98%
General Government public expenditure on education (% of GDP) 2002–05	4.6%
General Government public expenditure on education (% of total expenditure) 2002-05	16.5%
General Government public expenditure on health (% of GDP) 2004	2.9%
General Government public expenditure on health (% of total government expenditure) 2005	11%
Central Government military expenditure (% of GDP) 2005	2.6%
Central Government public expenditure on defence (% of total outlays) 2007	11.33%
General Government total debt service (% of GDP) 2005	Not available
Open Budget Index: Overall Score	66%. Government provides the public with significant information on the central government's budget and financial activities during the course of the budget year.

Sources: UNDP (2007) Human Development Report 2007/08; UNESCAP (2008) Statistical Yearbook for Asia and the Pacific; IMF (2007) Government Finance Statistics; Open Budget Initiative (2008). (See Explanatory Notes for details).

The National Assembly is vested with the power to deliberate on the national budget, and to oversee the activities of the executive branch (Chull-Shin 2003). However, it has been observed that the end of military rule in 1988 brought no discernible changes in the National Assembly's budget review process (Chull-Shin 2003: 223). The modifications the National Assembly can make to the executive branch's original budget proposal are strictly limited to budgetary reductions. Since the introduction of democracy in 1988, the Assembly has changed the budget proposed by the executive branch of government by only about 1 per cent each year, with the single exception of the budget for the fiscal year 1990.

A survey conducted in 2000/1 amongst members of the Assembly's Committee on Budget and Accounts found a widespread view that the legislature was not performing the leading role that many of its members believed it should play.

According to Chull-Shin (2003: 224), the lawmakers recognised that the National Assembly exercises little control over the budget, though many think the legislature should be a key player in the budget process. Although not yet extensive, there is some evidence of active consultation with civil society in present-day Korean budgetary policy-making. In this respect, the process of budgetary policy-making appears to be more open than it was under the military government, which did not allow for such consultations (Chull-Shin 2003). A range of reforms to improve the efficiency of the public expenditure system was attempted in the 1980s and 1990s. Nonetheless, the administration taking power in 1998 felt that serious problems still existed in the public expenditure system and launched a series of reform measures for the modernisation of administrative and budgetary processes (Nam and Jones 2003).

This led to the introduction of performance-based budgeting in 2003, spearheaded by the Ministry of Planning and Budget which has relied heavily on advice and assistance from the Korean Institute of Public Finance, a public think tank which has been instrumental in developing manuals and running training programs on performance budgeting for line ministry/agency staff. Kim and Park (2007) observe that the Korean case is particularly interesting given the speed with which the government has ushered in a performance management system and the fact that other budgetary reforms of similar magnitude are being pursued concurrently as part of a comprehensive fiscal reform package known as the Four Major Fiscal Reforms. The problems encountered so far are predominantly of a technical nature because Korea is still in the early stages of building a performance indicators, but there are also political and cultural problems (Kim and Park 2007).

# 4 Gender-responsive budgeting in South Korea

In South Korea, two women's NGOs were the pioneers of gender responsive budgeting initiatives. The first attempt at gender budget analysis was made by the Korean Women's Association United. Its focus was the share of government expenditure allocated to gender equality and women-specific programs. It found that the budget for the Ministry of Gender Equality for 2001 was only 0.003 per cent of the total general account. The addition of women-targeted programs in seven other ministries and in the Small and Medium Enterprises Department brought the share to approximately 0.28 per cent (Yoon 2002: 68).

In 2003, KWAU submitted a petition to the National Assembly for introduction of gender responsive budgeting (Kim 2008). Analysis of seven local government budgets was carried out in 2001 by another NGO, Korean WomenLink, as part of its work on political empowerment. This work drew attention and interest from women's groups, civil society organisations, local governments, local assemblies and the Ministry of Gender Equality (Yoon 2002: 65-6). It demonstrated that some of the Korean government's women-related programs included activities such as sponsoring beauty contests and courses for girls in make-up, skin care, and etiquette that actually reinforced stereotypical notions of femininity rather than challenging gender stereotypes and empowering women.

WomenLink subsequently shifted the focus from analysis to lobbying the government for the introduction of gender responsive budgeting (Ichii & Muramatsu 2008). In 2002 women in parliament took up the issue and the Women's Caucus of the Korean National Assembly adopted a resolution that called for gender sensitive budget formulation (Park date unspecified). In 2003 this was given further impetus by Representative Sim Sang-Jeung, a Democratic Labour Party parliamentarian with a background of women's movement activities. As a member of the Gender Equality and Family Committee and the Steering Committee within the National Assembly, she submitted a resolution for the introduction of gender budgeting (Kim 2008). She was pivotal in progressing GRB in South Korea through organising seminars and workshops on gender budgeting within the National Assembly as well as mobilising public support through signature gathering campaigns (Kim 2008).

In 2006 Sim Sang-Jeung found herself in the powerful position of holding the casting vote in the National Assembly Steering Committee as it considered legislation to reform government finances. With the votes in the Committee evenly split, she promised to vote for the reform on condition that the legislation included implementation of gender responsive budgeting (Ichii & Muramatsu 2009). As a result, the new *Financial Act*, passed in the National Assembly in October 2006, included several articles relating to gender budgeting (Articles 16, 26, 34 and 57) (Kim 2008: 17). Article 16 noted that the 'government should evaluate the impact of public expenditure on women and men and try to reflect the results in the national budgetary allocation'.

The preparation of gender budget statements by government ministries was mentioned in Article 26: 'The government should draw up gender budget statements which analyse the impact of the budget on women and men in advance'. Article 34 specifies that this statement should be included in the Budget Bill submitted to the National Assembly. In addition the government was required by Article 57 to produce a gender balance sheet: 'The government should prepare a report assessing whether the budget benefits women and men equally and remedy gender discrimination'. The Act required gender budget statements to be included as part of the budget statement on expenditure submitted to the National Assembly from 2010 onwards. From 2011 onwards, the Ministry of Strategy and Finance is required to produce a gender budget statement about the revenue side of the budget as well. In preparation, the Ministry of Planning and Budget, through its budget guidelines for 2006-2007, ordered that every ministry report on budget allocations with the aim of fostering gender equality as well as monitoring the impact of mainstream programs on gender equality (Kim 2008; Ichii & Muramatsu 2009).

The government of Korea sought to build its capacity through an information exchange in 2006 with the Government of India and Indian gender responsive budgeting experts. With the support of UNIFEM, a roundtable was held in New Delhi, bringing together members of the Korean Women's Development Institute (KWDI) (which operates under the auspices of the Korean Ministry of Gender Equality) and Government of India officials, including the Ministry of Women and Child Development, plus Indian gender-responsive budgeting experts (UNIFEM 2006). KWDI has set up a GRB project and has conducted a major program of research and training. In addition, the Korean Institute for Gender Equality Promotion and Education (KIGEPE), under the auspices of the Ministry for Gender Equality, organised a roundtable on 'Gender Mainstreaming and Genderresponsive Budgets' in Seoul in April 2008 (Hannan 2008).

A project to pilot the gender budget statement was undertaken in 2008, using data from the 2008 budget and the 2009 draft budget. It covered selected projects that are included in the Third Basic Plan for gender equality, as well as some mainstream projects from a number of Ministries which were subject to a gender impact assessment. The statement is designed to show the amount allocated to gender equality projects and their share of total expenditure, and the amount allocated to mainstream projects which have been analysed for their impact on gender equality. Ma (2008) noted some of the dilemmas and difficulties or preparing the statement. These included a lack of understanding of gender issues by officials, a lack of relevant data, and a lack of authority to revise the budget proposals in the light of the analysis. But, as noted by Kim (2008: 24), 'it is impossible for gender budget statements to become perfect at one try'. South Korea has given a legislative basis for procedures to institutionalise GRB and KWDI is embarked on a major program of research and training that should bear fruit in the coming years.

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#### Links to electronic resources for South Korea

The Ministry of Strategy and Finance

http://english.mofe.go.kr/news/foreignpress\_view.php?sect=news\_foreign&sn=2268

Ministry of Gender Equality

http://english.mogef.go.kr/index.html

Asian Development Bank

http://www.adb.org/Korea/default.asp

World Bank

www.worldbank.org/kr

**OECD** 

http://www.oecd.org/country/0,3377,en\_33873108\_33873555\_1\_1\_1\_1\_1,00.html

Korean Women's Development Institute, Gender Budget Research Centre http://gb.kwdi.re.kr