Local Government in Korea

2026

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PREFACE

Preface



It is my great pleasure to present the 2026 edition of Local Government in Korea, published by the Korea Research Institute for Local Administration. This publication has been prepared to provide domestic and international researchers, policymakers, local government officials, and other readers interested in local administration with a comprehensive overview of the institutional foundations, current conditions, and major policy issues of local autonomy in Korea.

This edition provides a comprehensive overview of the major institutions and policies concerning local administration, local public finance, and regional development. In the area of local administration, it examines the legal foundations of local autonomy, the local administrative system, and the operation of local government executive organs and local councils. It also introduces major institutions and policies concerning decentralization, citizen participation, the current issues of metropolitan and provincial government integration and the directions for reforming metropolitan administrative systems, digital and AI-driven innovation in local administration, the autonomous police system, and a locally led disaster and safety management system.

For local autonomy to function effectively, it must be supported by the stable expansion of local fiscal capacity and financial management that guarantees both autonomy and accountability. The section on local public finance introduces the major systems and improvement measures concerning the structure of local public finance, local revenues and expenditures, the local finance adjustment system, intergovernmental fiscal allocation, and local finance management.

The section on regional development examines balanced regional development and development policies for underdeveloped regions. It also introduces the “Five Poles and Three Special Autonomous Provinces” national balanced-growth strategy, the successful settlement of innovation cities, and policy responses to depopulation regions. In addition, it presents new policy directions for responding to population decline and declining regional vitality through the concept of the living population.

I hope that this publication will serve as a useful resource for understanding Korea’s institutions and policies of local autonomy and, more broadly, for revitalizing local autonomy. I also hope that it will promote comparative research and policy exchange among domestic and international researchers, policymakers, and local government personnel, and contribute to expanding mutual learning and cooperation in the fields of local autonomy and public administration.

The Korea Research Institute for Local Administration will continue to conduct research and develop policies concerning local administration under the research values of being resident-centered, locally led, and grounded in local realities. We will also continue to promote domestic and international exchange and cooperation, widely share the outcomes of our research, and contribute to the advancement of local autonomy and the sustainable growth of local communities.

Finally, I would like to express my deep appreciation to all the researchers and staff members who contributed to the preparation and publication of this book. I also extend my sincere gratitude to scholars and policy stakeholders in Korea and abroad, as well as officials from central and local governments, for their continued interest in and support for the development of local autonomy.

August 2026

Dong-il Yook

President

Korea Research Institute for Local Administration

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I

Local Administration

Local Government in Korea 2026

Chapter 01

Overview of Local Self-Government in Korea

Section 1 The Constitution of the Republic of Korea and the Local Autonomy Act

1. The Constitution of the Republic of Korea

Since its enactment on July 17, 1948, the Constitution of the Republic of Korea has been amended nine times. The current Constitution was fully revised on October 29, 1987, and consists of 10 chapters, 130 articles, and 6 supplementary provisions. As the nation's supreme law, the Constitution of the Republic of Korea guarantees the fundamental rights of the people and establishes the principles governing the organization and operation of the State. Based on democracy and the rule of law, the Constitution plays an important role in protecting the freedoms and rights of the people and maintaining national order. The Constitution is broadly composed of the Preamble, General Provisions, Rights and Duties of Citizens, the National Assembly, the Executive, the Courts, the Constitutional Court, Election Management Commissions, Local Autonomy, the Economy, and Amendments to the Constitution.

The following is the text of the Preamble to the Constitution of the Republic of Korea.

Preamble

We, the people of the Republic of Korea, proud of a resplendent history and traditions dating from time immemorial, upholding the cause of the Provisional Government of the Republic of Korea born of the March First Independence Movement of 1919 and the democratic ideals of the April Nineteenth Uprising of 1960 against injustice, having assumed the mission of democratic reform and peaceful unification of our homeland and having determined to consolidate national unity with justice, humanitarianism and brotherly love, and to destroy all social vices and injustice, and to afford equal opportunities to every person and provide for the fullest development of individual capabilities in all fields, including political, economic, social and cultural life by further strengthening the basic free and democratic order based on autonomy and harmony, and to help each person discharge those duties and responsibilities concomitant to freedoms and rights, and to elevate the quality of life for all citizens and to contribute to lasting world peace and the common prosperity of mankind and thereby to ensure security, liberty and happiness for ourselves and our posterity forever, do hereby amend, through national referendum following a resolution by the National Assembly, the Constitution, ordained and established on the Twelfth Day of July anno Domini Nineteen hundred and forty-eight, and amended eight times subsequently.

The following are the provisions of Chapter VIII, Local Autonomy, of the Constitution of the Republic of Korea.

CHAPTER VIII LOCAL AUTONOMY

Article 117 ① Local governments shall deal with administrative matters pertaining to the welfare of local residents, manage properties, and may enact provisions relating to local autonomy, within the limit of Acts and subordinate statutes.

② The types of local governments shall be determined by Act.

Article 118 ① A local government shall have a council.

② The organization and powers of local councils, and the election of members; election procedures for heads of local governments; and other matters pertaining to the organization and operation of local governments shall be determined by Act.

As of 2026, active discussions are taking place among political actors and civil society groups regarding a potential 10th constitutional amendment. These discussions reflect concerns that the current Constitution, which has remained in place for nearly four decades since the 1987 full revision, has limitations in responding to rapidly changing social and policy demands. The amendment proposals discussed in 2026 include strengthening the National Assembly's authority to oversee the declaration of martial law, expressly stipulating the State's obligation to reduce inter-regional disparities and promote balanced regional development, rendering the title of the Constitution in Korean, and so on. They also emphasize the establishment of comprehensive regional living infrastructure and seek to clarify the State's constitutional responsibility to take a leading role in building regional infrastructure and reducing inter-regional disparities in order to address regional decline and the risk of local extinction.

2. The Local Autonomy Act

The Local Autonomy Act of the Republic of Korea is the principal statute that gives concrete legal effect to the local autonomy guaranteed under Chapter VIII of the Constitution. It establishes the basic principles of the local self-government system and prescribes matters concerning its organization and operation. Local self-government refers to a system in which local residents, through local governments, manage and resolve local affairs on their own.

The Act specifies the authority, organization, operation, and finance of local governments. It provides the legal basis for the independent operation of local governments, while promoting resident participation and guaranteeing the autonomy of local governments.

Local governments are broadly divided into two categories: metropolitan/provincial governments, which include the Special Metropolitan City, Metropolitan Cities, Special Self-Governing City, Dos, and Special Self-Governing Provinces; and municipal governments, which include Sis, Guns, and Gus. In addition to these general local governments, the comprehensive amendment to the Local Autonomy Act in December 2020 provided for the establishment of special local governments, which may be separately established, if necessary, to achieve specific purposes. Local governments may exercise autonomous legislative, administrative, and fiscal powers.

Section 2 Changes in the Local Autonomy Act and the Local Self-Government System

1. Changes in the Local Autonomy Act

Local autonomy in Korea was first provided for in the original Constitution adopted after the establishment of the government in 1948. It was formally introduced with the enactment of the Local Autonomy Act as Act No. 32 on July 4, 1949, and has since developed through subsequent amendments. As of 2024, the Local Autonomy Act has been amended a total of 73 times, with the scope of amendments ranging widely from revisions to individual provisions to comprehensive revisions. According to the legislative history of the Local Autonomy Act, a large majority of these amendments have been concentrated in the period after 1991, when local autonomy was reinstated. Prior to 1991, only 10 amendments had been made, accounting for 13.7 percent of the total, while the remaining 86.3 percent occurred after 1991.

The changes in the Local Autonomy Act can be divided into the following chronological phases.

- Introductory Phase: This was the phase in which the legal foundation for democratic local autonomy was established through the enactment of the Local Autonomy Act in 1949, marking a move away from a centralized political system. Despite the Korean War and political instability, the local self-government system began with the first local elections in 1952, through which members of both lower-tier and upper-tier local councils were elected, and continued through the third local elections in 1960. Unlike the current system, local autonomy during the introductory phase consisted of the Seoul Special City and Dos as upper-tier local governments, with Cities (Si), Eup, and Myeon serving as the basic units of local self-government.
- Suspension Phase: This phase was marked by the abolition of the local self-government system following the May 16 military coup in 1961 and the renewed strengthening of a centralized political system. With the enforcement of the Act on Temporary Measures concerning Local Autonomy, local councils were dissolved, and local government heads came to be appointed rather than elected. The Local Autonomy Act was rendered largely ineffective, and local elections were suspended. This situation continued until the revival of local autonomy in 1991. During the suspension phase, the local government structure consisted of the Seoul Special City, Directly Controlled Cities (Jikhal-si), and Dos as upper-tier local governments, while Cities (Si) and Guns formed the lower-tier local government system.
- Revival Phase: Following the June Democratic Struggle of 1987, the need for a local self-government system was raised once again, leading to the revival of local autonomy through a comprehensive revision of the Local Autonomy Act in 1988. The system was implemented in earnest with the election of members of lower-tier and upper-tier local councils in 1991, followed by the direct election of local government heads by residents in 1995, and has continued to the present day. This marked an important turning point in devolving authority from the central government to local governments and restoring local autonomy and democratic governance at the local level.
- Growth Phase: With the full revision of the Local Autonomy Act in December 2020, the first comprehensive revision in 32 years, and its enforcement in January 2022, the local self-government system entered a phase of expansion and growth. The revision included measures to strengthen the autonomy and accountability of local governments, expand the authority of local councils, and promote resident participation. Various measures were also presented to strengthen the fiscal capacity and autonomy of local governments.

In addition, the revision laid the groundwork for more diversified models of local self-government tailored to regional characteristics, including the designation of large cities with populations of one million or more as Special Case Cities and the establishment of a legal basis for special-purpose local governments aimed at supporting mega-regional cooperation. Subsequently, with the launch of the Presidential Committee for Decentralization and Balanced Development in July 2023, a unified national policy framework integrating decentralization and balanced regional development was established. The establishment of Gangwon Special Self-Governing Province and Jeonbuk Special Self-Governing Province further contributed to the nationwide expansion of region-specific special self-governing arrangements. As of 2026, the Special Act on the Establishment of the Jeonnam-Gwangju Integrated Special City has been enacted and is scheduled to take effect on July 1, 2026. In addition, legislative efforts are underway to enact special bills on city-province consolidation and inter-regional linkage and cooperation.

2. Evolution of Korea's Local Self-Government System

The Local Autonomy Act of the Republic of Korea guarantees the autonomy of local governments and resident participation, and has become established as an important institutional mechanism for the expansion of democracy. In particular, the full revision of the Local Autonomy Act in 2020, which took effect in 2022, consolidated existing institutions and expanded channels through which residents can participate directly in local administration, including the separate enactment of the Residents' Ordinance Initiative Act and the lowering of thresholds for resident recall and local referendums. These changes strengthened the transparency and accountability of local governments and provided an opportunity to shift the paradigm of local self-government from a local government-centered model to a resident-centered model.

Furthermore, institutional arrangements were introduced to help local councils monitor and check local government policies more effectively, including the independence of personnel authority and the policy support officer system. These measures laid the institutional foundation for strengthening the professionalism and independence of local councils. In fiscal terms, the effectiveness of fiscal decentralization was enhanced through structural reforms aimed at improving the distribution ratio of national and local taxes from 8:2 to 7:3, as well as through the expansion of local governments' authority to secure own-source revenues, including the Hometown Love Donation System.

At present, this institutional development is moving beyond the mere decentralization of authority toward the integrated promotion of decentralization and balanced regional development, centered on the Presidential Committee for Decentralization and Balanced Development. In particular, the establishment and stabilization of Gangwon Special Self-Governing Province and Jeonbuk Special Self-Governing Province, together with discussions on the Daegu-Gyeongbuk Integrated Special City and the Busan Global Hub City, show that the autonomy pursued under the Local Autonomy Act is evolving into mega-regional cooperation and region-specific self-government as regional survival strategies.

The following table provides a summary of the evolution of Korea's local self-government system.

<Table 1> Evolution of Korea's Local Self-Government System

Classification	Introductory Phase (1949-1960)	Suspension Phase (1961-1990)	Revival Phase (1991-Present)	Growth Phase (2020-Present)
Types of Local Governments	■ Upper-tier local governments: Seoul Special City, Do ■ Lower-tier local governments: Si, Eup, Myeon	■ Upper-tier local governments: Seoul Special City, Directly Controlled City, Do ■ Lower-tier local governments: Si, Gun	■ Upper-tier local governments`: Special City, Metropolitan City, Special Self-Governing City, Do, Special Self-Governing Province ■ Lower-tier local governments: Si, Gun, Autonomous Gu	■ Upper-tier local governments: Special City, Metropolitan City, Special Self-Governing City, Do, Special Self-Governing Province (three: Jeju, Gangwon, and Jeonbuk) ■ Lower-tier local governments: Si, Gun, Autonomous Gu; Special Case City (population of one million or more); Special-purpose local government (newly introduced)
Institutional Structure	■ Separation-of-powers model (local council + executive organ)	■ Integrated model (local councils aboished)	■ Separation-of-powers model (local council + executive organ)	■ Separation-of-powers model (local council + executive organ) ■ Independence of personnel authority and strengthened professionalism of local councils
Election of Local Government Heads	■ 1st term, 1952: appointment / indirect election - Mayor of Seoul and Do governors: appointed by the President - Heads of Si, Eup, and Myeon: indirectly elected by councils ■ 2nd term, 1956: appointment / direct election – Mayor of Seoul and Do governors: appointed by the President – Heads of Si, Eup, and Myeon: directly elected by residents ■ 3rd term, 1960: direct election by residents – Mayor of Seoul and Do governors: directly elected by residents – Heads of Si, Eup, and Myeon: directly elected by residents	■ Appointment system - Filled by national public officials	■ 4th–7th terms, 1995–2018: direct election by residents – Si/Do governors: directly elected by residents – Heads of Si, Gun, and Gu: directly elected by residents	■ 8th term, 2022: direct election by residents ■ 9th term, scheduled for June 3, 2026: direct election by residents ■ Voting age and eligibility age for candidacy lowered to 18

Classification	Introductory Phase (1949-1960)	Suspension Phase (1961-1990)	Revival Phase (1991-Present)	Growth Phase (2020-Present)
Election of Local Council Members	■ 1st–3rd terms, 1952–1960: direct election by residents – Seoul Special City and Do council members: directly elected by residents – Si,Eup,and Myeon council members: directly elected by residents	■ Local councils abolished – Seoul Special City and Do: subject to approval by the Minister of Home Affairs – Si and Gun: subject to approval by the Do governor	■ 4th–11th terms, 1991–2018: direct election by residents – Si/Do council members: directly elected by residents – Si/Gun/Gu council members: directly elected by residents	■ 12th term, 2022: direct election by residents ■ 13th term, scheduled for June 3, 2026: direct election by residents ■ Voting age and eligibility age for candidacy lowered to 18

Source: Korea Research Institute for Local Administration (2021), Thirty Years of Local Autonomy: Evaluation, Future Vision, and Implementation Strategies for Decentralization, revised and supplemented.

3. Composition of Laws Related to Local Autonomy in Korea

Laws related to local autonomy may be classified into general acts and special acts based on their legal status, and into laws of general applicability and laws of specific applicability based on the nature of their provisions.

First, in terms of legal status, laws related to local autonomy are broadly divided into general acts and special acts. General acts include the Local Autonomy Act; the Residents' Referendum Act; the Act on Residents' Recall; the Local Education Autonomy Act; the Local Public Officials Act; the Local Finance Act; the Local Tax Act; the Framework Act on Local Taxes; the Local Tax Collection Act; the Restriction of Special Local Taxation Act; the Local Allocation Tax Act; the Public Property and Commodity Management Act; the Local Public Enterprises Act; the Framework Act on the Management of Local Government Funds; the Act on the Operation of Local Government-Invested or -Funded Institutions; the Act on Resident Initiative; the Act on the Management of Local Government Subsidies; the Act on the Collection of Local Non-Tax Revenue; and the Hometown Love Donation Act.

Special acts include the Special Act on Decentralization and Reorganization of Local Administrative Systems; the Act on Special Administrative Cases concerning Seoul Metropolitan City; the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of a Free International City; the Special Act on the Establishment, etc. of Sejong Special Self-Governing City; the Special Act on the Establishment of Gangwon Special Self-Governing Province and the Development of Future Industry Global City; the Special Act on the Establishment, etc. of Jeonbuk Special Self-Governing Province; the Special Act on Support for Depopulation Regions; the Special Act on Daegu-Gyeongbuk Integration (pending); and the Special Act on the Development of Busan as a Global Hub City (pending).

Second, when classified by the nature of their provisions, laws of general applicability include the Local Autonomy Act; the Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of a Free International City; the Special Act on the Establishment, etc. of Sejong Special Self-Governing City; the Special Act on the Establishment of Gangwon Special Self-Governing Province and the Development of Future Industry Global City; the Special Act on the Establishment, etc. of Jeonbuk Special Self-Governing Province; the Special Act on Local Autonomy and Decentralization, and Balanced Regional Development; and the Act on the Composition and Operation of the Central-Local Cooperation Council.

Laws of specific applicability include the Special Act on Decentralization and Reorganization of Local Administrative Systems; the Act on Special Administrative Cases concerning Seoul Metropolitan City; the Residents' Referendum Act; the Act on Residents' Recall; the Local Education Autonomy Act; the Local Public Officials Act; the Local Finance Act; the Local Tax Act; the Framework Act on Local Taxes; the Local Tax Collection Act; the Restriction of Special Local Taxation Act; the Local Allocation Tax Act; the Public Property and Commodity Management Act; the Local Public Enterprises Act; the Framework Act on the Management of Local Government Funds; the Act on the Operation of Local Government-Invested or -Funded Institutions; the Act on the Management of Local Government Subsidies; the Act on the Collection of Local Non-Tax Revenue; the Hometown Love Donation Act; and the Special Act on Support for Depopulation Regions.

The following table presents major laws related to local autonomy and their years of enactment.

<Table 2> Laws Related to Local Autonomy and Year of Enactment

Laws Related to Local Autonomy	Date of Enactment
■ Local Autonomy Act	1949.07.04
■ Local Tax Act	1949.12.22
■ Local Allocation Tax Act	1961.12.31
■ Local Public Officials Act	1963.11.01
■ Local Finance Act	1963.11.11
■ Local Public Enterprises Act	1969.01.29
■ Local Education Autonomy Act	1991.03.08
■ Act on Special Administrative Cases concerning Seoul Metropolitan City	1991.05.31
■ Residents' Referendum Act	2004.01.29
■ Public Property and Commodity Management Act	2005.08.04
■ Framework Act on the Management of Local Government Funds	2005.08.04
■ Special Act on the Establishment of Jeju Special Self-Governing Province and the Development of a Free International City	2006.02.21

Laws Related to Local Autonomy	Date of Enactment
■ Act on Residents' Recall	2007.05.11.
■ Framework Act on Local Taxes	2010.03.31
■ Restriction of Special Local Taxation Act	2010.03.31
■ Special Act on the Establishment, etc. of Sejong Special Self-Governing City	2010.12.27
■ Act on the Collection of Local Non-Tax Revenue	2013.08.06
■ Act on the Operation of Local Government-Invested or -Funded Institutions	2014.03.24
■ Local Tax Collection Act	2016.12.27
■ Special Act on Decentralization and Reorganization of Local Administrative Systems	2018.03.20
■ Act on the Management of Local Government Subsidies	2021.01.12
■ Act on the Composition and Operation of the Central-Local Cooperation Council	2021.07.13
■ Act on Resident Initiative	2021.10.19
■ Hometown Love Donation Act	2021.10.19
■ Special Act on the Establishment of Gangwon Special Self-Governing Province and the Development of Future Industry Global City	2022.06.10
■ Special Act on Support for Depopulation Regions	2022.06.10
■ Special Act on the Establishment, etc. of Jeonbuk Special Self-Governing Province	2023.01.17
■ Special Act on Local Autonomy and Decentralization, and Balanced Regional Development	2023.06.09
■ Special Act on the Establishment of Jeonnam-Gwangju Integrated Special City	2026.03.05

Chapter 02

Korea's Local Administrative System

Section 1 Local Administration System

1. Overview

According to Article 2, subparagraph 16 of the Special Act on Local Autonomy and Decentralization, and Balanced Regional Development, the term "local administrative system" refers to the overall system concerning the hierarchical structure of local autonomy and local administration, the jurisdictional areas of local governments, and the allocation of functions between upper-tier local governments, such as Special Metropolitan Cities, Metropolitan Cities, and Dos, and lower-tier local governments, such as Sis, Guns, and Gus.

The three elements of the local administrative system, territorial jurisdiction, administrative tiers, and functions, are closely interrelated. Therefore, when designing a new local administrative system or undertaking a comprehensive reorganization, all three elements must be taken into account. First, territorial jurisdiction refers to the spatial scope within which an administrative agency performs its functions. It is desirable for such jurisdiction to be set at a scale appropriate for the performance of the relevant functions. The vertical arrangement of areas of different scales according to their functions concerns the design of administrative tiers.

Where the appropriate scale for a given function is national, the function should be performed by a national agency, such as in the case of national defense and foreign affairs. Where the appropriate scale is wide-area, the function should be handled by a wide-area authority, such as in the case of wide-area economic development. Where the appropriate scale is local, the function should be handled by a basic local authority, such as waste disposal or urban transportation. Where the appropriate scale is neighborhood-level, the function should be handled by a neighborhood organization, such as street cleaning (Kim Seok-tae, 2012: 16)[1] This may be understood as a basic principle for ensuring both administrative efficiency and accountability.

1) Kim, Seok-tae. (2012). The Political Economy of Local Government Boundary Reorganization. Paju: Korean Studies Information.

2. Components of the Local Administrative System: Tiers, Territorial Jurisdiction, and Functions

Tiers in local administration refer to the vertical distribution of authority and responsibility within a government or administrative organization, and represent the structured allocation of functions. Administrative tiers play an important role in the efficient operation and management of organizations and are generally divided into multiple levels. Each tier has different authority and responsibilities, while higher tiers have the authority to supervise and direct lower tiers. By distributing authority across tiers, it is possible to avoid the inefficiencies that would arise if all tasks were handled at a single level.

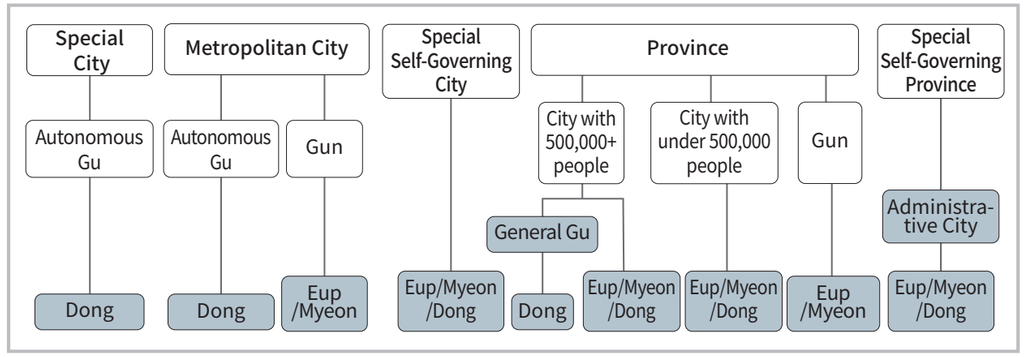
Under Article 2 of the Local Autonomy Act, local governments in the Republic of Korea are organized into a two-tier structure consisting of upper-tier and lower-tier local governments. Upper-tier local governments are local governments at the higher level that handle wide-area affairs at the Si/Do level while having lower-tier local governments under their jurisdiction. Lower-tier local governments are local governments at the lower level that handle basic affairs closely related to residents' daily lives at the level of Si, Gun, and Autonomous Gu.

The tiers of the local administrative system may be divided into autonomous tiers, which are based on legal personality and autonomous authority, and administrative tiers, which are based on convenience in the performance of administrative affairs. In practice, the term "administrative tiers" is commonly used. In other words, autonomous tiers are structured into upper-tier and lower-tier local governments, while administrative tiers include subordinate administrative units such as Eup, Myeon, and Dong.

There are, however, exceptions in the case of Special Self-Governing Cities and Provinces. Jeju Special Self-Governing Province operates as a single-tier autonomous system without lower-tier local governments, but maintains a two-tier administrative structure by establishing administrative Sis for administrative convenience. Sejong Special Self-Governing City is distinctive in that it operates as a single-tier system for both autonomy and administration.

As of 2026, a total of 3,596 subordinate administrative units are established and operated, consisting of 40 general Gus and administrative Sis, 237 Eups, 1,173 Myeons, and 2,146 Dongs (Ministry of the Interior and Safety, 2026). Recently, various forms of local administrative systems have been introduced or explored to supplement the existing uniform two-tier structure, including the Special Case City system and special-purpose local governments. These developments reflect efforts to move beyond a uniform structure, take regional differences into account, and establish a more flexible and efficient administrative system.

<Figure 1> Structure of Korea's Local Administrative System



In local administration, a territorial area refers to "a defined geographical boundary established by dividing the national territory according to certain criteria in order to achieve a specific purpose; legally, it refers to the territorial scope over which a public agency or organization exercises jurisdiction" (Choi Chang-ho, 1981: 13, as cited in Kim Seok-tae, 2012: 13). Territorial areas are divided into autonomous areas and administrative areas according to their legal nature. An autonomous area is the jurisdictional area of a local government with autonomous authority, while an administrative area refers to the jurisdictional area of any administrative agency. However, because local governments are also administrative agencies, the concept of administrative areas includes autonomous areas.

Local administrative areas may also be classified into general-purpose districts and special-purpose districts according to whether the functions performed by the administrative agency are comprehensive or specialized. The former refers to an area in which a single administrative agency performs multiple functions in an integrated manner, while the latter refers to an area in which a specific function is performed on a specialized basis. Among these, the foundation of Korea's local administrative system is formed by general-purpose autonomous areas, namely the jurisdictions of ordinary local governments such as Si/Do and Si/Gun/Autonomous Gu.

<Table 3> Classification of Local Administrative Districts

		Complexity of Functions	
		Comprehensive Functions	**Single Function**
Legal Nature	Autonomous Unit	General-purpose autonomous district Example: Ordinary local governments (Si/Do; Si/Gun/Autonomous Gu)	Special-purpose autonomous district Example: Special-purpose local governments (associations of local governments)
	Administrative Unit	General-purpose administrative district Example: Subordinate administrative units (Eup, Myeon, Dong, etc.)	Special-purpose administrative district Example: Field offices (regional environmental offices, etc.)

Source: Quoted from Kim Seok-tae (2012: 15), Table 1-1.

The functions of Korea's local administration are primarily discussed in terms of the affairs performed by local governments. The Local Autonomy Act provides the basis and criteria for classifying and allocating public affairs across the State as a whole. Article 11 of the Act sets out the principles for allocating affairs between the State and local governments. Article 15 specifies national affairs that may not be handled by local governments, including affairs concerning the existence of the State, affairs requiring nationwide uniformity, affairs conducted on a nationwide scale, and affairs requiring advanced technology or substantial financial resources.

The scope of local government affairs is prescribed in Article 13 of the Local Autonomy Act. It provides that local governments shall handle autonomous affairs within their jurisdiction and affairs belonging to local governments under Acts and subordinate statutes, indicating that local government affairs include both autonomous affairs and delegated affairs. Article 14 of the Act prescribes the criteria for allocating affairs by type of local government.

Following the full revision of the Local Autonomy Act, which took effect in 2022, the system for allocating affairs has been reorganized in a direction that expands the authority and strengthens the accountability of local governments. In particular, with the expansion of direct resident participation, including resident requests for ordinances and resident audit requests, and the strengthening of the authority of local councils, local self-government is becoming more resident-centered.

<Table 4> Scope of Local Government Affairs
(Article 13 (2) of the Local Autonomy Act)

The affairs of local governments under Article 13 (1) of the Local Autonomy Act may be illustrated as follows: Provided, That this shall not apply where otherwise prescribed by law. <Amended on Aug. 8, 2023; Jan. 9, 2024>

1. Jurisdiction, organization, and administrative management of local governments
   a. Adjustment of the names, locations, and boundaries of administrative districts within their jurisdiction
   b. Enactment, amendment, repeal, operation, and management of municipal ordinances and rules
   c. Organizational management of affiliated administrative agencies
   d. Guidance and supervision of affiliated administrative agencies and organizations
   e. Personnel management, welfare, and training of public officials under their jurisdiction
   f. Imposition and collection of local taxes and non-tax local revenue
   g. Formulation and execution of budgets, accounting audits, and property management
   h. Management of administrative equipment, computerization of administration, and improvement of administrative management
   i. Management of public property
   j. Management of resident registration
   k. Conducting various surveys and compiling statistics necessary for local governments

2. Promotion of residents' welfare
   a. Projects concerning residents' welfare
   b. Establishment, operation, and management of social welfare facilities
   c. Protection of and support for persons in difficult living conditions
   d. Protection and promotion of welfare for senior citizens, children, persons with disabilities, youth, and women
   e. Establishment and operation of public health and medical institutions
   f. Prevention and control of infectious diseases and other diseases
   g. Operation and management of cemeteries, crematoriums, and charnel houses
   h. Guidance for the improvement of sanitary conditions of hospitality business establishments
   i. Cleaning, collection, and disposal of household waste
   j. Establishment and operation of local public enterprises

3. Promotion of industries, including agriculture, forestry, fisheries, commerce, and manufacturing
   a. Establishment and management of agricultural water facilities, such as ponds, wetlands, and irrigation weirs
   b. Support for the production and distribution of agricultural, forest, livestock, and fishery products
   c. Management of agricultural materials

d. Operation and guidance of mixed farming
e. Fostering and guidance of non-agricultural income-generating projects
f. Encouragement of sideline businesses for farm households
g. Management of public forestsh.
h. Small-scale livestock development projects and promotion of dairy farming
i. Prevention of contagious animal diseases
j. Fostering and support of local industries
k. Consumer protection and encouragement of savings
l. Fostering of small and medium enterprises
m. Development, fostering, and support of specialized local industries
n. Development of outstanding local specialty products and tourism-related folk crafts

4. Regional development, conservation of the natural environment, and establishment and management of living environment facilities
a. Regional development projects
b. Implementation of local civil engineering and construction projects
c. Implementation of urban/Gun planning projects
d. Construction, improvement, repair, and maintenance of local roads, Si roads, Gun roads, and Gu roads
e. Encouragement of and support for the improvement of residential living environments
f. Improvement of farming and fishing village housing and settlement structures
g. Nature conservation activities
h. Management of local rivers and small rivers
i. Establishment and management of water supply and sewerage systems
j. Establishment and management of small-scale water supply facilities
k. Designation and management of Do parks, metropolitan city parks, Gun parks, Si parks, and Gu parks
l. Establishment and management of urban parks, park facilities, green areas, amusement parks, and related recreational facilities
m. Establishment and management of tourist destinations, tourism complexes, and tourism facilities
n. Operation of local track transport businesses
o. Establishment and management of transportation convenience facilities, such as parking lots and traffic signs
p. Establishment and implementation of disaster countermeasures
q. Fostering and support of the local economy

5. Promotion of education, sports, culture, and the arts
a. Establishment, operation, and guidance of daycare centers, kindergartens, elementary schools, middle schools, high schools, and equivalent schools
b. Establishment and management of public education, sports, and cultural facilities, such as libraries, athletic fields, plazas, gymnasiums, museums, performance halls, art museums, and music halls
c. Designation, registration, preservation, and management of Si/Do heritage
d. Promotion of local culture and arts
e. Fostering of local culture and arts organizations

6. Local civil defense and local firefighting
a. Organization, operation, guidance, and supervision of local and workplace civil defense organizations, including volunteer fire brigades
b. Fire prevention, vigilance, suppression, investigation, rescue, and emergency medical services in the region

7. International exchange and cooperation
a. Attraction of and support for international organizations, events, and competitions
b. Exchange and cooperation with foreign local governments

3. Discussions on Reorganizing the Administrative System

Article 43 (1) of the Special Act on Local Autonomy and Decentralization, and Balanced Regional Development, enacted in 2023, sets forth the basic direction for reorganizing the local administrative system. It provides that, in order to improve local governments' capacity to respond to administrative demand, promote development tailored to regional characteristics, enhance residents' convenience, and strengthen national and local competitiveness, reorganization should reflect the following: (1) the rationalization of local self-government and local administrative tiers; (2) the adjustment of autonomous jurisdictions to enhance residents' convenience in daily life; (3) the assignment of roles and functions commensurate with the scale and autonomous capacity of local governments; and (4) the promotion of neighborhood autonomy at the residential-community level.

Discussions on reorganizing the local administrative system have been raised several times by both ruling and opposition parties, but there have been limitations in advancing substantive debate. This is because the interests of the regions concerned are complex, and it is difficult to reach a consensus on reorganization. Accordingly, under successive administrations, discussions on reorganizing the local administrative system have focused on major issues such as central-local government relations, the allocation of affairs, municipal consolidation involving Si, Gun, and Gu, and the expansion of decentralization. However, due to the political and social burdens involved, such discussions have remained limited.

Nevertheless, as Korea seeks to adapt to a changing environment shaped by global trends such as globalization, digitalization, and urbanization, and to respond to residents' needs, it has been repeatedly argued that issues such as the consolidation of local governments to achieve economies of scale must be addressed. At the same time, concerns have been raised that such consolidation may weaken regional characteristics or reduce resident participation, and these concerns remain important points of contention.

In response, the Ministry of the Interior and Safety launched the Advisory Committee on Future-Oriented Administrative System Reorganization in May 2024 to discuss key issues concerning the local administrative system. In particular, following the inauguration of the Lee Jae-myung administration in 2025, discussions have been actively progressing on reorganization toward mega-regional administrative systems, including city–province integration, inter-local government linkage and cooperation, and the operation of special-purpose local governments.

Section 2 Administrative Districts in Korea

Local governments in the Republic of Korea are classified into upper-tier local governments (Si/Do), comprising the Special Metropolitan City, Metropolitan Cities, Special Self-Governing City, Dos, and Special Self-Governing Provinces, and lower-tier local governments (Si/Gun/Gu), comprising Sis, Guns, and Autonomous Gus (Article 2 (1) of the Local Autonomy Act). These are ordinary local governments with general purposes and functions, and they handle comprehensive local affairs (Ahn Kwang-hyun, 2010). In addition, following the full revision of the Local Autonomy Act, which took effect in 2022, special-purpose local governments may be established where it is necessary for two or more local governments to jointly handle affairs on a wide-area basis for a common purpose.

1. Upper-Tier Local Governments

An upper-tier local government refers to a local government that has jurisdiction over a wide area and is positioned between the central government and lower-tier local governments. More specifically, upper-tier local governments perform functions designed to respond to common administrative needs that arise across multiple local governments beyond existing administrative boundaries, including affairs involving two or more lower-tier local governments, such as roads and transportation, or affairs requiring wide-area processing, planning, and coordination. In Korea, upper-tier local governments include the Special Metropolitan City, Metropolitan Cities, Special Self-Governing City, Dos, and Special Self-Governing Provinces.

First, the Special Metropolitan City refers to a city granted special cases in its status, organization, and operation in consideration of the special characteristics of capital administration. Seoul Special Metropolitan City is the only such city in Korea. Article 197 (1) of the Local Autonomy Act provides that "recognition of special case may be granted to the Seoul Special Metropolitan City in terms of its status, organization, and operation, as prescribed by statutes, in consideration of the special characteristics as the capital," thereby legally recognizing Seoul's special status.

Next, a Metropolitan City refers to a large city that has been separated from a Do by statute and has the same status as a Do. The Metropolitan City system was introduced so that large cities with populations exceeding one million could be separated from largely rural Dos and respond more effectively to the distinctive issues faced by major urban areas. Initially, such cities were called Directly Controlled Cities, but the designation was changed to Metropolitan Cities on January 1, 1995 and remains in use today.

A Special Self-Governing City is an upper-tier local government established for balanced regional development and the construction of a multifunctional administrative city. At present, Sejong Special Self-Governing City is the only such city. Sejong differs from other upper-tier local governments in that it has no lower-tier local governments under its jurisdiction and performs both upper-tier and lower-tier functions.

A Do is an intermediate autonomous unit positioned between the central government and lower-tier local governments, and represents the most traditional form of upper-tier local government. Dos have the largest jurisdictional areas among Korea's local governments and play an important role in inter-regional coordination and wide-area affairs. A Special Self-Governing Province is a province granted a high degree of autonomy and legislative special cases reflecting regional characteristics. The Special Self-Governing Province system, in which Jeju was the only case for 17 years, has expanded with the establishment of Gangwon Special Self-Governing Province in 2023 and Jeonbuk Special Self-Governing Province in 2024. Discussions are also underway in several other regions, including northern Gyeonggi, Gyeongbuk, and Chungbuk, regarding possible transitions to special self-governing province status.

2. Lower-Tier Local Governments

A lower-tier local government refers to the basic unit of local government that provides public services necessary for daily life at the level closest to residents. In Korea, Sis, Guns, and Autonomous Gus fall into this category and are responsible for a wide range of administrative services directly related to residents' lives.

First, a Si generally has an urban form and refers to an area with a population of 50,000 or more. Such areas have relatively high population density, a majority of residents engaged in secondary and tertiary industries, and socioeconomic lifestyles that are clearly distinct from those of rural areas. To meet administrative needs suited to urban areas, a Si is separated from a Gun and operated as an independent local government. In particular, under Article 198 of the Local Autonomy Act, which took effect on January 13, 2022, large cities

with populations of one million or more, including Suwon, Yongin, Goyang, and Changwon, were granted the designation of Special Case City. Accordingly, these municipalities retain their status as lower-tier local governments while securing a legal basis to receive, in stages, administrative and fiscal authority comparable to that of upper-tier local governments under relevant statutes, including the Special Act on Local Autonomy and Decentralization, and Balanced Regional Development.

Next, a Gun was originally a lower-tier local government established in rural areas under the jurisdiction of a Do. Under the 1949 Local Autonomy Act, however, it was a local administrative district under the jurisdiction of a Do, and during the First and Second Republics it remained merely an administrative district rather than a lower-tier local government. With the abolition of the Eup and Myeon self-government system under the Act on Temporary Measures concerning Local Autonomy enacted in 1961, Guns were granted legal personality for the first time and acquired the status of lower-tier local governments. In practical terms, however, Guns began to function fully as lower-tier local governments only after the revival of local self-government in 1991.

Finally, Autonomous Gus were granted legal personality as lower-tier local governments through the seventh amendment to the Local Autonomy Act in 1988, in consideration of the special characteristics of large metropolitan areas and the single-tier local self-government structure of the Special Metropolitan City and Metropolitan Cities. Through this amendment, Gus in the Special Metropolitan City and Metropolitan Cities, which had previously been merely administrative districts, became lower-tier local governments. Autonomous Gus were originally established as artificial districts to enable efficient metropolitan administration. Article 2 (2) of the current Local Autonomy Act provides that “Gus that are local governments shall be limited to the Gus under the jurisdiction of the Special Metropolitan City and Metropolitan Cities, and the scope of autonomy of such Gus may be prescribed differently from that of Sis and Guns by statute,” thereby allowing administration suited to the special characteristics of Autonomous Gus.

Section 3 Eup, Myeon, and Dong Administration

1. Concept and Legal Basis of Eup, Myeon, and Dong

The Local Autonomy Act provides that, for the purposes of administrative efficiency and residents’ convenience, local governments may establish separate administrative Dongs by municipal ordinance (Article 7 (4) of the Local Autonomy Act). The primary purpose of establishing Eup, Myeon, and Dong is therefore to improve administrative efficiency and enhance residents’ convenience. An Eup is established by ordinance in an area within the jurisdiction of a local government where most of the area has an urban form and the population is 20,000 or more (Article 10 (3) of the Local Autonomy Act). More specifically, the proportion of the population residing in the built-up urban area and the proportion of households engaged in commerce, industry, and other urban industries must each account for at least 40 percent of the total population of the relevant area (Article 9 (3) of the Enforcement Decree of the Local Autonomy Act). However, even where the population is less than 20,000, one Myeon may be established as an Eup if it is the seat of a Gun office or if it is located in an urban-rural complex Si that has no Eup (Article 10 (3) of the Local Autonomy Act). A Myeon is also established by ordinance where administrative agencies of various levels are located and where the area has a Myeon-level administrative system that allows it to develop independently. Where administrative conditions change, such as due to population decline, two or more Myeons may be established and operated as a single administrative Myeon. A Dong is established by ordinance where changes in local conditions, such as large-scale regional development projects, make it necessary to do so, taking into account administrative efficiency and residents’ convenience.

A review of the history of Eup, Myeon, and Dong shows that their boundaries were reorganized under the local administrative system of the Japanese Government-General of Korea during the Japanese colonial period. During the U.S. military government period beginning in 1945, the district names used for urban areas during the colonial period were largely retained. In 1999, the introduction of Resident Autonomy Centers and the functional transformation of Eup, Myeon, and Dong were promoted. The major functions of these centers were identified as culture, leisure, local welfare, residents’ convenience, and civic education, with the aim of fostering residents’ sense of autonomy and community. In addition, outreach welfare services, including visiting community service centers, and case-based welfare services closely tailored to residents’ needs were introduced.

2. Establishment of Eup, Myeon, and Dong

As of December 31, 2024, Korea had a total of 17 Si/Dos and 226 Si/Gun/Gus, with 3,582 Eup, Myeon, and Dong units established nationwide (Ministry of the Interior and Safety, 2025, p. 4). Seoul, Gwangju, and Daejeon consist exclusively of Dongs, while all other upper-tier local governments include Eup, Myeon, and Dong. The proportion of Eup and Myeon is higher in Dos than in Metropolitan Cities (see Table 5).

<Table 5> Current Status of National Administrative Districts (As of Dec. 31, 2024)

Category / By City /Province Total		Si/Gun/Gu				Admin-ist-rative Si/Non-autono-mous Gu		Eup/Myeon/Dong				Branch Offices			
		Total	Si	Gun	Gu	Si	Gu	Total	Eup	My-eon	Dong	Total	Si/Do	Si/ Gun/ Gu	Eup/ My-eon
Total(17)		226	75	82	69	2	35	3582	235	1176	2151	83	9	12	62
Special City	Seoul	25			25			426			426				
Metro-politan City	Busan	16		1	15			205	4	1	200	1		1	
Metro-politan City	Daegu	8		1	7			150	7	10	133	2			2
	Incheon	10		2	8			156	1	19	136	6	1	1	4
	Gwangju	5			5			96			96	1	1		
	Daejeon	5			5			82			82				
	Ulsan	5		1	4			55	6	6	43	1	1		
Special Self-Governing City	Sejong							24	1	9	14				
Province (Do)	Gyeonggi	31	28	3			20	604	37	102	465	7	1	4	2
	Gangwon	18	7	11				193	24	95	74	7	1		6
	Chungbuk	11	3	8			4	153	16	86	51	5	3		2
	Chungnam	15	8	7			2	208	25	136	47	5	1	1	3
	Jeonbuk	14	6	8			2	243	15	144	84				
	Jeonnam	22	5	17				297	33	196	68	27		1	26
	Gyeongbuk	23	10	13			2	322	38	192	92	14		1	13
	Gyeongnam	18	8	10			5	305	21	175	109	7		3	4
Special Self-Governing Province	Jeju					2		43	7	5	31				

3. Tasks for Improving Eup, Myeon, and Dong Administration

Recent advances in digital technology have significantly improved the efficiency of Eup, Myeon, and Dong administration. With the spread of online civil service systems and mobile-based service delivery, residents can now access a wide range of administrative services regardless of time and place. In particular, the introduction of digital administration has improved residents' access to services and enabled more efficient administrative processing. However, despite the expansion of digital administration, some Eup and Myeon areas face challenges in ensuring sufficient access to services due to the digital divide. To address this gap, the central and local governments are promoting digital literacy education and infrastructure development, thereby seeking to prevent digital exclusion.

It is also necessary to consider innovations to expand resident participation. For example, the operation of Resident Autonomy Councils should be revitalized, and neighborhood-level administrative organizations should be strengthened. Beyond formal participation, it is important to create a structure in which residents can take the lead in substantive policy decision-making and implementation. Various resident participation systems, such as participatory budgeting, resident initiative, and resident recall, should be operated in an integrated manner, and both online and offline platforms for resident participation should be established and operated.

In particular, Administrative Welfare Centers at the Eup, Myeon, and Dong level should function not merely as spaces for administrative processing, but also as hubs for resident communication and venues for public-private governance. Practical access to administration should be maximized by lowering not only physical distance but also the psychological barriers that residents experience in everyday life.

Chapter 03

Institutional Structure of Local Governments and Local Councils

Section 1 Institutional Structure and Executive Organs of Local Governments

The institutional structure of a local government refers to the arrangement of its administrative authority and power structure through which the local government, based on its autonomous authority, provides administrative services and carries out various administrative activities to promote residents' welfare. It primarily concerns the form of the relationship between the deliberative organ and the executive organ of a local government.

The institutional structure is designed to achieve the purposes of local government by establishing deliberative and executive organs at the local level and thereby forming a democratic political system and an efficient administrative system. It indicates how local political power and the executive system are organized. Accordingly, the appropriate design of the institutional structure is important because the outcomes of local administration may vary depending on changes in the relationship between the political forces surrounding the local council and the executive system centered on the head of the local government. In this way, the institutional structure contributes to the promotion of residents' welfare, which is the ultimate purpose of local self-government.

Local governments perform functions and provide administrative services that must be carried out at the local level, and they require both deliberative and executive organizations in order to achieve their intended purposes effectively. The institutional structure may be classified according to the degree of separation, opposition, or integration between the deliberative and executive organs. Accordingly, it can be broadly divided into the separation-of-powers model, the integrated model, and a hybrid model combining elements of the two.

The separation-of-powers model separates the deliberative organ from the executive organ in accordance with the principle of separation of powers, allowing them to check each other and maintain balance. The integrated model, based on the principle of integration of powers, combines the deliberative and executive organs into a single organ and vests both the deliberative and executive functions of the local government in that unified organ. The hybrid model combines elements of the integrated and separation-of-powers models. It basically separates deliberative and executive functions, but is designed to promote coordination rather than confrontation between the two.

Because the institutional structure of a local government forms the basis of both its democratic political system and efficient administrative system, appropriate institutional design makes it possible to pursue both democratic accountability and administrative efficiency.

2. Major Changes in the Institutional Structure of Local Governments in Korea

Under the Local Autonomy Act, residents in Korea directly elect both local councils and the heads of local governments. Accordingly, the institutional structure of local governments is designed to ensure checks and balances between local councils as deliberative organs and local government heads as executive organs. The Local Autonomy Act prescribes matters concerning local councils and heads of local governments in Chapters V and VI, respectively, and includes provisions that enable the two organs to check each other.

The separation-of-powers model is currently adopted and operated in order to enable directly elected heads of local governments to exercise stable leadership and achieve the objectives of the executive organ. However, through the full revision of the Local Autonomy Act in December 2020, the Act was amended to allow local governments to adopt other forms of institutional structure, including the integrated model, rather than being limited to the separation-of-powers model. To adopt such an alternative structure, however, a separate Act must be enacted, and a local referendum must be held in accordance with the Residents' Referendum Act.

The following summarizes the major changes in the institutional structure models of local governments.

<Table 6> Major Changes in the Organizational Structure of Local Governments

	Period	Local Councils	Heads of Local Governments	Key Features
1st Period	1952-1956	Direct election by residents	Lower-tier: indirect election by local councils Upper-tier: appointment system	1st Si/Eup/Myeon council member elections (1952) 1st Do council member elections (1952)
2nd Period	1956-1960	Direct election by residents	Lower-tier: direct election by residents Upper-tier: appointment system	2nd Si/Eup/Myeon council member elections (1956)
3rd Period	1960-1961	Direct election by residents	Lower-tier: direct election by residents Upper-tier: direct election by residents	3rd Si/Eup/Myeon council member elections (1960)
Council Dissolution Period	1961-1988	Councils dissolved	Lower-tier: appointment system Upper-tier: appointment system	Local councils dissolved under May 16 Proclamation No. 4 (1961)
Democratization Transition Period	1988-1991	Principle: councils to be formed Transitional measure: not formed	Principle: direct election by residents Transitional measure: appointment system	-
4th Period	1991-1995	Lower-tier: direct election by residents Upper-tier: direct election by residents	Appointed by the President under transitional provisions	Si/Gun/Gu council member elections (Mar. 1991) Si/Do council member elections (Jun. 1991)
5th–12th Periods	1995 -Present	Lower-tier: direct election by residents Upper-tier: direct election by residents	Lower-tier: direct election by residents Upper-tier: direct election by residents	Simultaneous local elections held every four years since 1995 (1995, 1998, 2002, etc.)

Source: Reconstructed from Korea Research Institute for Local Administration (2021), Thirty Years of Local Autonomy: Evaluation, Future Vision, and Implementation Strategies for Decentralization.

Section 2 Organizational Management of Local Governments

1. Concept and Legal Basis of Autonomous Organizational Authority

A local government's autonomous organizational authority refers to its power to independently determine its own organization, including administrative organs and staffing levels. The purpose of this authority is to grant local governments autonomy in operating their organizations and personnel in a manner that reflects regional characteristics, while also ensuring accountability for organizational and personnel management.

Autonomous organizational authority includes both the authority to establish administrative organs, which concerns the reorganization and formation of administrative structures, and the authority to manage staffing levels, which concerns the determination and management of the prescribed number of personnel. The authority to establish administrative organs refers to the authority of a local government to autonomously establish and operate administrative organs in consideration of its administrative needs. The authority to manage staffing levels refers to the authority of a local government to autonomously determine and manage staffing levels in consideration of its administrative needs.

Organizational management by local governments is based on the following legal grounds.

▪ Local Autonomy Act: Article 125 (Administrative Organs and Public Officials) prescribes the basic matters concerning the administrative organs and public officials of local governments. This provision stipulates that local governments may establish administrative organs necessary for allocating and carrying out their affairs.

▪ Regulations on Administrative Organs and Staffing Standards of Local Governments: This Presidential Decree sets detailed standards for the establishment of administrative organs and the management of staffing levels in local governments. It provides specific guidelines for organizational and personnel management and establishes differentiated standards according to the size and characteristics of local governments.

▪ Local Public Officials Act: This Act prescribes matters concerning the position and rank system of local public officials. It sets out basic matters regarding the appointment, remuneration, service, and status guarantee of local public officials, and serves as an important guideline for personnel management by local governments.

▪ Ordinances and Rules of Individual Local Governments: These prescribe detailed matters concerning organizational structure and operation tailored to the characteristics of individual local governments. Examples include the Seoul Metropolitan Government Ordinance on the Establishment of Administrative Organs and the Busan Metropolitan City Ordinance on the Staffing Quota of Local Public Officials. Such ordinances and rules are enacted to reflect the specific administrative needs and regional characteristics of the relevant local government.

2. Major Systems for Local Government Organizational Management

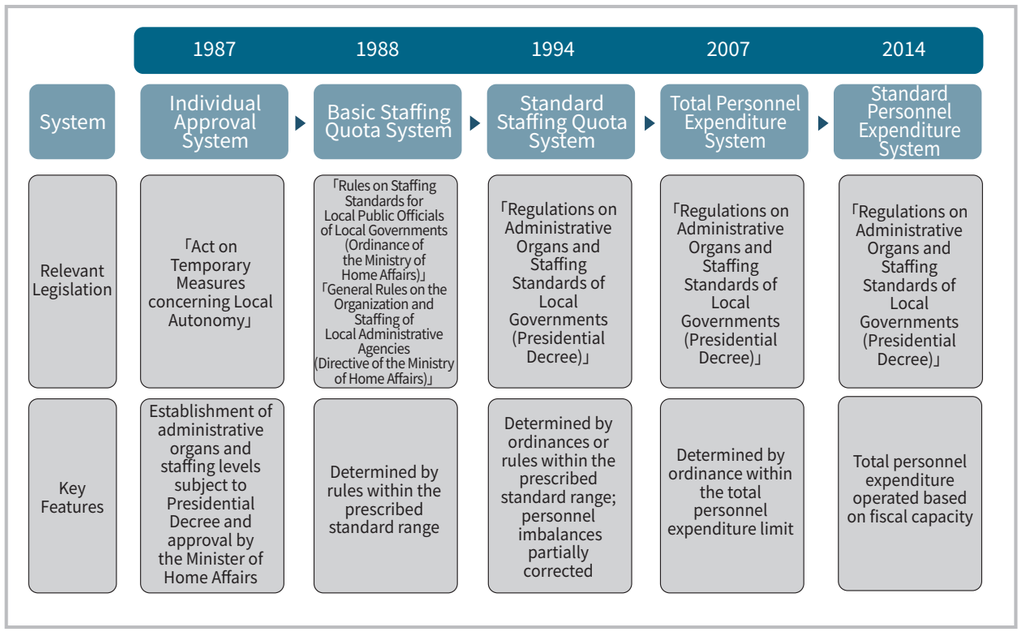
Local government organizational management systems have undergone several changes since 1991. Until 1987, during the period in which local autonomy was suspended, the individual approval system was used. With the 1988 amendment to the Local Autonomy Act, the basic staffing quota system was introduced, and in 1994 it was replaced by the standard staffing quota system. The introduction of the total personnel expenditure system was planned in 2004 and fully implemented in 2007. In 2014, the standard personnel expenditure system was introduced and has remained in place since then.

The standard personnel expenditure system is a system under which standard personnel expenditure is calculated in consideration of the characteristics of each local government, and organizations and personnel are managed on that basis. It is grounded in Article 4-2 of the Regulations on Administrative Organs and Staffing

Standards of Local Governments. The system allows the characteristics of individual local governments to be reflected while maintaining equity among local governments.

The standard personnel expenditure system calculates an appropriate level of personnel expenditure by comprehensively considering factors such as the size, population, and fiscal conditions of each local government. In doing so, it helps prevent excessive disparities in personnel levels among local governments and promotes balanced development. It also has the advantage of enabling local governments to secure the personnel they need while maintaining fiscal soundness. However, it has also been criticized for making it difficult to respond quickly to rapidly changing administrative environments.

<Figure 2> Changes in Organizational Management of Local Governments



Source: Quoted from Kang Young-joo, Kim Ji-soo, and Park Hae-yook (2023: 18), Figure 2-1.

3. Tasks for Improving Local Government Organizational Management

The organizational management of local governments in Korea currently faces several challenges. The first is organizational restructuring in response to population decline and population aging. Local governments face both a decrease in administrative demand resulting from population decline and an increase in administrative demand arising from demographic changes such as aging. Accordingly, active discussions are underway on the appropriate scale of local government organizations.

Second, it is necessary to consider organizational management systems for establishing a digital administration system in response to AI transformation. Examples include creating big data analysis teams and introducing AI-based civil complaint handling systems. This should go beyond the mere adoption of technology and involve comprehensive changes in organizational culture and working methods. Training programs to strengthen the digital capabilities of public officials will also be necessary.

Third, strengthening organizational capacity in line with decentralization is also important. Under the current structure of comprehensive administration, there are limitations in providing administrative services tailored to the characteristics of each region. Institutional improvements are therefore needed to secure the specialized expertise required to respond to regional characteristics.

Section 3 Composition and Operation of Local Councils

1. Overview of Local Councils

Local councils in the Republic of Korea are core institutions of the liberal democratic system and the local self-government system guaranteed by the Constitution. Article 118 of the Constitution provides that a local government shall have a council and that matters concerning the organization and powers of local councils, the election of local council members, the selection of heads of local governments, and the organization and operation of local governments shall be determined by Act.

Constitution of the Republic of Korea

Article 118 ① A local government shall have a council.
② The organization and powers of local councils, and the election of members; election procedures for heads of local governments; and other matters pertaining to the organization and operation of local governments shall be determined by Act.

A local council is a legislative organ that deliberates and decides on the enactment, amendment, or repeal of ordinances, which constitute local legislation of a local government. It also deliberates and decides on major matters falling under its authority pursuant to Acts, subordinate statutes, or ordinances, including the deliberation and finalization of local government budget proposals and the approval of settlement of accounts. As a core decision-making organ of a local government, a local council is a collegial body composed of members elected by residents, as provided for under the Constitution.

Local councils in Korea were first established in 1952. However, it was with the fourth-term local councils established in 1991 that local councils emerged as substantive representative bodies of residents and important decision-making organs of local governments with democratic significance. Because local governments in Korea adopt

the separation-of-powers model, local councils have deliberative and decision-making authority and perform their core functions of representing residents, enacting local legislation, and overseeing the executive organ.

From a functional perspective, local councils play an important role in exercising legislative authority on behalf of local residents and effectively overseeing and checking the administration of the executive organ. To perform these functions effectively, various support systems are needed to enable local councils to operate with autonomy, along with institutional efforts to ensure the expertise and accountability of local council members.

The full revision of the Local Autonomy Act, passed at a plenary session of the National Assembly on December 9, 2020 and enforced on January 13, 2022, includes a provision on the independence of personnel authority for local councils (Article 103). Previously, the authority to appoint staff members of a local council secretariat belonged to the head of the local government, who is the head of the executive organ, although part of that appointment authority could be delegated to the secretary general of the local council under the Local Public Officials Act. The revision granted the chairperson of the local council the authority to appoint staff members belonging to the local council secretariat. This represents an important institutional change that strengthens the independence of the local council, as a deliberative organ, from the executive organ.

The revision also strengthened the autonomous legislative authority of local governments by preventing subordinate statutes from restricting or directly prescribing the content and scope of matters that Acts delegate to ordinances. In addition, the introduction of policy support officers to assist with autonomous legislation, budget deliberation, and administrative affairs audits was intended to strengthen the independence and professionalism of local councils. The revision also delegated certain matters concerning local councils, such as meeting operation procedures, to ordinances so that they could be determined in accordance with regional characteristics. Previously, such matters had been prescribed in detail by statute, which limited the autonomy of local councils.

2. Organization and Operation of Local Councils

A local council is the deliberative organ of a local government. Local councils are divided into lower-tier local councils, which are established in Sis, Guns, and Autonomous Gus, and upper-tier local councils, which are established in the Special Metropolitan City, Metropolitan Cities, Dos, and Special Self-Governing Provinces. The authority of local councils is prescribed in the Local Autonomy Act, which also sets out matters concerning their organization and operation. Members of local councils are elected by residents through universal, equal, direct, and secret elections (Article 31 of the Local Autonomy Act), and their term of office is four years (Article 32 of the same Act).

<Table 7> Changes in the Number of Local Council Members Since 1991

	Period	Total Members	Upper-Tier Council Members	Lower-Tier Council Members
1st Period	Apr. 1991–Jun. 1995	5,170	866	4,304
2nd Period	Jul. 1995–Jun. 1998	5,513	972	4,541
3rd Period	Jul. 1998–Jun. 2002	4,180	690	3,490
4th Period	Jul. 2002–Jun. 2006	4,167	682	3,485
5th Period	Jul. 2006–Jun. 2010	3,626	738	2,888
6th Period	Jul. 2010–Jun. 2014	3,731	855	2,876
7th Period	Jul. 2014–Jun. 2018	3,692	794	2,898
8th Period	Jul. 2018–Jun. 2022	3,751	824	2,927
9th Period	Jul. 2022–Present	3,860	872	2,988

Source: National Assembly Library, Local Council Portal, Council Member Statistics. (https://clik.nanet.go.kr/potal/rasmblySttusStats/rasmblyStats.do)

A local council is composed of members directly elected by residents. The chairperson and vice chairpersons of a local council serve a two-year term and are elected from among council members by secret ballot. A local council may establish committees as prescribed by ordinance. These include standing committees, which examine and handle bills and petitions under their jurisdiction, and special committees, which are established to examine and handle specific matters.

Meanwhile, committees of local councils have the authority to examine and handle bills and petitions, propose bills concerning matters under their jurisdiction, decide whether to refer bills to the plenary session, and require the attendance and answers of the head of the local government or relevant public officials.

The secretary general, director general, or director of the administrative office of a local council, under the direction of the chairperson of the local council, has general control over council affairs and directs and supervises affiliated public officials. The authority associated with the position of secretary general, director general, or director may be divided into: (1) general control over council affairs; and (2) direction and supervision of affiliated public officials.

3. Changes in Systems Related to Local Councils

As core institutions of local self-government in Korea, local councils have undergone various institutional changes to enable them to perform their functions with autonomy from executive organs. A series of institutional reforms has been introduced to strengthen the autonomy of local councils and ensure the professionalism and accountability of local council members. The following table presents major changes in Korea’s local council system.

<Table 8> Major Institutional Improvements Related to Local Councils in the Republic of Korea

Local Council Term	Year	Major Institutional Improvements in Local Council Operation
2nd Term (Jul. 1995–Jun. 1998)	1996	• Introduction of proportional representation in upper-tier local council elections
	1998	• Ensuring the continuity of local self-government through amendments to the Election Act
3rd Term (Jul. 1998–Jun. 2002)	1999	• Conversion of meeting allowances into session allowances • Introduction of regular sessions twice a year, in the first and second halves of the year • Express stipulation in the Local Autonomy Act of the authority of local council committees to propose bills • Expansion of the scope of recusal applicable to chairpersons and council members • Introduction of resident request systems for the enactment, amendment, or repeal of ordinances and for audits
4th Term (Jul. 2002–Jun. 2006)	2003	• Deletion of the provision designating local council members as honorary positions
	2005	• Conversion of session allowances into monthly allowances • Introduction of the resident lawsuit system • Strengthening of control over unlawful resolutions by local councils
	2006	• Introduction of a paid remuneration system, including the establishment of Local Council Member Remuneration Deliberation Committees • Abolition of the system for paying travel expenses for attendance at meetings held outside members' residential areas during sessions • Granting autonomy in the operation of local council sessions and the establishment of standing committees • Increase in the number of expert advisors for local council committees • Expansion of the expert advisor system • Delegation of authority to appoint local council secretariat staff to the secretary general of the local council • Establishment of legal grounds for Special Committees on Ethics • Mandatory enactment of ordinances on codes of ethics and ethical standards
5th Term (Jul. 2006–Jun. 2010)	2009	• Expansion of restrictions on concurrent offices • Guarantee of leave of absence during the term of office for teachers eligible to join political parties • Prohibition on profit-making activities related to the duties of the standing committee to which a local council member belongs
6th Term (Jul. 2010–Jun. 2014)	2011	• Extension of the administrative affairs audit period • Establishment of penalties for refusing to submit documents or take an oath • Establishment of legal grounds for follow-up measures based on the results of administrative affairs audits and investigations • Shortening of the notice period for convening extraordinary sessions and introduction of an advance notice system for ordinance bills • Introduction of a cost estimation system for bills submitted by heads of local governments
	2014	• Delegation to the secretary general of the local council of authority to appoint technical service public officials and certain special service public officials
7th Term (Jul. 2014–Jun. 2018)	2016	• Requirement that the first regular session of local councils be held in May or June, in line with the adjustment of the closing period for revenue and expenditure accounts • Addition of financial statements, performance reports, and documents attached to settlement statements to the matters subject to settlement inspection
	2018	• Introduction of electronic methods for resident requests to enact, amend, or repeal ordinances • Adjustment of travel expense payment standards for local council members
8th Term (Jul. 2018–Jun. 2022)	2021	• Introduction of policy support officers to support legislative activities • Delegation to ordinances of matters concerning the convening dates of regular sessions, requests to convene extraordinary sessions, and the proposal of bills • Granting local council chairpersons authority over personnel affairs for local council secretariat staff • Revision of provisions prohibiting concurrent offices for local council members • Mandatory establishment of Special Committees on Ethics
9th Term (Jul. 2022–Present)	-	• Promotion of the enactment of the Local Council Act

Source: Adapted from Korea Research Institute for Local Administration (2021), Thirty Years of Local Autonomy: Evaluation, Future Vision, and Implementation Strategies for Decentralization, revised and supplemented.

Chapter 04

Inter-Local Government Cooperation and Mega-Regional Administrative Systems

Section 1 Inter-Local Government Cooperation Systems and Special Local Governments

In Korea's local administrative system, which consists of upper-tier and lower-tier local governments, administrative demand that extends beyond the boundaries of the existing two-tier administrative districts has recently emerged due to changes in living and economic zones (Jeon Dae-wook and Kim Soon-eun, 2024). Inter-local government cooperation systems, including special-purpose local governments, were introduced to respond to such demand and to facilitate linkage and cooperation among local governments in addressing wide-area administrative demand aimed at strengthening regional competitiveness. Under the current local administrative system, these systems are significant in that they provide institutional mechanisms for resolving problems through cooperation, without requiring structural changes to the local administrative system, which would involve a lengthy process and considerable effort. As equal administrative entities, local governments form desirable intergovernmental relations through both competition and cooperation, and they cooperate to resolve common problems or achieve shared interests and objectives.

The Local Autonomy Act, fully revised in 2020 and enforced in 2022, emphasizes cooperation between the State and local governments. Article 164 continues to encourage mutual cooperation among local governments, as in the previous version, and newly adds paragraph (2), which provides that "the head of a relevant central administrative agency may provide necessary support to promote cooperation among local governments," thereby expressly providing for central government support. In addition, the Act actively promotes cooperation between the State and local governments by newly establishing Article 183 (Obligation of Cooperation between the State and Local Governments), Article 184 (3) (Submission of Opinions on Affairs of Local Governments), and Article 186 (Establishment of the Central-Local Cooperation Council), which serves as a forum for communication, cooperation, and public deliberation between the central and local levels.

The inter-local government cooperation systems specifically prescribed by the Act vary widely. They range from the implementation of cooperative projects through administrative agreements between local governments, to the entrustment of affairs to other local governments, cooperation through the establishment of administrative consultative councils, and structural cooperation through the establishment of associations of local governments or special-purpose local governments. Administrative agreements are the easiest and most commonly used method of inter-local government cooperation. They take the form of public-law contracts between equal administrative entities and, without requiring a specific legal basis, operate on the principle of contractual autonomy.

<Table 9> Inter-Local Government Cooperation Systems in the Republic of Korea

Form of Cooperation	Description	Advantages	Disadvantages
Administrative Agreement	Prescribes matters related to the internal organization or administrative procedures of governments or government agencies on a project-by-project basis, without being based on specific legislation.	• Flexible form of cooperation tailored to individual projects	• Weak binding force
Entrustment of Affairs	A local government or its head may entrust another local government or its head with the handling of part of its affairs.	• Saves costs because it does not create a new legal entity • Allows flexibility and adaptability because specific details can be determined according to the intentions of the parties	• In Korea, where experience in cooperation is limited and a culture of negotiation is not well developed, such institutional flexibility may instead limit active use of the system
Administrative Consultative Council	Two or more local governments may jointly handle part of the affairs related to them.	• Loose form of cooperation • No restrictions on the scope of cooperation	• Relatively weak implementation capacity because it is a non-permanent body without a separate organization or additional working-level committees
Association of Local Governments	Two or more local governments jointly handle one or more affairs.	• Strong implementation capacity • Useful for the final handling of affairs	• Constraints on local governments' autonomy in relation to the establishment and operation of the association
Special-Purpose Local Government	A federated local government established when two or more local governments need to jointly handle affairs on a wide-area basis for a specific purpose.	• Permanent implementation system • Binding force of consultation results	• Requires the establishment of both executive and deliberative organs

Source: Jeon Dae-wook, Kwon Oh-chul, and Kim Phil (2023: 143).

Pursuant to Article 168 of the same Act, the entrustment of affairs is a highly flexible and adaptable system because it allows participating local governments to determine matters related to cooperation by agreement, without the need to establish a separate public-law corporation. The entrustment of affairs constitutes a public-law contract and serves both as a form of administrative agreement and as a major means of administrative

assistance. However, because it is generally determined by practice rather than through standardized statutory procedures, it often lacks standardized procedures or formats. To date, the entrustment of affairs in Korea has mainly been used for relatively simple and standardized tasks, such as food waste disposal, education and training, and various inspection services related to livestock disease control, public health, and the environment.

Pursuant to Article 169 of the same Act, an administrative consultative council is established and operated by two or more local governments to jointly handle certain matters involving them. It is a flexible form of cooperation designed to address wide-area administrative demand that extends beyond administrative district boundaries, while preserving the independence of local governments. It operates autonomously through rules established by consultation among the participating local governments. However, its limitations include weak implementation capacity, as it does not have a separate working-level committee or executive body, and the absence of separate legal personality, although it has some legal binding force.

Pursuant to Article 176 of the same Act, an association of local governments is a form of cooperation in which two or more local governments establish a public-law corporation through consultation for the purpose of jointly handling one or more affairs. As an independent administrative entity with both a decision-making body and an executive body, an association has stronger implementation capacity than an administrative consultative council, which lacks separate legal personality, and is therefore more effective in carrying out affairs. The affairs subject to this form of cooperation include not only autonomous affairs but also affairs delegated by central administrative agencies. In Korea, associations have been established and operated in response to administrative demand extending beyond the administrative boundaries of local governments in areas such as informatization, the environment, transportation, and free economic zones.

Special-purpose local governments were introduced most recently among the various forms of cooperation through the full revision of the Local Autonomy Act, which took effect in 2022. They were introduced to respond to increasing wide-area administrative demand and to address the limitations of existing wide-area cooperation systems. Article 2 (3) and Article 3 (1) of the same Act provide for their definition and legal status, respectively, as a type of local government. Accordingly, like ordinary local governments, special-purpose local governments are granted legal personality as local governments, and they are required to have a local council and to elect local council members and a head of the local government. However, they differ from ordinary local governments in that their jurisdictional areas may be defined flexibly as necessary and they perform only limited functions rather than the full range of functions performed by ordinary local governments.

In addition, Articles 199 through 211 of Chapter XII of the same Act provide detailed institutional arrangements for special-purpose local governments across three sections. The local governments that constitute a special-purpose local government must establish regulations by mutual consultation, obtain resolutions from the local councils of the constituent local governments, and receive approval from the Minister of the Interior and Safety. The head of a special-purpose local government is elected by the council of the special-purpose local government, as prescribed by its regulations. The head must also formulate a basic plan for handling the affairs under the jurisdiction of the special-purpose local government and obtain a resolution from its council. Expenses necessary for the operation and handling of affairs of a special-purpose local government are shared by the constituent local governments as prescribed by its regulations, taking into account factors such as the population of the constituent local governments and the scope of beneficiaries of the affairs handled.

<Table 10> Provisions of the Local Autonomy Act on Special-Purpose Local Governments in Korea

The Local Autonomy Act		Key Details
Relevant Provision	**Legal Content**	
Article 2 (3)	Legal basis for establishing special-purpose local governments	Institutional structure - Local council and head - Local council: members may concurrently serve as council members of constituent local governments - Head: elected by the council; may concurrently serve as the head of a constituent local government Personnel structure - Own personnel and dispatched personnel - Separate recruitment of own personnel for the special-purpose local government Financing - Contributions from constituent local governments and national financial support for delegated affairs
Article 3 (1)	Legal status of special-purpose local governments	
Chapter XII Articles 199–211	Establishment Recommendation for establishment Jurisdictional area Regulations, etc. Basic plan, etc. Organization of the council, etc. Organization of executive organs, etc. Sharing of expenses	

Source: Keum Chang-ho, Kwon Oh-chul, Park Jae-hee, Jeon Dae-wook, Choi In-soo, and Choi Ji-min (2021: 21–22).

As seen in comparable overseas cases, including the special district system and metropolitan planning organizations (MPOs) in the United States, the Greater London Council in the United Kingdom, and the Union of Kansai Governments in Japan, special-purpose local governments in Korea are designed primarily to address wide-area administrative demand in fields such as transportation, the environment, regional development, education, and human resource development (Keum Chang-ho, 2018: 50–64). They are intended mainly for functions that require economies of scale or scope in local administration, functions that reveal the limitations of spatial fragmentation caused by the division of administrative districts, and functions that require an autonomous implementation system separate from the central government.

Special-purpose local governments may be established among upper-tier local governments, among lower-tier local governments, or between upper-tier and lower-tier local governments. In Korea, the Bu-Ul-Gyeong Megacity, involving Busan, Ulsan, and Gyeongnam, had been discussed since the late 2010s as the first major case. The Chungcheong Mega-Regional Union, involving Daejeon, Sejong, Chungbuk, and Chungnam, was launched in December 2024 as Korea’s first special-purpose local government. Other forms of association among lower-tier local governments are also being considered.

As decentralization progresses, demand is increasing for new institutional alternatives that can address spe-

cial administrative needs beyond the capacity of ordinary local governments. In this context, special-purpose local governments are expected to complement the limitations of ordinary local governments and serve as a new institutional framework for wide-area cooperation.

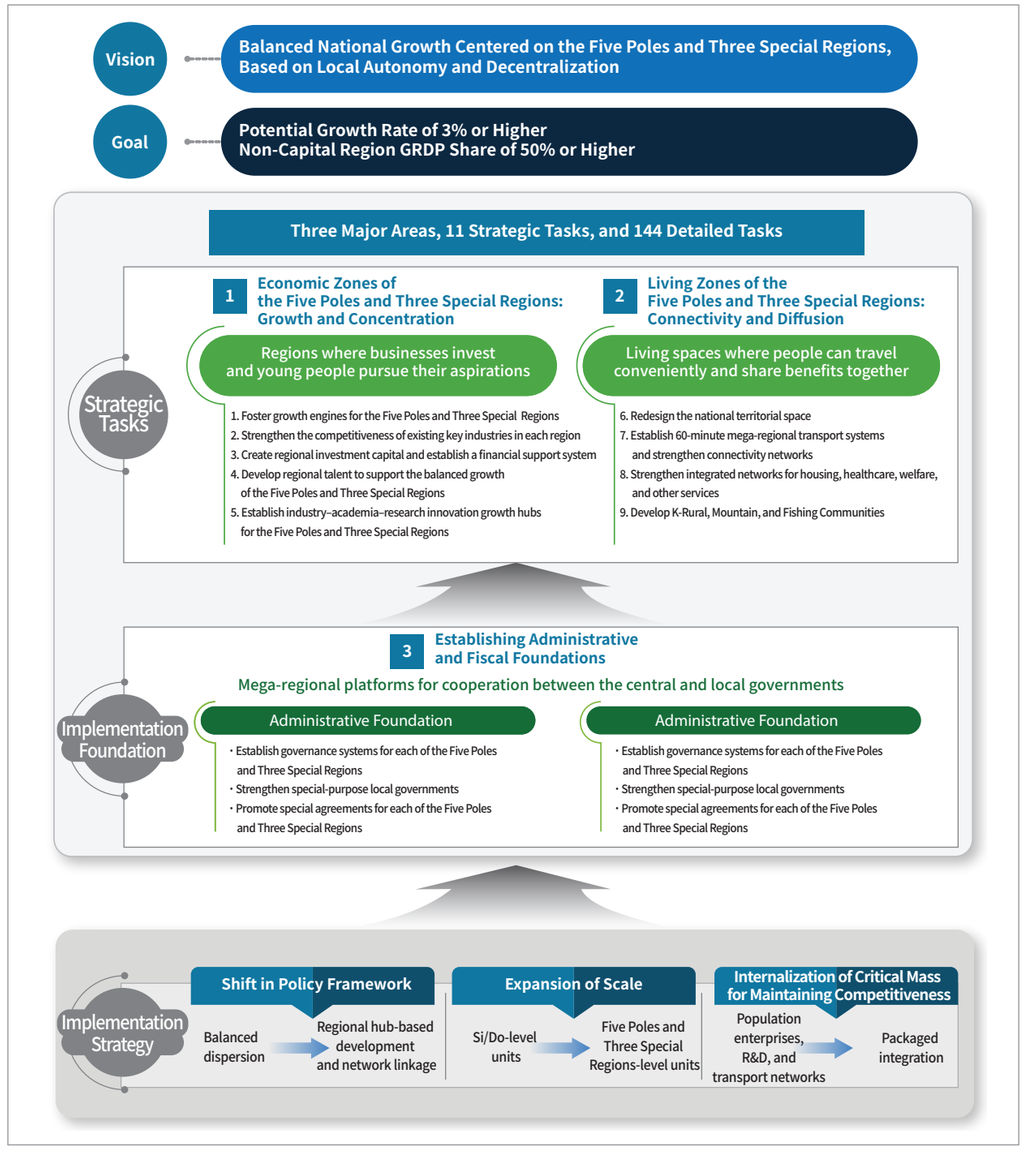
Section 2 City-Province Integration and Mega-Regional Administrative Systems

With the inauguration of the Lee Jae-myung administration in 2025, the "Five Poles and Three Special Regions" strategy for balanced national growth came to the fore. Under this strategy, discussions have begun in earnest on reorganizing the nation's 17 upper-tier local governments into five mega-regional local government blocs, namely the Capital Region, Southeast Region, Daegyeong Region, Central Region, and Honam Region, together with three Special Self-Governing Provinces, namely Jeju, Gangwon, and Jeonbuk. The purpose is to overcome the concentration of the current capital-region-centered unipolar structure. By fostering the five mega-regional blocs referred to as the "Five Poles" and the three Special Self-Governing Provinces referred to as the "Three Special Regions," the strategy aims to raise Korea's potential growth rate to over 3 percent and increase the share of gross regional domestic product (GRDP) generated by non-capital regions to over 50 percent.

The mega-regional local government blocs under the Five Poles strategy are being promoted either through unions among the relevant upper-tier local governments, such as special-purpose local governments, or through city-province integration. Unions among cities and provinces began in the Southeast Region, one of the Five Poles, with discussions on the "Bu-Ul-Gyeong Megacity" starting in the late 2010s. In the first half of 2022, the three upper-tier local governments in the Southeast Region, namely Busan Metropolitan City, Ulsan Metropolitan City, and Gyeongsangnam-do, made the initiative more concrete when their respective city and provincial councils passed draft regulations for the official launch of the "Bu-Ul-Gyeong Special Union," which was intended to become Korea's first inter-regional special-purpose local government.

The Bu-Ul-Gyeong Special Union was the first attempt to implement a mega-regional growth policy under the Five Poles and Three Special Regions framework. However, after the inauguration of the eighth popularly elected local administrations in the second half of 2022, Gyeongnam and Ulsan raised concerns about its effectiveness. As a result, the launch of the special union was derailed, and the initiative shifted instead to an "Economic Alliance" system.

<Figure 3> Design of the Strategy for Balanced National Growth Based on Five Poles and Three Special Regions



Source: Presidential Committee for Decentralization and Balanced Development (www.balance.go.kr)

However, the attempt to establish a mega-regional special-purpose local government in the Southeast Region continued to influence efforts to reorganize local administrative systems on a mega-regional basis under the Five Poles and Three Special Regions strategy for balanced national growth. It also prompted other regions to pursue the launch of mega-regional administrative systems through inter-local government unions or

city-province integration in order to advance the national balanced growth strategy.

Unlike the Bu-Ul-Gyeong Special Union in the Southeast Region, which ultimately remained an attempt to form a mega-regional union, the Chungcheong Mega-Regional Union in the Central Region began discussions in the early 2020s and was successfully launched at the end of 2024 as Korea's first mega-regional special-purpose local government. The four Si/Dos, namely Daejeon Metropolitan City, Sejong Special Self-Governing City, Chungcheongnam-do, and Chungcheongbuk-do, formed a joint promotion task force for the special-purpose local government in 2023. The launch of the Chungcheong Mega-Regional Union may be viewed as the first actual implementation of a mega-regional administrative system under the Lee Jae-myung administration's Five Poles and Three Special Regions strategy in early 2025.

Meanwhile, in early 2026, President Lee Jae-myung pledged full support for city-province integration, separately from inter-local government unions, thereby triggering discussions on the launch of mega-regional administrative systems through city-province integration. Ahead of the ninth nationwide simultaneous local elections in June 2026, city-province integration emerged as part of the reorganization of the local administrative system around mega-regional blocs to implement the Five Poles and Three Special Regions strategy for balanced national growth. This accelerated integration discussions that had been raised before 2025 in regions such as Daejeon Metropolitan City and Chungcheongnam-do, Gwangju Metropolitan City and Jeollanam-do, and Daegu Metropolitan City and Gyeongsangbuk-do.

Subsequently, in February 2026, special bills were introduced to establish integrated special cities for Daegu-Gyeongbuk, Chungnam-Daejeon, and Gwangju-Jeonnam. Among them, the Special Act on the Establishment of the Jeonnam-Gwangju Integrated Special City, which did not face major political conflict or issues concerning procedural legitimacy, was enacted in March 2026 and is scheduled to take effect in July 2026. The enacted Special Act and the pending special bills on integration seek to significantly expand the scale and autonomy of mega-regional governance by granting special cases and transferring authority beyond the existing framework of the Local Autonomy Act to newly established integrated special cities.

Specifically, the main contents include the abolition of existing Si/Dos and the establishment of integrated special cities with a status comparable to that of Seoul Special Metropolitan City; the comprehensive and phased transfer of central government authority and the establishment of support committees; the securing of organizational autonomy through an increase in the number of vice heads and exclusion from the standard personnel expenditure system; the strengthening of fiscal authority through special cases in the calculation of the Local Allocation Tax and the establishment of special grants; and extensive regulatory relaxation to foster region-specific industries, including specialized development strategies and investment promotion zones that make use of regional strengths.

Nevertheless, many challenges remain for the stable establishment of mega-regional administrative systems. These include the limitations of special acts that merely list the establishment of integrated special cities and related special cases without a systematic overhaul of the local administrative system through amendments to the existing Local Autonomy Act; difficulties in reorganizing local ordinances and rules following city-province integration; continued control by central ministries over autonomous organizational authority and autonomous fiscal authority; and the difficulty of physical integration tasks, including the integration of administrative data.

Chapter 05

Decentralization Policies and Institutions

Section 1 Decentralization Policies and the Transfer of Functions and Affairs

As social problems have become more complex and multi-layered, the contemporary administrative environment has made it difficult to respond effectively through a uniform, central government-centered policy approach alone. Traditionally, the central government has had strengths in ensuring the universality and expertise of policies. However, concerns have continued to be raised that policy relevance and responsiveness are limited when differing regional conditions and needs are not sufficiently reflected. In this context, decentralization has become a key governance strategy for enhancing both administrative efficiency and democratic accountability. The transfer of central administrative authority to local governments has been used as a major policy instrument for realizing local self-government.

Korea's local self-government system, centered on the Local Autonomy Act, prescribes the principles for allocating functions and affairs between the State and local governments. Articles 11 through 15 of the Act embody the principle of subsidiarity as a basic principle of affairs allocation. Accordingly, affairs closely related to the daily lives of local residents are, in principle, handled by local governments that are close to residents. By contrast, affairs that are difficult for local governments to perform, or that can be performed more efficiently at the national level, such as foreign affairs, national security, and judicial affairs, are assigned to the State (Ju Hee-jin et al., 2024: 30–32). In addition, the policy for transferring central administrative authority to local governments goes beyond the mere transfer of authority and entails a redefinition of roles between the central government and local governments. This system for allocating functions and affairs may be understood as an institutional foundation for ensuring administrative efficiency and accountability while expanding resident participation.

After local governments were established with the full-scale implementation of local self-government, administrative authority began to be transferred to local governments. In Korea, local self-government was institutionally introduced through the enactment of the Constitution and the establishment of the government in 1948, but was temporarily suspended due to the Korean War and military regimes before being implemented in earnest in the 1990s. The policy for transferring central administrative authority to local governments began in earnest with the revival of local self-government and the enactment of the Act on the Promotion of Transfer of Central Administrative Authority to Local Governments in 1999. Subsequently, government bodies, including committees responsible for promoting transfers, were established and operated, and efforts began to identify affairs subject to transfer. Policy implementation gained further momentum with the enactment of the Special Act on Decentralization in 2004. After several changes in title and amendments, the relevant special legislation was integrated into the Special Act on Local Autonomy and Decentralization, and Balanced Regional Development in 2023, while maintaining the national policy momentum for the transfer of central administrative authority as a region-tailored decentralization policy for balanced regional development (Ju Hee-jin et al., 2024: 37–43).

<Table 11> Completion Rate of Transferred Affairs among Confirmed Transfers since the Full-Scale Implementation of Local Self-Government

Classification	Confirmed Transfers	Administration under which transfer was confirmed						Incomplete
		Total	Completed under Kim Dae-jung	Completed under Roh Moo-hyun	Completed under Lee Myung-bak	Completed under Park Geun-hye	Completed under Moon Jae-in	
Total	3,256	2,489	232	987	770	209	291	767
Kim Dae-jung	612	611 (99.8%)	232 (37.9%)	374 (61.1%)	4 (0.7%)	1 (0.2%)	-	1 (0.2%)
Roh Moo-hyun	902	875 (97.0%)	-	613 (68.0%)	243 (26.9%)	19 (2.1%)	-	27 (3.0%)
Lee Myung-bak	1,587	1,003 (63.2%)	-	-	523 (33.0%)	189 (11.9%)	291 (18.3%)	584 (36.8%)
Park Geun-hye	0	0	-	-	-	-	-	0
Moon Jae-in	155	0	-	-	-	-	-	155 (100%)

Source: Hong Joon-hyun (2023).

Under this special-act framework, the policy for transferring central administrative authority to local governments entered a new phase with the enactment of the Omnibus Decentralization Act in 2020. This Act, which had been discussed since the early 2000s, was designed to enable the prompt and efficient transfer of central government authority and affairs that had been approved for transfer by the Presidential Committee on Autonomy and Decentralization, the body responsible for decentralization and transfer policy under the special-act

framework. Because amending individual statutes separately for each transfer required considerable time and cost and delayed the transfer process, the Act was enacted to amend related statutes collectively.

In terms of performance by administration, the Moon Jae-in administration confirmed the transfer of 155 affairs, but none were completed during its term. Instead, it significantly accelerated the actual pace of transfer by processing, through the enactment of the Omnibus Decentralization Act, 291 affairs that had been confirmed for transfer by previous administrations but remained unimplemented (Ju Hee-jin et al., 2024: 40). Specifically, the Act was primarily intended to collectively amend provisions concerning the transfer of 400 affairs under 46 Acts administered by 16 central administrative agencies, including the Price Stabilization Act. Under the Act, 349 affairs (87.2 percent) were transferred from the State to local governments, and 51 affairs (12.8 percent) were transferred from upper-tier local governments to lower-tier local governments.

<Table 12> Transfer of Affairs under the 2020 Omnibus Decentralization Act

Classification	Total	State → Si/Do	State → Si/Do and Si/Gun/Gu	State → Si/Gun/Gu	Si/Do → Si/Do and Large Cities	Si/Do → Si/Gun/Gu
Number of affairs	400	242	57	50	27	24
Share (%)	100	60.5	14.2	12.5	6.8	6

Source: Internal data of the Ministry of the Interior and Safety (2024).

Since the enactment of the Act, efforts have continued to identify and promote affairs subject to transfer and to conduct consultations among relevant agencies. In addition, the enactment of a second omnibus decentralization act was pursued in order to institutionalize and sustain the omnibus transfer method prescribed by the Act. To this end, the aforementioned committee completed deliberation and resolution in 2021, followed by legislative notice and preliminary review by the Ministry of Government Legislation.

However, as enactment became difficult due to opposition from some political actors, efforts were made to process the 12 related bills collectively through the relevant standing committees of the National Assembly by competent ministry. As a result, some bills, including amendments to the Assistance for Non-Profit, Non-Governmental Organizations Act, the Tourism Promotion Act, the Framework Act on Labor Welfare, and the Narcotics Control Act, have already been amended, promulgated, and brought into force. The remaining bills have been referred to standing committees and are undergoing amendment procedures on a bill-by-bill basis (Ju Hee-jin et al., 2024: 4–6).

If the 12 bills for the second omnibus transfer are amended, an additional 261 affairs under the jurisdiction of 13 ministries are expected to be transferred to local governments. As a result, these measures are expected to provide a foundation for decentralization by strengthening regional self-reliance and enabling demand-responsive administration. As of April 2026, discussions are underway on legislative efforts for a third omnibus decentralization act.

Section 2 Resident Participation Systems

The local self-government system is implemented on the basis of a local administrative system that supports both administrative efficiency and democratic accountability. Local administrative services provided through the local administrative system, including the tiered structure of local administration, administrative districts, and the allocation of functions among local administrative agencies, seek to improve the quality of life of local residents and promote regional development through community-oriented administrative services. In this regard, residents may be understood as key stakeholders in decentralization policies aimed at enhancing the effectiveness of local self-government. Residents exercise their rights and duties through local politics, improve the efficiency of local administrative services through participation in the co-production of such services, and embody the values of democracy through responsible local self-government led by residents.

Article 16 of the Local Autonomy Act defines residents as persons who have an address within the jurisdiction of a local government. Articles 17 and 27 of the same Act set out the rights and duties of residents, respectively. The rights of residents prescribed by the Act include the right to participate in the policy-making and implementation processes of their local government in matters affecting residents' daily lives; the right to use the property and public facilities of their local government and to receive equal benefits from its administration; and the right to participate in local elections to elect local council members and the head of the local government. The Act also provides that residents have the duty to share the expenses of their local government, which serves as the legal basis for the imposition of local taxes and other charges (Ha Hye-young, 2024: 3–4).

In particular, the Local Autonomy Act legally guarantees the following five direct resident participation systems in order to supplement representative democracy and strengthen residents' right to self-determination.

① Residents' Referendum System (Article 18): A system under which residents directly decide on major matters of a local government through a yes-or-no vote.

② Resident Ordinance Initiative (Article 19): The right of residents to directly request the enactment, amendment, or repeal of an ordinance.

③ Residents' Audit Request System (Article 21): The right to request an audit when the handling of affairs under the authority of a local government or its head is deemed unlawful or detrimental to the public interest.

④ Residents' Lawsuit System (Article 22): The right to file a lawsuit with a court when residents object to the results of a residents' audit request or in relation to relevant unlawful or improper acts.

⑤ Residents' Recall System (Article 25): The right to remove an elected local public official from office through a vote when there are problems with the official's performance of duties.

In particular, the system that allows residents to directly request the enactment, amendment, or repeal of ordinances, previously operated under the term "resident ordinance request," has been renamed the "resident ordinance initiative." Participation methods have also expanded from primarily offline procedures to include

online participation. In addition, the eligible age for participation, which had previously varied around the age of 19, has been unified at 18.

<Table 13> Political Participation Rights among Residents' Rights

Classification	Residents' Referendum	Resident Ordinance Initiative	Residents' Audit Request	Residents' Lawsuit	Residents' Recall
Legal Basis	Residents' Referendum Act	Act on Residents' Ordinance Initiative	Act on Public Sector Audits	Local Autonomy Act	Recall of Elected Officials Act
Target / Subject	Major policies of the local government	Enactment, amendment, or repeal of ordinances	Unlawful or improper handling of affairs	Financial or unlawful acts	Heads of local governments and local council members
Eligible Claimants	Residents aged 18 or older	Residents aged 18 or older	Residents aged 18 or older	Residents aged 18 or older	Residents aged 18 or older
Restrictions	Signatures prohibited from 60 days before election day until election day	Requests for signatures prohibited during election periods	Cannot be filed if two years have elapsed from the date on which the relevant affair was handled	A separate residents' lawsuit may not be filed for the same matter while a residents' lawsuit is pending	Signatures prohibited from 60 days before election day until election day
Review, etc.	Head of the local government	Local council	Higher-level agency (Audit Request Deliberation Council)	Court	Competent Election Commission Statement of explanation by the person subject to recall vote
Post-Request Process	Vote held on the first Wednesday after 23 days from the date of public notice	Submitted to the local council within 60 days	Audit conducted within 60 days	Residents' lawsuit proceedings	Vote held 20 to 30 days from the date of public notice
Confirmation	Confirmed upon receiving a majority of votes	Resolution by the local council	Completion and public announcement of the audit, with notification	Court decision and judgment after hearings Three-instance court system	Confirmed upon receiving a majority of valid votes
Notification of Results, etc.	Head of the local government and local council	Representative of the claimants	Representative of the claimants and head of the local government	Residents may claim actual expenses if they prevail. The head of the local government is obligated to take measures following a final judgment, claim damages, or issue an order for reimbursement.	Loss of office upon public announcement of the results. Notification to the central government, head of the local government, council, representative of the claimants, and the person concerned
Appeals / Objections	Appeal, residents' referendum lawsuit, and revote	None	Lawsuit may be filed when dissatisfied with audit results	If payment is not made, a claim for damages or return of unjust enrichment may be filed	Residents' recall vote lawsuit and revote
Online Participation	Partial electronic voting available	Electronic signatures available	Partially available	Electronic litigation through the court system	Electronic signatures available

Source: Ministry of Government Legislation, Easy-to-Find Practical Law Information. (https://www.easylaw.go.kr/)

These direct participation rights are being further expanded through online resident participation systems alongside digital transformation. The Ministry of the Interior and Safety's "Jumin e-Direct" platform (www.juminegov.go.kr) has significantly lowered the threshold for resident participation by enabling residents to complete signature and request procedures without the constraints of time and place. The platform provides online services for resident ordinance requests, resident referendum requests, and resident audit requests.

In addition, e-People (www.epeople.go.kr), a government-wide integrated platform, has become core infrastructure for online resident participation. e-People provides integrated services not only for filing civil petitions but also for policy proposals through 'the National Happiness Proposal Center' and policy discussions through 'Gukmin Saenggakham', or the People's Idea Platform. In doing so, it has created an environment in which residents can contribute to local administrative innovation in their daily lives. This development can be traced to the establishment of statutory grounds for the national proposal system in 1997 under the Civil Petitions Treatment Act, followed by the enactment of the National Proposal Regulations and amendments to public official-related statutes in 2000. Since the 2010s, the system has expanded to local governments nationwide.

Representative indirect participation systems include Resident Autonomy Councils and participatory budgeting. Resident Autonomy Councils enable residents to perform autonomous functions as partners in administration at the neighborhood level, namely Eup, Myeon, and Dong, thereby complementing representative democracy. Participatory budgeting enhances fiscal transparency and democratic accountability by directly reflecting residents' opinions in the budget formulation process. Resident Autonomy Councils were first introduced as a pilot project in 2013 under the Special Act on Decentralization and Reorganization of Local Administrative Systems, now the Special Act on Local Autonomy and Decentralization, and Balanced Regional Development. In 2026, the Local Autonomy Act was amended to newly establish provisions on Resident Autonomy Councils, thereby moving them beyond the pilot-project stage and officially recognizing them as resident organizations that serve as administrative partners in Eup, Myeon, and Dong administration.

Local governments also guarantee residents' right to know by transparently disclosing information on council activities, organization, and finances in accordance with the Official Information Disclosure Act. More recently, intelligent information disclosure systems using AI technology have been introduced to help residents find local government information more easily and systematically.

Furthermore, local governments provide tailored benefits for residents in areas such as health and welfare, employment, housing, childcare, and youth services through ordinances and policy programs. As of 2026, differentiated resident benefits reflecting contemporary policy needs are also being actively implemented in forms such as local tax reductions and vouchers. Examples include carbon neutrality practice points for climate change response and benefits linked to living population policies for population decline areas.

Section 3 Special Case Systems

(Special Case Cities, Large Cities, and Special Cases for Si/Gun/Gu)

1. Conceptual Basis and Development of the Special Case System

As discussed above, the policy for transferring central administrative authority to local governments has continued to be pursued alongside policy momentum for the omnibus transfer method under the national policy framework. If the omnibus transfer method can be understood as a uniform transfer of authority from central administrative agencies to regions, discussions on differentiated transfers of authority by region began in earnest in the 2020s as part of region-tailored decentralization policy. Prior to these discussions, the special case system for local governments had already been established as an institutional arrangement related to differentiated decentralization. It had been discussed since the early 2000s, was first applied mainly to upper-tier local governments in the mid-2000s, and expanded to lower-tier local governments in the 2010s (Ju Hee-jin et al., 2024: 24–25). In particular, since 2025, the system has developed beyond the simple transfer of administrative affairs into diverse special case models, including Opportunity Development Special Zones and Education Development Special Zones.

The special case system reflects the diversification of local self-government and has received greater attention as a region-tailored decentralization system following discussions on differentiated decentralization. The system grants special exceptions under the legal framework to certain local governments. It recognizes the special characteristics of institutional operation and support systems applied to local governments with special status, distinguishing them from ordinary local governments, and provides corresponding support at the national level. Under current law, a “special case” refers to a statute or provision that prescribes special and exceptional cases in relation to generally applicable statutes or regulations.

The term “special case” was first used in the full revision of the Local Autonomy Act in 1988, which marked the full-scale resumption of local self-government. The Act provided that “special cases may be granted to Seoul Special Metropolitan City with respect to its status, organization, and operation, as prescribed by Act, in consideration of its special characteristics as the capital.” Article 197 of the current Local Autonomy Act prescribes special cases concerning the status, organization, and operation of Seoul Special Metropolitan City, Sejong Special Self-Governing City, and Jeju Special Self-Governing Province. Article 198 further provides for the granting of special cases concerning administrative and fiscal operations, as well as guidance and supervision by the State, to large cities with populations of one million or more, large cities with populations of 500,000 or more, and Si/Gun/Gu, taking into account special administrative demand, balanced regional development, and the risk of local extinction.

<Table 14> Details of Special Cases for Local Government

Classification	Concept	Method	Examples
Special cases for affairs	Additional granting of authority to handle specific affairs	Transfer of authority	Special cases for large cities with a population of one million or more, Special cases for large cities with a population of 500,000 or more
Special cases for organization	Additional granting of authority over specific organizational management matters	Transfer of authority	Special cases for large cities with a population of one million or more, Special cases for Jeju Special Self-Governing Province
Special cases for finance	Additional support from specific national financial resources	Financial support	Special cases for Jeju Special Self-Governing Province
Special cases for guidance and supervision	Change in the authority responsible for guidance and supervision	Regulatory change	Special regional zones

Source: Yoo Soo-dong and Jeon Dae-wook (2022: 21).

Special cases for local governments have generally applied to autonomous authority. Because it is difficult to adjust the scope of autonomous legislation prescribed by individual Acts, autonomous legislative authority has had limited practical effectiveness and is generally excluded. Instead, autonomous administrative authority, autonomous organizational authority, and autonomous fiscal authority are recognized as the main areas in which special cases may be granted. Special cases applied to local governments involve differentiating the level of autonomous authority according to specific purposes or criteria. They may therefore be understood as a differentiated transfer method, rather than a uniform transfer method such as omnibus transfer. In other words, special cases for local governments are a system that grants additional differentiated authority by taking into account the characteristics of individual local governments, beyond the standard level of autonomy granted to local governments. This represents a region-tailored decentralization policy.

The special case system for local governments may be broadly classified into comprehensive, partial, and individual methods, depending on how the targets of special cases are classified.

The comprehensive method categorizes local governments according to specific criteria and applies the same differentiated treatment to each category. For example, local governments may be classified by criteria such as population size or industrial structure, and the same special cases may be applied to local governments within the same category.

The partial method selectively applies differentiated treatment to local governments by considering their capacity, willingness, and conditions. Unlike the comprehensive method, which applies special cases in a top-down or uniform manner based on fixed criteria, the partial method applies them in a bottom-up or selective manner based on the individual capacity and willingness of each local government.

The individual method applies special cases to specific targets through the enactment of separate individual Acts. Under this method, the targets of special cases are selected through specific legislation, such as special Acts, in order to achieve national policy objectives. It may therefore take either a bottom-up or top-down form.

Special case policies are designed to respond to special administrative demand. In Korea, it is necessary to distinguish between upper-tier and lower-tier local governments when examining these policies. Special case policies for upper-tier local governments form part of the national policy framework for decentralization and balanced regional development, and are based on the operation of Special Self-Governing Cities and Provinces under the current local self-government system. Among Si/Dos, which are upper-tier local governments, Special Self-Governing Cities and Provinces refer to regions that require special cases in response to special administrative demand.

In Korea, there are four Special Self-Governing Cities and Provinces, excluding the capital, Seoul Special Metropolitan City: Jeju, Sejong, Gangwon, and Jeonbuk. Jeju Special Self-Governing Province was established in 2006 in consideration of the environmental and economic characteristics of the island region. Sejong Special Self-Governing City was established in 2012 in consideration of its special status as a newly developed administrative capital. Gangwon Special Self-Governing Province was established in 2023, and Jeonbuk Special Self-Governing Province was established in 2024. These Special Self-Governing Cities and Provinces were established through the enactment of special Acts on their establishment, which take into account the characteristics of each region. The relevant special Acts prescribe special cases reflecting regional characteristics (Ju Hee-jin et al., 2024: 26–27).

The legal bases for introducing the special case system for lower-tier local governments include the Local Autonomy Act, the Special Act on Decentralization and Balanced Regional Development, and the Act on Special Cases concerning Regulation-Free Special Zones and Regional Specialized Development Special Zones. As discussed above, the special case system granted to lower-tier local governments targets large cities with a population of 500,000 or more, large cities with a population of 1 million or more, and Si/Gun/Gu facing special administrative demands, pursuant to Article 197 of the Local Autonomy Act (Yoo & Park, 2023).

2. Current Status and Characteristics of Special Case Systems by Type

1) Special Case Cities

The Special Case City system grants comprehensive and supplementary special cases to large lower-tier local governments so that they can respond to administrative demand comparable to that of Metropolitan Cities while maintaining their legal status as lower-tier local governments. The system is based on Article 198 of the Local Autonomy Act and applies to large cities with populations of one million or more. With the official launch of Hwaseong as a Special Case City on January 1, 2025, Korea now operates a five-city Special Case City system consisting of Suwon, Yongin, Goyang, Changwon, and Hwaseong.

In terms of autonomous organizational authority, Special Case Cities are granted autonomy to appoint two vice mayors and organize their main office structures. In terms of administrative authority, they exercise supplementary special cases that allow them to directly handle part of the affairs otherwise performed by Dos. Recently, key issues under discussion have included the return of a greater share of local tax revenues to Special Case Cities and the expansion of independent urban planning authority in order to secure their substantive self-reliance.

2) Special Cases for Large Cities

Special cases for large cities are based on the Local Autonomy Act and the Special Act on Local Autonomy and Decentralization, and Balanced Regional Development. The system was introduced to take into account the special administrative demand of densely populated large cities among lower-tier local governments, which often face demand comparable to that of upper-tier local governments. It also aims to foster regional hub cities in order to strengthen regional competitiveness.

In general, large urban areas that serve as regional hubs have been designated as upper-tier local governments, such as the Special Metropolitan City or Metropolitan Cities, while other large cities remain lower-tier local governments within Dos. Special cases for large cities were introduced to respond to quasi-metropolitan administrative demand arising from population concentration. The targets of these special cases are cities with populations of 500,000 or more, or cities with populations of 300,000 or more and an area of 1,000 square kilometers or more.

Large cities subject to these special cases have special cases for affairs, also referred to as basic special cases, under Article 14 of the Local Autonomy Act, allowing them to directly handle part of the affairs otherwise performed by Dos. In addition, under the Act on the Establishment and Operation of Local Government-Funded Research Institutes, they may establish their own policy research institutes and thereby strengthen their capacity to develop region-tailored policies.

3) Special Cases for Si/Gun/Gu

Special cases for Si/Gun/Gu are selective and tailored special cases granted to respond to geographical characteristics or social and administrative demand, regardless of population size. Under Article 119 of the Enforcement Decree of the Local Autonomy Act, these special cases must meet at least one of the following requirements: the presence of special administrative demand, the need to promote a regional development strategy, or the need for additional support for population decline areas.

Rather than representing uniform top-down decentralization, this system allows local governments to request the authority they need in a bottom-up manner and receive such authority following deliberation. As of 2026, it is being linked to institutional incentives to increase the living population in population decline areas and is being used as a practical tool to respond to the risk of local extinction.

The special case system for Si/Gun/Gu was prescribed in the fully revised Local Autonomy Act, which took effect in 2022, with the aim of performing local administration democratically and efficiently and promoting balanced local development.

Section 4 Local Regulatory Innovation Systems

The foundation of Korea's national regulatory reform system was laid in 1998 with the establishment of the Regulatory Reform Committee under the Framework Act on Administrative Regulations. Local regulatory innovation policies began to be systematized in earnest in 2023, following the enactment of the Operating Guidelines for the Local Regulatory Innovation Committee, a directive of the Ministry of the Interior and Safety, and the establishment of the Local Regulatory Innovation Committee as an advisory body on local regulations under the Regulatory Rationalization Committee.

In 2026, a major reorganization was carried out to promote national regulatory policy more strategically and strengthen implementation capacity. As part of this reorganization, the national-level Regulatory Reform Committee, established in 1998, was renamed the Regulatory Rationalization Committee, placed under the President, and restructured so that the President serves as its chair. At the center of this systemic change is National Task 19 of the current administration, "Regulatory Rationalization for People's Livelihoods, Safety, Fairness, and Co-prosperity," which aims to realize people's sovereignty in practical terms through regulatory innovation. Because local regulations directly affect the rights and obligations of local residents, small business owners, and enterprises, their importance as a key mechanism for revitalizing local livelihoods and the local economy has been growing.

The support system for strengthening expertise in local regulatory innovation has also been upgraded. The Local Regulatory Innovation Committee, launched in 2023, has the Livelihood Economy Support Division of the Ministry of the Interior and Safety as its secretariat. In addition, the Local Regulation Research Center was established within the Korea Research Institute for Local Administration (KRILA) as a specialized research body responsible for in-depth analysis and the development of alternatives for proposed regulatory improvement tasks.

KRILA analyzes and standardizes large volumes of proposal data received through multiple channels, selects priority areas for regulatory improvement, and supports close review by participating in the dedicated task force for Local Regulatory Rationalization Pilot Zones targeting regional special zones. It also serves as a key bridge between the central and local levels by building close networks with Si/Do research institutes under upper-tier local governments and providing region-tailored consulting. In addition, it supports the national local regulatory innovation framework by building governance networks with academia, research institutes, the Board of Audit and Inspection, industry, and civic organizations.

At the local government level, implementation systems based on ordinances have also been strengthened. Si/Do Regulatory Reform Committees operate at the upper-tier level, while Si/Gun/Gu Regulatory Reform Committees operate at the lower-tier level. In particular, Si/Do-level committees function as central coordinating bodies for regulatory innovation within their regions, overseeing opinion collection, review, and consultation. Dedicated regulatory reform departments within local governments work with Si/Do research institutes, which serve as policy research bodies, to conduct region-tailored consulting and in-depth reviews.

According to the 2026 Local Regulatory Innovation Implementation Plan, the government is significantly strengthening field-oriented communication and collaboration at every stage, from the identification of regulations to deliberation. To shorten the regulatory improvement process on the ground, working-level task forces involving the Ministry of the Interior and Safety, central ministries, and local governments are operated for complex regulations or tasks involving disagreements among ministries, thereby facilitating prompt consultation. The second Local Regulatory Innovation Committee also plans to hold on-site committee meetings in the regions that propose agenda items in order to develop practical alternatives.

In terms of task identification, the Public Contest for Absurd Regulations, through which citizens directly propose regulatory improvements, is held annually. A standing identification system is also being operated in connection with the Office for Government Policy Coordination's Regulatory Sinmungo and the Ministry of SMEs and Startups' SME Ombudsman. For local regulations in particular, each local government is expanding the operation of Visiting Local Regulation Reporting Centers. In addition, previously dispersed channels for regulatory suggestions have been integrated into a dedicated local government channel within the Regulatory Sinmungo, thereby enabling more systematic resolution of difficulties faced by enterprises and residents.

Tasks identified through these channels may lead to statutory amendments after consultation between the Ministry of the Interior and Safety and central administrative agencies. Tasks that are not accepted or involve disagreements during this process are submitted to the second Local Regulatory Innovation Committee, which conducts in-depth analysis through two subcommittees on livelihood regulations and regional industry regulations. In addition, civilian members are designated by field as commissioners responsible for regulations, and they prepare substantive improvement measures and recommend them to central agencies. The Ministry of the Interior and Safety is also working to establish a dedicated information system to manage the progress and implementation status of regulations targeted for improvement.

The specific goals of the 2026 implementation plan are to focus on improving four major areas of livelihood regulations that cause public inconvenience and three major areas of regional industry regulations centered on traditional industries, service industries, and new industries. To this end, the government is standardizing more than 2,000 items of proposal data and gradually building the Autonomous Regulation Navigator, which applies artificial intelligence (AI) technology across the regulatory management process to detect regulatory errors.

Finally, the Ministry of the Interior and Safety is focusing on expanding to local governments advanced

regulatory management systems that have taken root under the Framework Act on Administrative Regulations, including the regulatory registration system, the regulatory sunset system, regulatory impact analysis, and the regulatory sandbox. Considering the personnel and capacity constraints of local governments, the Ministry is building an online information system that digitizes existing manual guidelines. It is also promoting the dissemination of the Standard Form for Local Autonomous Regulatory Impact Analysis and the advancement of analytical methodologies.

In addition, checklists have been introduced to improve local ordinances and rules that have not reflected amendments to higher-level statutes, as well as shadow regulations and behavioral regulations that are not explicitly prescribed in laws and regulations. Linkages with the proactive administration system have also been strengthened. The performance management system has moved away from its previous focus on quantitative indicators and has been streamlined into four core qualitative indicators: the establishment of implementation plans, the acceptance of proposals by central ministries, the revision of local ordinances and rules, and the selection of best practices.

The results of these evaluations are linked to administrative and fiscal incentives, including special local allocation tax grants. By continuously feeding innovation outcomes back into practice through best practice competitions, the government is strengthening the implementation capacity of local regulatory innovation.

Chapter 06

Digital Innovation in Local Administration

Section 1 Data-Driven Administration

According to Article 2, subparagraph 1 of the Act on Data-Based Administration, data-based administration refers to “administration performed objectively and scientifically by using data for policy formulation and decision-making through methods such as collection, storage, processing, analysis, and representation, where such data are generated by public institutions or acquired from and managed by other public institutions, corporations, organizations, and other entities.” The Act requires public institutions to carry out administration based on data and obligates them to register data on an integrated management platform for that purpose. The areas in which data-based administration may be applied include major policy formulation, the collection of public opinion, analysis of specific groups and regions, preemptive removal of risk factors, response to future demand, and improvement of administrative efficiency (Article 8 (1) of the Act on Data-Based Administration).

To promote data-based administration, the Minister of the Interior and Safety must formulate a basic plan every three years (Article 6 (1) of the Act on Data-Based Administration). The heads of central administrative agencies and local governments must prepare and submit annual implementation plans in accordance with the basic plan (Article 7 (1) of the Act). The basic plan aims to provide intelligent government services through scientific administration based on data and includes the establishment of data linkage and joint-use systems, the improvement of statutes and institutions, the development of specialized personnel, and financing measures (Article 6 (3) of the Act). Implementation plans must evaluate the performance of the preceding year, set out the implementation plan for the relevant year, and include plans for budget and personnel management (Article 7 (3) of the Act).

In particular, the committee for promoting data-based administration includes vice heads of local governments, reflecting the important role of local governments in data-based administration. Local government participation is also important in establishing an integrated data management framework to promote the joint use of data within government and in developing performance management indicators to measure the outcomes of

data-based administration (Lee Jae-yong et al., 2021).

The Act on Data-Based Administration sets out in detail the procedures for data sharing and registration among public institutions. The head of a public institution must register data that need to be jointly used on the integrated data management platform (Article 8 (1) of the Act). The Minister of the Interior and Safety may request a public institution to register data needed by multiple institutions. A public institution that receives such a request must register the data within 60 days unless there are special circumstances (Article 8 (3) of the Act), and registered data may be freely collected and used by public institutions. If data provision is refused, the Minister of the Interior and Safety coordinates the matter through the committee. The results of coordination are notified to all relevant institutions and must be implemented (Article 13 (1) and (2) of the Act).

For the successful implementation of data-based administration, it is essential for public institutions to establish data management systems and data platforms. Public institutions must systematically manage data generated or acquired by their respective institutions together with metadata (Article 16 (1) of the Act), and the Minister of the Interior and Safety may integrate and manage such data (Article 16 (2) of the Act). It is also important to improve the consistency and usability of data through data standardization (Article 17 (1) and (2) of the Act).

To this end, each public institution must designate an officer responsible for data-based administration (Article 19 (1) of the Act) and may operate a data analysis center if necessary (Article 20 (1) of the Act). The responsible officer oversees data linkage, provision, and joint use, and is responsible for establishing the data management system. The Ministry of the Interior and Safety may also establish and operate the Government Integrated Data Analysis Center and designate specialized institutions to enable public institutions to effectively carry out data-based administration. Such specialized institutions perform functions related to data management, analysis, policy support, statistical analysis, and data registration (Article 21 (1) of the Act).

Monitoring and evaluation are essential for the institutionalization of data-based administration. The head of a public institution must report to the Minister of the Interior and Safety on the status of promoting data-based administration and the status of data management (Article 22 (1) of the Act). The Minister must compile and publicly disclose this information (Article 22 (2) of the Act). Various elements, including data registration, collection, management systems, and the operation of specialized personnel, are evaluated, thereby enabling continuous review of the effectiveness and future direction of data-based administration.

In this way, the Act on Data-Based Administration aims to realize scientific and efficient administration by strengthening data sharing and management systems among public institutions. Local governments play a key role in data-based administration and contribute to improving the public's quality of life through innovative administrative services based on data.

Meanwhile, this data-based administrative system is being further expanded alongside the rapid development of artificial intelligence technology. Accordingly, the Act on the Promotion of Artificial Intelligence and Data-Based Administration, hereinafter referred to as the "Public AI Act," was passed at a plenary session of the National Assembly on January 29, 2026, and promulgated on February 27 of the same year as Act No. 21392. The Public AI Act is scheduled to take effect on August 28, 2026, six months after its promulgation. It inherits the data sharing and management system established under the existing Act on Data-Based Administration while providing a comprehensive institutional basis for AI transformation in the public sector.

Section 2 AI-Based Government Innovation

Data-based administration is expected to create new possibilities for more advanced intelligent public services when combined with AI-based government innovation. AI-based government innovation is not limited to introducing artificial intelligence technologies into administrative work. Rather, it is a national transformation agenda that fundamentally redesigns government decision-making systems, service delivery methods, and governance structures. It should therefore be understood not as a policy separate from past informatization policies, but as an extension of the informatization policies Korea has pursued to position itself as a leading country in the information age (Lee Kyung-eun et al., 2022).

Korea's informatization policy began with the enactment of the Act on the Expansion of Dissemination and Promotion of Utilization of Computer Networks in 1986. Under this Act, the Master Plan for National Institutional Computer Networks was formulated, and computers and networks were introduced in the government sector, laying the foundation for national informatization. In the 1990s, informatization emerged as a major social issue. The Ministry of Communications was reorganized into the Ministry of Information and Communication in 1994, and the Framework Act on Informatization Promotion, now the Framework Act on Intelligent Informatization, was enacted in 1995. During this period, the Master Plan for National Informatization was formulated, and informatization policy led to the development of e-government.

After the 1997 Asian financial crisis, informatization policy required revision and supplementation, and the Kim Dae-jung administration promoted the transition to a knowledge-based economy through Cyber Korea 21. In 2001, the Electronic Government Act was enacted, and e-government initiatives began in earnest. E-government during this period focused on reorganizing the administrative service delivery system and laying the initial groundwork for building substantive e-government.

From 2003 to 2007, informatization advanced further and e-government implementation gained momentum. E-government made significant progress as civil petition processing was computerized and integrated administrative work systems were established. From 2008 to 2017, the informatization paradigm shifted toward convergence and utilization. As internet use became universal, problems such as redundant system construction, hacking, and personal information leaks also emerged. To address these issues, the Fourth Master Plan for National Informatization was promoted with the aim of realizing a creative and trustworthy knowledge-information society. Under the Park Geun-hye administration, informatization policy shifted toward a more people-centered approach. The Government 3.0 policy was promoted with a focus on

providing customized services for individual citizens, moving beyond two-way communication between the government and the public.

In 2018, with the advent of the Fourth Industrial Revolution, the Sixth Master Plan for National Informatization was formulated with the goal of intelligent innovation. Efforts began in earnest to transform existing informatization projects into intelligent government by using intelligent information technologies such as big data and artificial intelligence (AI). The Ministry of the Interior and Safety announced the Master Plan for Intelligent Government and developed plans to apply intelligent technologies across various fields, including customized services in healthcare, welfare, and education, as well as the prediction and prevention of crime and disasters.

The Yoon Suk-yeol administration presented Digital Platform Government as a core national task. In September 2022, it launched the Presidential Committee on Digital Platform Government, and in April 2023 it announced the Implementation Plan for Digital Platform Government, which set out four core tasks. The main direction was to connect and open public data, introduce public MyData, and incorporate digital technologies such as AI and cloud computing into public services in order to provide proactive and customized services to the public. In 2023, the administration also formulated the Seventh Master Plan for the Intelligent Information Society for 2023 to 2025, which presented the direction for accelerating digital innovation. It also pursued administrative efficiency measures such as prioritizing the use of private-sector SaaS, migrating government systems to the cloud, and eliminating required documents. Digital policy during this period focused on building an ecosystem in which the public, businesses, and government could solve social problems together by connecting public and private data through the platformization of government.

The Lee Jae-myung administration designated becoming one of the world's top three AI powers as a top-priority national task and shifted the central focus of digital policy from digital platforms to AI transformation. In terms of governance, it created the position of Senior Presidential Secretary for AI Future Planning in the Presidential Office, elevated the Ministry of Science and ICT to deputy prime minister level for the first time in 17 years, and officially launched the Presidential National AI Strategy Committee in September 2025, thereby establishing a government-wide central coordinating body for AI policy. In legal and institutional terms, the Framework Act on the Development of Artificial Intelligence and the Creation of a Foundation for Trust, commonly referred to as the AI Framework Act, passed the National Assembly in December 2024 and took effect on January 22, 2026. In the same month, the Public AI Act, a full-scale amendment to the existing Act on Data-Based Administration, was also passed. It was promulgated as Act No. 21392 on February 27, 2026 and is scheduled to take effect six months after promulgation, around August 28, 2026. In February 2026, the administration finalized the Republic of Korea Artificial Intelligence Action Plan, which includes 99 implementation tasks and 326 policy recommendations. The plan presents three major policy pillars: creating an AI innovation ecosystem, driving a nationwide AI-based transformation, and contributing to a global AI-based society.

Meanwhile, in parallel with central government-led informatization policies, a distinct trajectory of informatization has developed at the regional level. As local self-government was implemented in earnest in the early 1990s, regional informatization began to receive attention as a strategic tool for regional development and balanced growth. After the enactment of the Framework Act on Informatization Promotion in 1995, local governments formulated implementation plans for promoting regional informatization and pursued projects such as building Si/Gun/Gu administrative computer networks, providing informatization education for local residents, and reducing the digital divide.

In the 2000s, the scope of regional informatization expanded to include electronic civil petition services, resident participation portals, and integrated administrative information systems. With the enactment of the Act on the Construction, etc. of Ubiquitous Cities, now the Smart City Act, in 2008, the smart city paradigm, which integrates ICT technologies into urban infrastructure, emerged as a new axis of regional informatization. The Fourth Master Plan for Smart Cities for 2024 to 2028, finalized in 2024, further advances regional informatization toward intelligent urban operation. It presents four major strategies: building AI- and data-centered urban foundations, creating a digital twin-based virtual smart city pilot model, fostering a private sector-friendly industrial ecosystem, and supporting the overseas expansion of K-Smart Cities.

The central government-led trend of AI-based government innovation is also gradually spreading into concrete innovations in administrative operations at the local level. In the early stage, local governments mainly used public data platforms and digital infrastructure established by the central government. More recently, however, they have entered a stage in which they actively design and introduce AI application models tailored to solving regional problems. As AI technologies are applied to areas closely related to residents' lives, including civil complaint handling, identification of welfare blind spots, urban safety management, and disaster prediction and response, local administration is shifting beyond simple service delivery toward data-based predictive and proactive response systems.

AI-based government innovation is significant because it redefines the role of local governments. Local governments in the conventional model primarily implemented central government policies and collected and reflected regional demand. AI-based government innovation, however, provides an opportunity for local governments to become active policy actors that use regional data to diagnose policy problems in advance, proactively shape regional agendas, and design region-tailored solutions.

Chapter 07

Ensuring Local Government Accountability

Section 1 Systems for Ensuring Local Government Accountability

1. Overview

Local governments in Korea exercise administrative autonomy to formulate and implement policies tailored to the needs of their local communities. This autonomy enables local governments to provide services suited to regional characteristics and needs, and helps them respond more effectively to local residents' demands. The central purpose of local autonomy is to promote regional development by providing policies and services appropriate to the characteristics of each local community.

While autonomy guarantees a certain degree of independence for local governments, it may also lead to the avoidance of responsibility and weak management if not accompanied by appropriate accountability mechanisms. Ensuring accountability is therefore essential to preventing the waste of public resources and enhancing policy effectiveness while maintaining local government autonomy. Accountability helps build trust among local residents, promotes transparent local government operations, and contributes to maintaining the quality of public services.

Building trust with local communities and ensuring transparent administrative operations are important elements for the sustainable development of local governments. To this end, Korea has put in place various systems for ensuring local government accountability. These systems include a range of measures designed to enhance administrative transparency, fairness, and accountability. The following sections introduce the major systems for ensuring the accountability of local governments.

2. Internal Systems of Local Governments for Ensuring Accountability

Local governments have various internal control mechanisms to ensure that they operate lawfully and efficiently. These mechanisms may be divided into systems for strengthening local government accountability through the executive organ, namely the head of the local government, and systems for strengthening accountability through the local council, which is the deliberative organ. Systems for strengthening accountability through the executive organ include self-audits and self-evaluation in local administration. Systems for strengthening accountability through local councils include deliberative and decision-making authority, administrative affairs audits, and administrative affairs investigations. In addition, mechanisms for ensuring the accountability of local councils themselves include the prohibition on concurrent offices for local council members and the establishment of Special Committees on Ethics.

Articles 140 through 151 of the Local Autonomy Act provide the legal basis for local governments to properly manage the allocation of resources and budget execution. These provisions are intended to ensure accountability and transparency in the process by which local governments manage their financial activities autonomously.

Self-audits may be understood as being grounded in Article 2 of the Act on Public Sector Audits. This provision defines a self-audit as the inspection, examination, confirmation, analysis, and verification of all affairs and activities of the institution to which the head of an audit body of a central administrative agency, local government, or public institution belongs, including its subordinate institutions and affiliated organizations, as well as persons belonging to such institution, and the handling of the results thereof.

Self-audit bodies in local governments are divided into a single-person audit system and a collegiate audit system. The single-person audit system refers to the audit officer system, while the collegiate audit system refers to the audit committee system. As of June 2024, among the 17 upper-tier local governments, 10 local governments, namely Seoul, Busan, Daegu, Gwangju, Daejeon, Sejong, Gangwon, Chungnam, Gyeongnam, and Jeju, had established audit committees as collegiate audit bodies. The remaining seven upper-tier local governments, namely Incheon, Ulsan, Gyeonggi, Chungbuk, Jeonbuk, Jeonnam, and Gyeongbuk, conducted self-audits through audit officers under the single-person audit system.

Under Article 2, subparagraph 3 of the Framework Act on Government Performance Evaluation, self-evaluation requires the heads of Si/Do and Si/Gun/Gu local governments to evaluate affairs under their jurisdiction, including their own affairs such as strategic projects, and to make improvements on their own initiative. Evaluation items include policies under the jurisdiction of each local government, and specific evaluation items are determined by the local government. As for the evaluation method, the head of the local government conducts self-evaluation by establishing a self-evaluation body and forming a self-evaluation committee.

The Local Autonomy Act also clearly prescribes the oversight role of local councils. Under Article 47 of the Local Autonomy Act, local councils have the authority to deliberate on and approve major policies and budgets of local governments and are responsible for monitoring whether local governments operate lawfully. Article 49 of the Local

Autonomy Act also grants local councils the authority to conduct audits or investigations into administrative affairs when necessary.

3. Systems for Ensuring Accountability by Higher-Level Institutions

Systems for ensuring the accountability of local governments are implemented primarily by the National Assembly, central ministries, and the Board of Audit and Inspection. Such external oversight serves to verify whether local governments comply with laws and regulations and fulfill their responsibilities to residents. It is also a core element of democratic procedure and plays an important role in ensuring the transparency and accountability of local governments.

The National Assembly audit of local governments is conducted pursuant to Article 61 of the Constitution, Article 127 of the National Assembly Act, and Article 7 (2) or Article 7-2 (Audits of Local Governments) of the Act on the Inspection and Investigation of State Administration. Article 7 (2) provides that, among local governments, Special Metropolitan Cities, Metropolitan Cities, and Provinces are subject to National Assembly audits, and that the scope of such audits is limited to State-delegated affairs and projects for which the State provides budgetary support, including subsidies.

Audits of local governments by central ministries are prescribed in Article 184 (1), Articles 185, 190, and 191 of the Local Autonomy Act, Article 2 of the Regulations on Administrative Audits of Local Governments, and Article 9 of the Regulations on Delegation and Entrustment of Administrative Authority. In particular, Article 2 of the Regulations on Administrative Audits of Local Governments sets out four types of administrative audits of local governments: joint central government audits, comprehensive Si/Do audits, specific audits, and service discipline audits.

Matters concerning audits of local governments by the Board of Audit and Inspection are prescribed in Articles 22, 23, and 24 of the Board of Audit and Inspection Act. The Board of Audit and Inspection aims to enhance the legality and efficiency of administrative operations by auditing the accounts, affairs, and public officials of local governments.

As described above, systems for ensuring accountability by higher-level institutions review the policy implementation and budget execution of local governments and help ensure compliance with laws and regulations. Such oversight and regulation are carried out in accordance with central government policy guidelines and serve to align the operation of local governments with the overall policy objectives of the State.

4. Systems for Ensuring Accountability through Residents

Various systems are also in place to ensure the accountability of local governments through local residents. Systems with a legal basis include residents' referendums, residents' audit requests, residents' lawsuits, residents' recall, local ombudsman systems, and disclosure of information to residents. These systems are primarily based on the Local Autonomy Act and local government ordinances.

Although they are not formal institutional mechanisms, civil society and the media also play important roles. Civil society and the media serve as external watchdogs over the operation of local governments and play an important role in protecting the public interest. Civic groups monitor local government policies and administration and conduct campaigns to improve the quality of public services and strengthen transparency. The media reports information on local government policies and administration, identifies misconduct or corruption, and draws public attention to such issues. These external monitoring activities contribute to strengthening the accountability of local governments.

The participatory budgeting system is another system that enhances local government accountability through direct resident participation in administration. Under this system, residents directly participate in the budget formulation process, with the aim of improving the fairness and effectiveness of budget execution. In Korea, the Gyeonggi Provincial Office of Education first introduced participatory budgeting in 2010, and the system expanded nationwide following the amendment of the Local Finance Act in 2011. Article 39 (2) of the Local Finance Act provides that resident participatory budgeting bodies, such as resident participatory budgeting committees, may be established under the heads of local governments. This system has been positively evaluated as a successful model of resident participation.

The Official Information Disclosure Act requires local governments to guarantee residents' right of access to information. Article 3 of the Act prescribes the obligation of all public institutions, including local governments, to provide residents with information related to their activities. Through this system, residents can actively engage in external monitoring and civic participation in relation to policy implementation and budget execution. These legal and institutional arrangements play an important role in ensuring the transparency of local governments.

<Table 15> Best Practices in Participatory Budgeting

<Siheung City's Participatory Budgeting System : Integrated Operation of Resident Autonomy and Participatory Budgeting to Expand Substantive Participation>

The participatory budgeting system and Resident Autonomy Councils have each developed in response to their respective policy needs. However, as the transition to Resident Autonomy Councils at the Eup, Myeon, and Dong levels expanded, Siheung City made efforts to integrate the two systems. In 2006, Siheung City enacted the Siheung City Ordinance on the Operation of the Participatory Budgeting System and launched the Participatory Budgeting Committee. On February 18, 2020, the city partially amended the ordinance to provide a basis for Resident Autonomy Councils or Committees to participate in Siheung City's Participatory Budgeting Committee. The project types under Siheung City's participatory budgeting system are shown in the table below.

Classification	Details	Executing Body
① General Proposals (within the general budget)	[Any resident may propose a project. Projects are reflected in the budget after review and refinement by the committee.] ▪ Projects whose effects extend across the entire city or to two or more Dongs ▪ Matters concerning institutional or policy improvement ▪ Projects that require expertise in implementation and follow-up management, including maintenance, and are therefore more efficiently implemented by the administration	Relevant project department
② Autonomous Planning Type (KRW 760 million)	[Resident Autonomy Councils propose projects. After project review and further development, the projects are directly implemented by Resident Autonomy Councils.] ▪ Projects proposed and implemented by Resident Autonomy Councils to identify and resolve local community issues ▪ Projects whose effects are limited to the relevant area, including projects to revitalize local or village communities, and are therefore more efficiently implemented directly by Resident Autonomy Councils ▪ Resident Autonomy Council of each Dong	Resident Autonomy Council of each Dong

Source: Ministry of the Interior and Safety, 2022 Best Practices of the Participatory Budgeting System.

Section 2 Changes in Approaches to Ensuring Local Government Accountability

Approaches to ensuring local government accountability are gradually expanding from a structure centered on hierarchical control to more participatory and collaborative methods. Traditionally, local government accountability tended to be secured through external control mechanisms such as supervision, audits, and evaluations by the central government. These mechanisms played a certain role in preventing deviations from proper administration and ensuring legal and procedural propriety. However, as local autonomy has expanded and region-tailored policy decisions have become increasingly important, it has become clear that accountability cannot be treated merely as a matter of ex-post control.

Accordingly, a recent trend has emerged toward ensuring local government accountability in more multi-layered and open ways. A representative change is the expansion of participatory governance, which seeks to enhance accountability through the participation of residents and external actors. This approach is based on the recognition that local governments should not only make and implement policies independently, but also secure legitimacy by sharing their processes and outcomes with local communities. As residents participate more actively in policy formulation and implementation, local government decision-making becomes more responsive to regional needs. At the same time, the openness and explainability of the overall policy process are strengthened. In this sense, participatory governance may be understood not as a mechanism that restricts local government autonomy, but as a new approach to accountability that links the exercise of autonomous authority with public responsibility.

This change is also evident in institutional arrangements. For example, the participatory budgeting system enhances the accountability and transparency of fiscal management by reflecting residents' opinions in the budget formulation process. By contrast, the recently introduced joint public-private organizational diagnosis task force system can be understood as an attempt to strengthen the objectivity and accountability of organizational operations by institutionalizing the participation of external experts in the overall organizational management of local governments. In other words, an important change is taking place in that the scope of accountability mechanisms is no longer limited to the fiscal domain, but is expanding into internal management areas of local administration, including organizational design, personnel management, and functional adjustment.

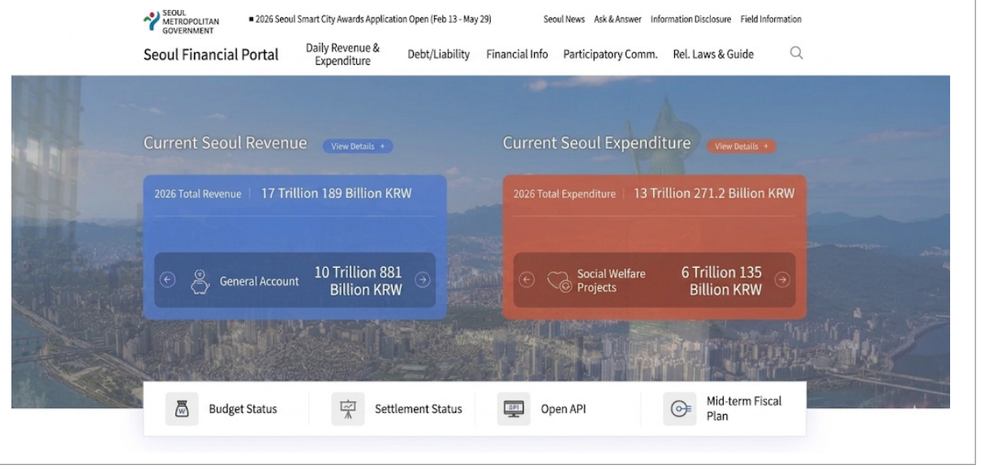
In addition, approaches to ensuring accountability are undergoing a new transition with the spread of technology and data-based management. In recent local administration, there is a growing tendency to monitor policy implementation processes and outcomes in near real time, based on the accumulation of public data and advances in analytical technologies. This represents a shift away from reliance on ex-post evaluation or formal reporting toward a system that continuously monitors policy implementation outcomes and enables prompt adjustment and response when problems arise. Data-based accountability is significant in that it enables objective verification of policy effects and allows administrative accountability to be fulfilled in a more concrete and evidence-based manner.

Ultimately, changes in approaches to ensuring local government accountability can be summarized as a transition from traditional control-centered accountability to a complex accountability framework that combines participation, collaboration, and data-based management. This shows that, amid the expansion of local autonomy, the operating principles of local administration are being reorganized in a direction that seeks to realize autonomy and accountability together through resident participation and information-based administration, rather than viewing the two as being in a relationship of tension.

<Table 16> Cases of Online Platforms for Budget Execution Information Disclosure

<Operation of the Seoul Finance Portal (openfinance.seoul.go.kr), an Online Platform for Enhancing Transparency in the Seoul Metropolitan Government's Budget Execution>

The Seoul Metropolitan Government operates an online platform that discloses budget execution details in real time. The platform provides citizens with detailed budget information in a transparent manner and includes functions for receiving real-time feedback on the budget execution process. Through this platform, public trust in the Seoul Metropolitan Government's fiscal management can be enhanced, while citizens' interest and participation in the budget execution process can be encouraged.



Chapter 08

Autonomous Police and Disaster and Safety Management

Section 1 Autonomous Police

1. Autonomous Police System and Operational Status

The background to the introduction of the autonomous police system lies in the principles of local self-government and decentralization. The purpose of the system is to allow local public security to be carried out under regional responsibility in a manner suited to local conditions, thereby improving the responsiveness and efficiency of police operations for residents and providing public security services centered on local communities and residents (National Association of Chairpersons of Si/Do Autonomous Police Committees, 2024).

The main advantages of introducing the autonomous police system are generally identified as follows: (1) ensuring political neutrality; (2) mitigating the concentration of power and centralization through the decentralization of police affairs; (3) enhancing the efficiency of local administration; (4) promoting positive public perception of and participation in policing; (5) enabling organizational reform through independent organizational operation; and (6) strengthening responsibility for maintaining public security as local public officials (Ahn Seong-hoon, 2018).

However, discussions on the autonomous police system, which began in earnest in the 1990s, repeatedly stalled as legislative attempts lapsed with the expiration of National Assembly terms. After prolonged discussion, the autonomous police system was institutionalized in 2020 through the full revision of the Act on the Organization and Operation of National Police and Autonomous Police (Act No. 20727).

Under the Act on the Organization and Operation of National Police and Autonomous Police (Act No. 20727, hereinafter referred to as the Police Act), police affairs are divided into national police affairs and autonomous police affairs. Autonomous police affairs are limited to affairs concerning community safety, traffic, guard duties, and investigations within the relevant jurisdiction, among the overall scope of police duties (Article 4 (1) 2 of the Police Act). Although the scope of auton-

omous police affairs is prescribed by law, specific matters and boundaries are determined by Si/Do ordinance in accordance with Presidential Decree. Accordingly, the scope of affairs may differ by region (Article 4 (2) of the Police Act). However, specific matters concerning autonomous police affairs under item (d) are prescribed by Presidential Decree (Article 4 (3) of the Police Act).[2)]

Under the Police Act, a Si/Do Autonomous Police Committee is established under the head of an upper-tier local government to administer autonomous police affairs. Where two Si/Do Police Agencies are established in a Si/Do in consideration of geographical characteristics, transportation conditions, and other relevant factors, two Si/Do Autonomous Police Committees may also be established, as in the case of Gyeonggi-do (Articles 13 and 18 (1) of the Police Act). A Si/Do Autonomous Police Committee is a collegiate administrative agency and may independently perform the duties within its authority (Article 18 (2) of the Police Act).

<Table 17> Composition of the Si/Do Autonomous Police Committee

Classification	Details
Number of members	■ Seven members, including the Chairperson. The standing members consist of the Chairperson and one member.
Appointment	■ The Si/Do Governor appoints the following members: - Two members recommended by the Si/Do council, One member recommended by the National Police Commission, Two members recommended by the Si/Do Autonomous Police Committee Member Recommendation Committee, One member designated by the Si/Do Governor
Composition of members	■ Efforts shall be made to ensure that no single gender accounts for more than six-tenths of the total membership. ■ Efforts shall be made to appoint at least one member with specialized knowledge and experience in human rights issues.
Qualifications, term of office, and guarantee of status	■ Qualifications: A member must meet at least one of the following requirements: - A person who has served as a judge, prosecutor, attorney-at-law, or police officer for at least five years - A person qualified as an attorney-at-law who has engaged in legal affairs at a State agency or similar institution for at least five years - A person who has served for at least five years as an assistant professor or higher, or in an equivalent position, in the field of law, public administration, or police science at a university or accredited research institute - Any other person among residents within the jurisdiction who has extensive experience in local autonomous administration or police administration, and who possesses learning and high moral standing
Qualifications, term of office, and guarantee of status	■ Term of office: Three years. Members are guaranteed status and may not be reappointed. However, the term of a member appointed to fill a vacancy is the remainder of the predecessor's term. If the remaining term is less than one year, the member may be reappointed once. ■ Guarantee of status: A member shall not be dismissed against his or her will, except where the member becomes unable to perform duties due to a serious physical or mental disability.
Chairperson and standing member	■ The Chairperson is appointed by the Si/Do Governor from among the members. The Chairperson represents the committee, presides over meetings, and performs duties following committee resolutions. ※ If the office of the Chairperson becomes vacant, the standing member acts on behalf of the Chairperson, followed by the oldest member among the committee members. ■ The standing member is appointed by the Si/Do Governor from among the members upon the recommendation of the Chairperson, following a resolution of the Si/Do Autonomous Police Committee. ■ The Chairperson and the standing member are local public officials of the relevant local government.
Obligations of members	■ Political neutrality and prohibition of abuse of authority
Member Recommendation Committee	■ A Si/Do Autonomous Police Committee Member Recommendation Committee is established under the Si/Do Governor to recommend committee members. ■ The committee is organized to ensure that the opinions of residents from various sectors within the jurisdiction can be reflected.
Affairs under jurisdiction	■ Establishing and evaluating goals concerning autonomous police affairs ■ Formulating major policies, providing operational support, and establishing measures concerning personnel, budgets, equipment, communications, and related matters ■ Appointing and evaluating responsible public officials and operating the personnel committee ■ Establishing policies to prevent corruption and improve integrity among responsible public officials, and improving rules, systems, policies, and practices that may involve human rights violations or abuse of authority ■ Consulting with the Commissioner General of the Korean National Police Agency on the appointment of the head of the Si/Do Police Agency, conducting evaluations, and notifying the results ■ Auditing autonomous police affairs and requesting audits ■ Requesting inspection and disciplinary action for major misconduct cases involving responsible public officials, reviewing grievances, and promoting morale ■ Reviewing important cases, incidents, and pending issues related to autonomous police affairs ■ Enacting, amending, and repealing rules ■ Coordinating duties between local administration and police administration, and conducting necessary consultation and coordination ■ Matters concerning direction and orders by the Commissioner General of the Korean National Police Agency to maintain nationwide public security in emergencies and similar situations ■ Consulting with the Commissioner General of the Korean National Police Agency for cooperation and coordination between national police affairs and autonomous police affairs ■ Requesting deliberation and coordination by the National Police Commission
Deliberation and resolution	■ Resolutions are adopted with the attendance of a majority of all incumbent members and the affirmative vote of a majority of members present. ■ The Si/Do Governor may request reconsideration if he or she deems a resolution inappropriate. ■ If a committee resolution is deemed to violate statutes or significantly harm the public interest, the Minister of the Interior and Safety may, after hearing the opinion of the Commissioner General of the Korean National Police Agency, require the Si/Do Governor to request reconsideration. The Commissioner General of the Korean National Police Agency may also request reconsideration from the Si/Do Governor through the National Police Commission and the Minister of the Interior and Safety. ■ The Chairperson shall convene a meeting within seven days from the date of receiving a request for reconsideration. If the same resolution is adopted again with the attendance of a majority of all incumbent members and the affirmative vote of at least two-thirds of members present, the resolution is finalized.
Secretariat	■ Police officers are assigned to the secretariat. In principle, the secretariat consists of one Senior Superintendent, one Superintendent, and one Inspector. In Sejong, two police officers are assigned. ■ The organization, personnel quota, and operation of the secretariat are prescribed by Si/Do ordinance after hearing the opinion of the Commissioner General of the Korean National Police Agency.

Source: Summarized based on the Act on the Organization and Operation of National Police and Autonomous Police (Act No. 20727).

2. Operational Achievements and Future Directions of the Autonomous Police System

The nationwide launch of Si/Do Autonomous Police Committees may be regarded as a significant achievement in local autonomy. However, as the system is still in its early stage, several challenges remain to be addressed.

First, the introduction of the autonomous police system is significant in that it decentralizes police functions that had previously been concentrated in the national police system. Nevertheless, improvements are needed in relation to the personnel structure of the secretariats, where national police officers continue to perform autonomous police affairs, and the relatively limited authority granted to Si/Do Governors.

2) However, specific matters concerning autonomous police affairs under item (d) shall be prescribed by Presidential Decree (Article 4 (3) of the Police Act).

Second, autonomous police organizations have limited budgets that they can use independently and remain highly dependent on national funding. This limits their ability to identify and implement projects tailored to regional characteristics. In addition, autonomous police officers are not authorized to make emergency arrests or arrest wanted persons even in relation to crimes under their jurisdiction. This may create gaps in authority and therefore requires further institutional supplementation.

Third, cooperation systems between local governments and the autonomous police, and between the autonomous police and the national police, need to be designed in a more detailed and systematic manner. In particular, further consideration is needed on how to facilitate cooperation among various actors at the regional level in key areas such as disaster management, safety, and public security.

Fourth, creative approaches should be developed to strengthen cooperation among residents, the autonomous police, and local governments. It is also necessary to raise public awareness of the autonomous police system within local communities (Kim Pil et al., 2025).

Section 2 Disaster and Safety Management

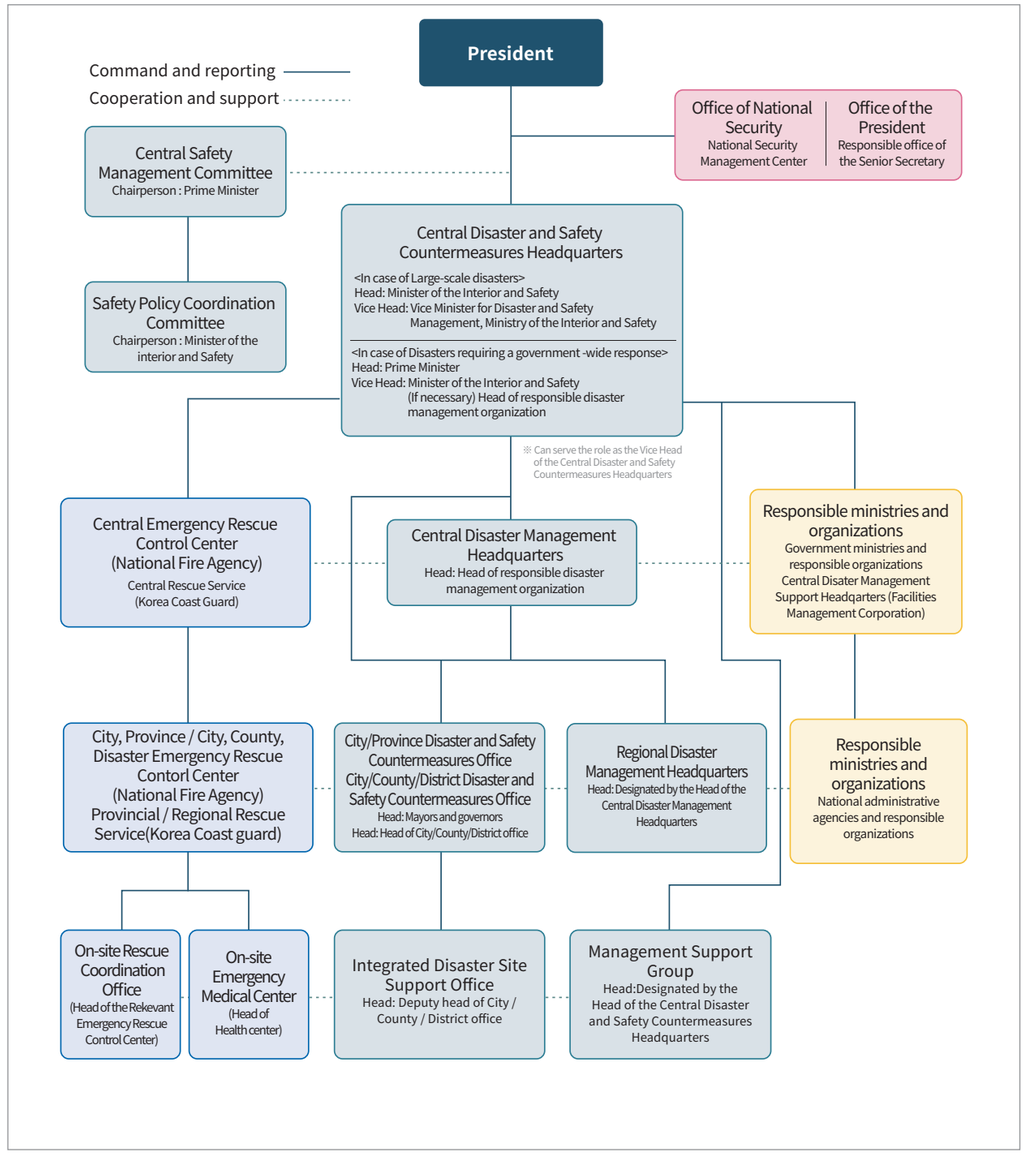
1. Regional Disaster and Safety Management System

The disaster and safety management system of local governments is established under the Framework Act on the Management of Disasters and Safety, hereinafter referred to as the "Framework Act on the Management of Disasters and Safety."(Act No. 21421) Under the Act, disasters are classified into natural disasters and social disasters (Article 3 of the Disaster and Safety Act). Disaster management refers to all activities related to the prevention of, preparedness for, response to, and recovery from disasters (Article 3 of the Act). By contrast, safety management refers to all activities for securing the safety of people's lives, physical safety, and property from disasters and various other accidents (Article 3 of the Act).

The State and local governments have the responsibility to protect people's lives, physical safety, and property from disasters and other accidents. They are also required to make efforts to prevent disasters and other accidents and reduce damage, and to formulate and implement plans to respond to and recover from damage promptly so that affected people can return to daily life (Article 4 of the Disaster and Safety Act).

As shown in <Figure 4> below, the national disaster management system is linked from the President down to disaster-affected sites. Local governments play a key role in this system, which emphasizes strengthening field-centered response and recovery capacity (Ministry of the Interior and Safety, 2021).

<Figure 4> National Disaster Management System



Source: Ministry of the Interior and Safety (2021)

Local governments establish local safety management committees at the Si/Do and Si/Gun/Gu levels. These committees conduct preliminary reviews of disaster and safety management project budgets before the heads of local governments formulate their budgets, and then deliberate on them (Yoo Ja-young and Choi Ji-min, 2023). Local governments also formulate disaster and safety management plans and develop and use field response

action manuals for each type of disaster, reflecting regional characteristics and local disaster governance.

When a disaster occurs, local governments conduct on-site command and allocate resources through the Regional Disaster and Safety Countermeasures Headquarters, which is headed by the head of the local government, in order to provide overall management and coordination and take necessary measures in response to the disaster (Kwon Ki-tae et al., 2023). Local governments are also required to establish disaster and safety situation rooms so that they can promptly identify disaster situations, share and disseminate relevant information, and enable rapid response.

2. Future Directions for Regional Disaster and Safety Management Systems

Regional disaster and safety management systems have continued to improve, and capacity is being strengthened through institutional improvements such as securing dedicated disaster management organizations and personnel and mandating the establishment of situation rooms. However, the following improvements are needed to enhance on-site response capacity at the regional level.

First, to improve the implementability of the large number of field response action manuals developed for different types of disasters, the development of manuals tailored to regional conditions needs to be strengthened based on close analysis of and preparation for local disaster and safety governance. In particular, it is necessary to clarify responsibilities and improve response efficiency through the allocation of roles between upper-tier and lower-tier local governments (Kim Ji-soo and Kim Soo-dong, 2023).

Second, in response to foreseeable future changes such as population aging, population decline, and climate change, continued efforts are needed to detect changes in the types and frequency of disasters in a timely manner. In particular, predictive and response capabilities should be strengthened through the integration of digital technologies, including artificial intelligence (AI).

Third, measures should be explored to ensure that residents, civic organizations, businesses, hospitals, and local experts can be closely connected throughout all stages of disaster and safety management, including prevention, response, and recovery (Yoon So-yeon and Kim Min-young, 2023). In other words, a locally led and on-site-oriented disaster response system should be established by making local governance more substantive and effective (Yook Dong-il, 2026; Lee Kyung-eun et al., 2025).

Fourth, training and institutional improvements are needed to enable close cooperation among various agencies, including the police, fire services, and local governments, as well as resource sharing and coordination with neighboring local governments (Lee Kyung-eun et al., 2025).

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II

Local Finance

Chapter 09

Overview of Local Public Finance

Section 1 Local Finance and its Legal Framework

1. Concept and Significance of Local Finance

Local finance refers to all activities related to the revenues and expenditures of local governments, as well as the management and disposal of their assets and liabilities. As with the central government, the fiscal year of local governments runs from January 1 to December 31 each year. Local government accounts are divided into general accounts and special accounts.

A general account is used to perform the ordinary functions of a local government. A special account is established and operated by Act or ordinance only when it is necessary to operate a local government-directly operated enterprise under the Local Public Enterprises Act or another specific project, or when specific funds, revenues, or expenditures need to be accounted for separately from general revenues and expenditures.

Separately from general and special accounts, a local government may establish funds to hold property or manage specific financial resources when necessary to achieve administrative purposes or serve the public interest.

2. Legal Framework of Local Finance

The legal framework related to local finance consists primarily of statutes that prescribe basic matters concerning local finance, local taxes, which account for the largest share of local revenues, funds, local fiscal adjustment systems, and matters related to local public enterprises, local public corporations, and local government-invested or -funded institutions.

With respect to basic matters, the fundamental principles are prescribed in statutes such as the Local Autonomy Act, the Local Finance Act, and the Local Accounting Act. The local fiscal adjustment system is operated on the basis of statutes such as the Act on the Adjustment, etc. of National and Local Taxes, the Local Allocation Tax Act, and the Subsidy Management Act.

<Table 18> Major Laws Related to Local Finance

Classification	Law / Regulation	Details
Basic matters	Local Autonomy Act	Prescribes matters concerning the types, organization, and operation of local governments, resident participation in local autonomy administration, and the basic relationship between the State and local governments. Chapter 7, Finance, prescribes matters concerning local finance.
	Local Finance Act	Prescribes the basic principles concerning the finance of local governments, thereby ensuring the sound and transparent operation of local finance and guaranteeing its autonomy.
	Local Accounting Act	Prescribes basic matters concerning the accounting and fund management of local governments, thereby ensuring transparent accounting and efficient fund management.
Local taxes	Local Tax Act	Prescribes taxation requirements, imposition, collection, and other necessary matters for each item of local tax levied by local governments.
	Framework Act on Local Taxes	Prescribes basic and common matters concerning local taxes, as well as matters concerning taxpayers' rights and obligations and remedies for rights violations, thereby clarifying legal relations concerning local taxes, promoting fair taxation, and facilitating the fulfillment of tax obligations by local residents.
	Restriction of Special Local Taxation Act	Prescribes matters concerning local tax reductions, exemptions, and special cases, as well as restrictions thereon, thereby contributing to the sound operation of local finance and the realization of equitable taxation through the efficient implementation of local tax policy.
Funds	Framework Act on the Management of Local Government Funds	Prescribes basic matters concerning the management and operation of funds established by local governments, thereby enhancing the public nature of local government fund operations and the efficiency of local finance.
Local fiscal adjustment system	Act on the Adjustment, etc. of National and Local Taxes	Prescribes matters necessary for the adjustment of national and local taxes.
	Local Allocation Tax Act	Provides financial resources necessary for the administrative operation of local governments and adjusts their finances, thereby promoting the sound development of local administration.
	Subsidy Management Act	Prescribes basic matters concerning the formulation of subsidy budgets, applications for subsidies, decisions on subsidy allocation, and the use of subsidies, thereby ensuring the proper management of subsidy budgets, including their efficient formulation and execution.
Local government-directly operated enterprises, local public corporations, and local public authorities	Local Public Enterprises Act	Prescribes matters necessary for the operation of enterprises directly established and managed by local governments or operated through corporations established by local governments, thereby rationalizing their management and contributing to the development of local autonomy and the promotion of residents' welfare.
Standards and criteria	Criteria for the Formulation and Operation of Local Government Budgets	Classifies and manages matters concerning the classification and establishment of items, including local government revenue and expenditure budgets, under the program budget system.
	Regulations on Local Government Accounting Standards	Classifies and manages matters concerning the classification and establishment of items, including local government revenue and expenditure budgets, under the program budget system.
	Criteria for the Formulation of Fund Management Plans	Prescribes matters necessary for the management and operation of funds, including standards for preparing revenue and expenditure plans, thereby ensuring the sound operation of local government funds and balanced fund management among local governments.

Source: Re-cited from Yoon Kwang-jae (2024), Local Finance, p. 64.

Section 2 Major Local Public Finance Systems

1. Program Budget System

Since 2008, local governments have introduced and operated a program budget system under which budgets are formulated around programs and projects rather than traditional line items. The program budget system is a budgetary framework designed to link medium- and long-term policies with budgets and improve fiscal performance. Under this system, budgets are formulated, executed, and managed around policies and programs, and are structured by program units to facilitate performance management.

2. Accrual-Based Double-Entry Accounting System

Since 2007, local governments have shifted from the cash-based single-entry accounting system previously used to an accrual-based double-entry accounting system. Accrual-based double-entry accounting is an accounting method that recognizes changes in financial position, including assets, liabilities, and net assets, and operating performance, including revenues and expenses, at the time transactions occur. It records transactions in a double-entry manner based on the principle of balancing debits and credits.

3. Gender-Responsive Budgeting System

Since 2013, local governments have introduced and operated the gender-responsive budgeting system, a budget analysis method that incorporates gender perspectives and gender awareness into the budget process. The gender-responsive budgeting system considers the different impacts of programs by gender in the process of planning programs and executing budgets, and is designed to prevent disadvantages to any particular gender.

4. Participatory Budgeting System

Since 2011, the operation of the participatory budgeting system has been mandatory as an institutional mechanism through which local governments collect diverse opinions from residents in the process of budget formulation. The participatory budgeting system is a collaborative budget management system that shares with residents the budget formulation functions and authority traditionally held by the government, particularly the executive branch.

5. Central Government Local Fiscal Adjustment System

The main systems for fiscal adjustment between the central government and local governments are the local allocation tax and national subsidies. The local allocation tax is a system that allocates part of national tax revenues, specifically 19.24 percent of internal taxes, to local governments as financial resources necessary for their administrative operations, thereby adjusting fiscal disparities among local governments. The local allocation tax consists of the ordinary local allocation tax, special local allocation tax, and decentralization allocation tax.

National subsidies are grants provided to local governments from the national budget, either general accounts or special accounts, pursuant to the Subsidy Management Act. They are operated as specific-purpose financial resources with designated purposes and conditions. In addition, subsidies under the Special Account for Regional Development are operated separately to support specialized regional development and enhance the competitiveness of wide-area economic zones.

6. Fiscal Adjustment System between Upper-Tier and Lower-Tier Local Governments

City/Province subsidies and adjustment grants are operated to facilitate fiscal adjustment between upper-tier and lower-tier local governments.

City/Province subsidies are grants provided by Si/Do governments to Si, Gun, and autonomous Gu within the scope of their budgets when deemed necessary for policy purposes or particularly necessary in view of the fiscal conditions of Si, Gun, and autonomous Gu, pursuant to the Local Finance Act.

Adjustment grants are a system under the Local Autonomy Act through which Special Metropolitan Cities and Metropolitan Cities set aside a certain portion of city tax revenues, specifically ordinary tax revenues, to adjust financial resources among autonomous Gu within their jurisdictions. Adjustment grants are divided into ordinary adjustment grants and special adjustment grants.

7. Total Cap System for Local Bond Issuance

The total cap system for local bond issuance allows local governments to issue local bonds, following a resolution by the local council, within the local bond issuance limit set in consideration of their fiscal conditions, debt levels, and related factors. If the issuance exceeds the limit, local governments may issue local bonds following a resolution by the local council within the scope approved by the Minister of the Interior and Safety.

Items included in the local bond issuance limit include the amount of local bonds issued, debt-incurring acts, guaranteed debt obligations, and Build-Transfer-Lease (BTL) payments.

8. Medium-Term Local Fiscal Plan System

The medium-term local fiscal plan system is a five-year rolling plan established for planned local fiscal management through efficient resource allocation. It serves as a multi-year budget framework that projects and reflects local governments' development plans and fiscal demands from a medium- to long-term perspective.

The medium-term local fiscal plan contributes to sound fiscal management by providing criteria for annual budget formulation based on medium- and long-term plans, allocating project costs according to investment efficiency and priorities, and strengthening fiscal linkage between the State and local governments.

9. Local Fiscal Investment Review System

The local fiscal investment review system was introduced to promote the efficient use of limited local budgets, ensure planned fiscal management linked to the medium-term local fiscal plan, and prevent indiscriminate or overlapping investments in various investment projects.

Under this system, the feasibility and efficiency of major investment projects and event-related projects are reviewed and verified before budget formulation. The results of investment reviews are classified into four categories: appropriate, conditional, re-examination, and inappropriate.

10. Local Fiscal Analysis System

The local fiscal analysis system is designed to enhance the soundness and efficiency of local finance by comprehensively analyzing and evaluating the fiscal status and performance of local governments based on objective data. Pursuant to the Local Finance Act, annual analysis and evaluation have been conducted for each local government since 1998.

Based on the results of fiscal analysis, the system supports the improvement of fiscal conditions and contributes to the prevention of fiscal crises by identifying causes and presenting alternatives for local governments with insufficient fiscal soundness and efficiency.

11. Local Fiscal Crisis Management System

To forecast local fiscal crises in advance and respond proactively, the government, through the Ministry of the Interior and Safety, introduced and has operated the Local Fiscal Crisis Management System, formerly the Local Fiscal Crisis Early Warning System, since 2012.

The local fiscal crisis management system refers to a series of processes for checking the level of fiscal risk based on major fiscal indicators of local governments, forecasting potential fiscal crises in advance, and responding proactively.

Section 3 Principles of Local Public Finance and Fiscal Management

There are five important principles in local finance: ① sound fiscal management, ② autonomous fiscal management, ③ planned fiscal management, ④ efficient fiscal management, and ⑤ fair fiscal management. These principles are grounded in the Local Autonomy Act and the Local Finance Act (Ra Hwi-moon, 2014: 35).

These concepts may be summarized as follows. First, the principle of sound fiscal management refers to a condition in which a local government maintains a stable budget balance, provides basic public administrative services, and secures a more advanced capacity to finance public services, thereby gradually improving the level of administrative services.

Second, the principle of autonomous fiscal management means that local governments should secure own-source revenues based on their fiscal autonomy and conduct fiscal activities under their own responsibility in order to revitalize the local economy, promote regional development, and provide various local administrative services.

Third, the principle of planned fiscal management means that local governments should manage their finances based on plans so that fiscal management is linked to the future rather than focused only on short-term operations.

Fourth, the principle of efficient fiscal management means that, because the financial resources available to improve the welfare of local residents are limited, local governments should seek to achieve the greatest possible effect with the minimum necessary input.

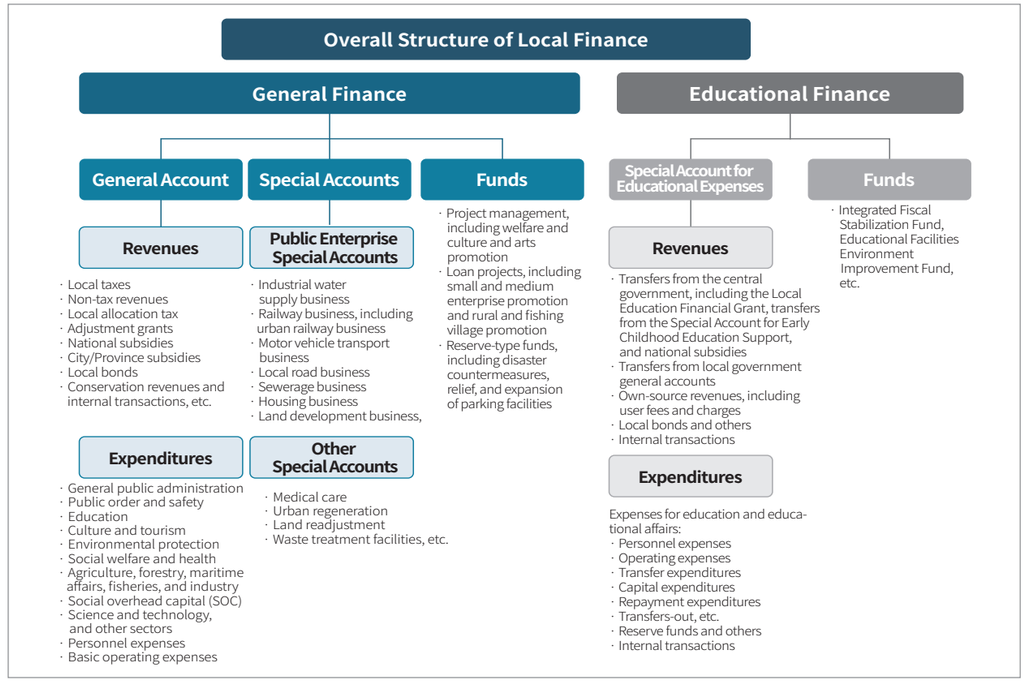
Finally, the principle of fair fiscal management means that it is undesirable for specific groups, classes, or regions to receive discriminatory or unfair treatment in the process of fiscal management (Ra Hwi-moon, 2014: 39).

Section 4 Structure and Framework of Local Public Finance

The structure of local finance may be broadly divided into general finance and educational finance. General finance consists of general accounts, special accounts, and funds. A general account is used for the ordinary operations of local governments and may be broadly divided into revenues and expenditures. Revenues consist of own-source revenues and dependent revenues. Special accounts are budgets operated for specific purposes of local governments.

Educational finance, which supports the operation of Metropolitan and Provincial Offices of Education, consists of the Special Account for Educational Expenses and funds. Like the general account under general finance, the Special Account for Educational Expenses is divided into revenues and expenditures. The overall structure is illustrated below.

<Figure 5> Overall Structure of Local Finance



Source: Re-cited from Yoon Kwang-jae (2024), Local Finance, p.79

1. Comparison of National and Local Finance

Local finance, together with central government finance, which refers to the fiscal activities of the central government, constitutes a core component of public finance. When the central government budget, local government budgets, and local education budgets, including local offices of education, are compared based on the 2025 initial budget, the central government budget amounts to KRW 510,090.1 billion, local government budgets to KRW 326,014.9 billion, and local education budgets to KRW 94,061.9 billion. Their respective shares are 54.8 percent, 35.0 percent, and 10.1 percent.

<Table 19> Comparison of National and Local Budgets (Based on Budget Size)

(Unit: KRW 100 million, %)

Classification	2020	2021	2022	2023	2024	2025
GDP (KRW billion)	2,058,466.5	2,221,912.9	2,323,781.5	2,408,687.4	2,556,857.4	2,663,342.6
Central government	3,862,379	4,174,201	4,558,366	4,843,752	4,886,219	5,100,901
(Share)	(54.1)	(55.5)	(55.1)	(54.6)	(54.8)	(54.8)
Local governments	2,532,263	2,630,917	2,883,083	3,054,109	3,100,818	3,260,149
(Share)	(35.5)	(35.0)	(34.9)	(34.4)	(34.8)	(35.0)
Local education	739,013	718,605	826,902	974,192	924,886	940,619
(Share)	(10.4)	(9.5)	(10.0)	(11.0)	(10.4)	(10.1)

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 24; KOSIS National Statistical Portal.

After reflecting transfers of financial resources from the central government to local governments, including local allocation tax and national subsidies, transfers from the central government to local offices of education, including local education finance grants and local education subsidies, and transfers and subsidies from local governments to local offices of education, the fiscal expenditure of the central government, local governments, and local offices of education in 2025 is as follows. The central government accounts for KRW 282,623.5 billion, local governments for KRW 314,700.3 billion, and local education for KRW 94,567.7 billion, representing shares of 40.8 percent, 45.5 percent, and 13.7 percent, respectively.

<Table 20> Comparison of Central Government Finance, Local Finance, and Local Education Finance (Based on Fiscal Expenditure)

(Unit: KRW 100 million, %)

Classification	2020	2021	2022	2023	2024	2025
GDP (KRW billion)	2,058,466.5	2,221,912.9	2,323,781.5	2,401,189.4	2,556,875.4	2,663,342.6
Central government	2,163,914	2,413,619	2,508,270	2,549,290	2,685,922	2,826,235
(Share)	(40.7)	(42.8)	(40.8)	(39.1)	(40.6)	(40.8)
Local governments	2,396,034	2,484,016	2,765,951	2,970,204	2,977,485	3,147,003
(Share)	(45.0)	(44.0)	(45.0)	(45.5)	(45.0)	(45.5)
Local education	761,310	745,751	877,002	1,002,879	954,356	945,677
(Share)	(14.3)	(13.2)	(14.3)	(15.4)	(14.4)	(13.7)

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 24; KOSIS National Statistical Portal.

2. Weakness of Local Own-Source Revenues

Local finance in Korea has a structurally weak own-source revenue base due to its high dependence on financial resources from the central government. As of 2025, the total size of local government budgets is KRW 326,014.9 billion. Dependent revenues, consisting of local allocation tax and subsidies, account for 46.3 percent of local financial resources, indicating a high level of fiscal dependence on the central government.

<Table 21> Revenue Composition Ratio of Local Governments (2025)

(Unit: KRW 100 million, %)

Total local budget (3,260,149)					
Own-source revenues (44.6)		Transfer revenues (46.3)		Local bonds (1.8)	Conservation revenues and internal transactions(7.2)
Local taxes	Non-tax revenues	Local allocation tax	Subsidies		
1,150,667	305,644	616,731	892,186	59,209	235,712

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 31.

In 2025, the ratio of national taxes to local taxes is 76.9 percent to 23.1 percent. Over the past five years, the ratio of national taxes to local taxes has generally remained at approximately 77 to 23.

<Table 22> Proportion of National Taxes and Local Taxes

(Unit: KRW 100 million, %)

Classification	2020	2021	2022	2023	2024	2025
National taxes (%)	2,855,462 (73.7)	3,440,782 (75.3)	3,959,393 (77.0)	3,440,711 (75.7)	3,365,324 (75.1)	3,824,296 (76.9)
Local taxes (%)	1,020,488 (26.3)	1,127,984 (24.7)	1,185,707 (23.0)	1,106,155 (21.4)	1,160,607 (24.9)	1,150,667 (23.1)

Note: Figures up to 2023 are based on settled accounts; 2024 figures are based on the final budget; and 2025 figures are based on the initial budget.

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 26.

In 2025, the shares of own-source revenues and transfer revenues are 44.7 percent and 46.3 percent, respectively. In 2024, own-source revenues decreased substantially from the previous year, but in 2025 they increased slightly by 0.1 percentage points. Transfer revenues decreased by 0.1 percentage points.

<Table 23> Proportion of Own-Source Revenue and Dependent Revenue

(Unit: KRW 100 million, %)

Classification	2023	2024	Change from previous year	2025	Change from previous year
Total	3,054,109	3,100,818	1.5	3,260,149	5.1
Own-source revenues	1,399,757 (45.8)	1,382,444 (44.6)	△1.2	1,456,311 (44.7)	5.3
Transfer revenues	1,412,877 (46.3)	1,439,588 (46.4)	1.9	1,508,917 (46.3)	4.8
Local bonds	28,836 (0.9)	42,719 (1.4)	48.1	59,209 (1.8)	38.6
Conservation revenues and internal transactions	212,639 (7.0)	236,068 (7.6)	11.0	235,712 (7.2)	□0.2

Note: Figures are based on the initial budget of each fiscal year.

Note: Following the reorganization of revenue items in FY2014, items corresponding to conservation revenues and internal transactions, including carryovers, inter-account transfers, deposits, and money received in trust, which had previously been included in non-tax revenues, specifically temporary non-tax revenues, were excluded from non-tax revenues.

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 26.

3. Fiscal Disparities among Local Governments

In terms of the fiscal self-reliance ratio, which is measured as the share of own-source revenues, including local taxes and non-tax revenues, in the revenue budget, the national average in 2025 is 45.6 percent for upper-tier local governments and 27.3 percent for lower-tier local governments, showing a substantial gap between the two tiers.

Among upper-tier local governments, the highest fiscal self-reliance ratio is 74.6 percent, recorded by the Seoul Metropolitan Government, while the lowest is 24.3 percent, recorded by the Jeonbuk Provincial Government. Among lower-tier local governments, the highest fiscal self-reliance ratio is 62.6 percent, recorded by Gwacheon-si in Gyeonggi-do, while the lowest is 7.2 percent, recorded by Wando-gun in Jeonnam. Overall, fiscal self-reliance ratios declined year on year across both upper-tier and lower-tier local governments.

<Table 24> Comparison of the Fiscal Independence Gap Among Local Governments (2025)

(Unit: %)

Tier	Upper-tier local governments (2024)				
	Special City	Metropolitan City	Special Self-Governing City	Province	Special Self-Governing Province
Jurisdiction Type	45.6(46.0)				
	76.4 (74.6)	43.1 (45.7)	62.7 (65.0)	36.4 (35.7)	39.1 (39.5)
Highest Jurisdiction	Seoul Metropolitan Government 76.4 (74.6)	Incheon Metropolitan Government 51.2 (54.5)	Sejong Special Self-Governing City 62.7 (65.0)	Gyeonggi Provincial Government 49.7 (49.1)	Jeju Special Self-Governing Province 39.5 (39.1)
Lowest Jurisdiction		Gwangju Metropolitan Government 37.0 (39.0)		Jeonbuk Provincial Government 25.2 (24.3)	

Tier	Lower-tier local governments (2024)		
	City	County	Autonomous District
Jurisdiction Type	27.3(26.5)		
	31.6 (32.7)	17.7 (14.3)	27.4 (25.0)
Highest Jurisdiction	Gwacheon-si, Gyeonggi-do 62.6 (Seongnam-si 64.1)	Ulju-gun, Ulsan 43.1(36.9)	Gangnam-gu, Seoul 66.2(64.3)
Lowest Jurisdiction	Namwon-si, Jeonbuk 10.2 (10.5)	Wando-gun, Jeonnam 7.2 (Bonghwa-gun 7.8)	Buk-gu, Busan 12.3 (Yeongdo-gu, Busan 10.5)

Note: Figures outside parentheses are for 2025, while figures in parentheses are for 2024.
Note: Based on the scale of the gross budget before reclassification.
Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 104.

Chapter 10

Local Government Expenditures

<Major Amendments in 2025[3)]>

■ Establishment of Consultation Provisions for Standard Expenses

Beginning in 2025, for the formulation of the 2026 budget, the relevant provisions were amended to allow standard amounts to be established in consultation with the Minister of the Interior and Safety when necessary due to the establishment, abolition, consolidation, or separation of local governments.

In other words, until 2024, local governments calculated budget amounts based on certain standard expenses when formulating expenditure budgets. However, from 2025, for the formulation of the 2026 budget, where necessary in connection with special local governments, including cases involving the establishment or consolidation of administrative districts, standard expenses may be determined through consultation among the constituent local governments and in consultation with the Minister of the Interior and Safety.

■ Clarification of Procedures for the Abolition of Funds

Beginning in 2025, for the formulation of the 2026 budget, the procedures for abolishing funds whose duration has expired were clarified, and matters concerning the handling of assets and related

items upon the abolition of a fund were specified.

Until 2024, the Criteria for the Formulation of Local Government Fund Management Plans did not contain clear provisions on the management of funds whose duration had expired. However, from 2025, for the formulation of the 2026 budget, it was expressly stipulated that where a fund falls under any of the subparagraphs of Article 15 (1) of the Framework Act on the Management of Local Government Funds, the fund must be abolished or consolidated with another fund. It was also clarified that even where the duration of a fund has expired, the fund must be abolished in accordance with the prescribed procedures.

In addition, when a fund is abolished, matters concerning the reversion of accumulated assets, claims, obligations, and related items must be prescribed by ordinance.

3) Ministry of the Interior and Safety (2025), Criteria for the Formulation and Operation of Local Government Budgets and Criteria for the Formulation of Local Government Fund Management Plans for Fiscal Year 2026.

Section 1 Budget Size by Local Government

In terms of budget size by account type, out of the total local budget of KRW 326,014.9 billion, the general account amounts to KRW 288,484.0 billion and special accounts amount to KRW 37,530.9 billion. The shares of the general account and special accounts are 88.5 percent and 11.5 percent, respectively.

By type of local government, upper-tier local governments, namely Si/Do, account for KRW 215,341.1 billion, while lower-tier local governments, namely Si/Gun/autonomous Gu, account for KRW 110,673.9 billion. Upper-tier local governments account for 66.1 percent of the total, and lower-tier local governments account for 33.9 percent.

Among upper-tier local governments, Special Metropolitan Cities, Metropolitan Cities, and Special Self-Governing Cities account for KRW 102,481.4 billion, or 31.3 percent, while Provinces and Special Self-Governing Provinces account for KRW 113,293.0 billion, or 34.8 percent. Among lower-tier local governments, Cities account for KRW 65,064.9 billion, or 20.0 percent; Counties account for KRW 29,487.9 billion, or 9.0 percent; and autonomous Gu account for KRW 16,021.1 billion, or 4.9 percent.

<Table 25> Local Budget Size by Account and Type of Local Government, 2025

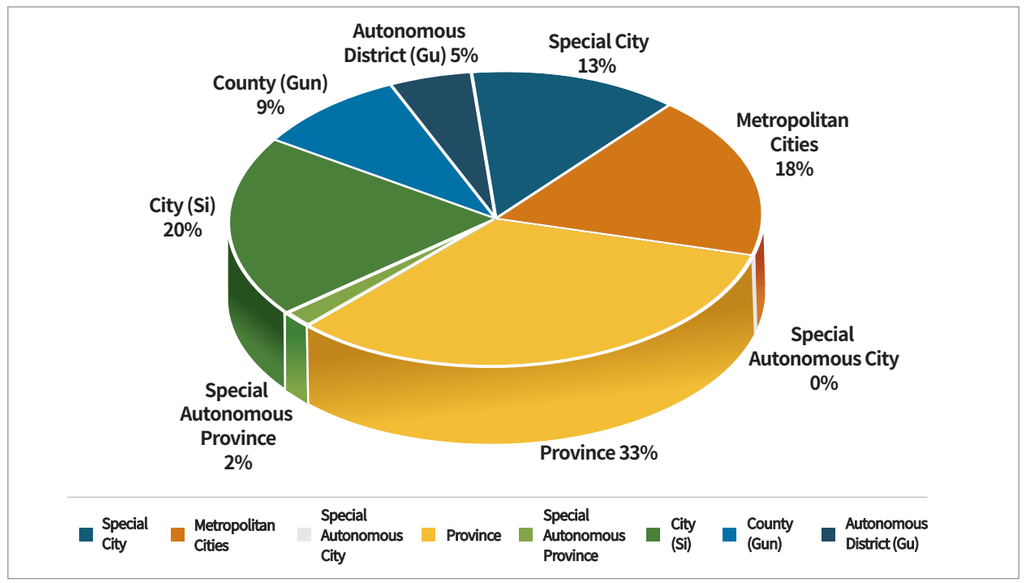
(Unit: KRW 100 million, %)

Type of local government	Budget size	Share	General account	Share	Special account	Share
Total	3,260,149	100.0	2,884,840	88.5	375,309	11.5
Upper-tier local governments, subtotal	2,153,411	66.1	1,897,190	58.2	256,221	7.9
Special City	417,169	12.8	324,532	10.0	92,637	2.8
Metropolitan Cities	584,524	17.9	492,637	15.1	91,887	2.8
Special Self-Governing City	18,788	0.6	16,467	0.5	2,321	0.1
Provinces	1,061,255	32.6	1,001,946	30.7	59,309	1.8
Special Self-Governing Provinces	71,675	2.2	61,608	1.9	10,067	0.3
Lower-tier local governments, subtotal	1,106,738	33.9	987,650	30.3	119,088	3.7
Cities	651,649	20.0	554,329	17.0	97,320	3.0
Counties	294,879	9.0	282,819	8.7	12,059	0.4
Autonomous Gu	160,211	4.9	150,502	4.6	9,709	0.3

Note: The budget size of upper-tier local governments appears larger on the revenue side because overlapping amounts between upper-tier and lower-tier local governments mostly consist of subsidies, and these amounts are deducted from the revenues of lower-tier local governments, which are the recipient entities.

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 27.

<Figure 6> Budget Size by Local Government(2025)



Section 2 Budget Size by Program Structure

As of 2025, most local government budgets by program structure consist of policy programs. Policy programs amount to KRW 271,802.4 billion, accounting for 83.4 percent of the total budget. Administrative operating expenses amount to KRW 41,640.3 billion, or 12.8 percent, and financial activities amount to KRW 12,572.1 billion, or 3.9 percent.

Policy programs refer to fiscal expenditures for programs and projects provided to residents. Of the KRW 271,802.4 billion allocated to policy programs, subsidized projects account for KRW 156,359.8 billion, or 57.5 percent, while local government-funded projects account for KRW 115,442.6 billion, or 42.5 percent. This indicates that subsidized projects account for a relatively large share.

Administrative operating expenses refer to personnel expenses and basic operating expenses required for organizational operations. Their share declined slightly to 12.8 percent in 2025, compared with 12.8 percent in 2023 and 13.0 percent in 2024. Financial activities refer to compensatory expenditures, including internal transaction expenditures and debt repayments. Their share of the total budget was 3.6 percent in 2023, 3.4 percent in 2024, and 3.9 percent in 2025, showing a fluctuating trend.

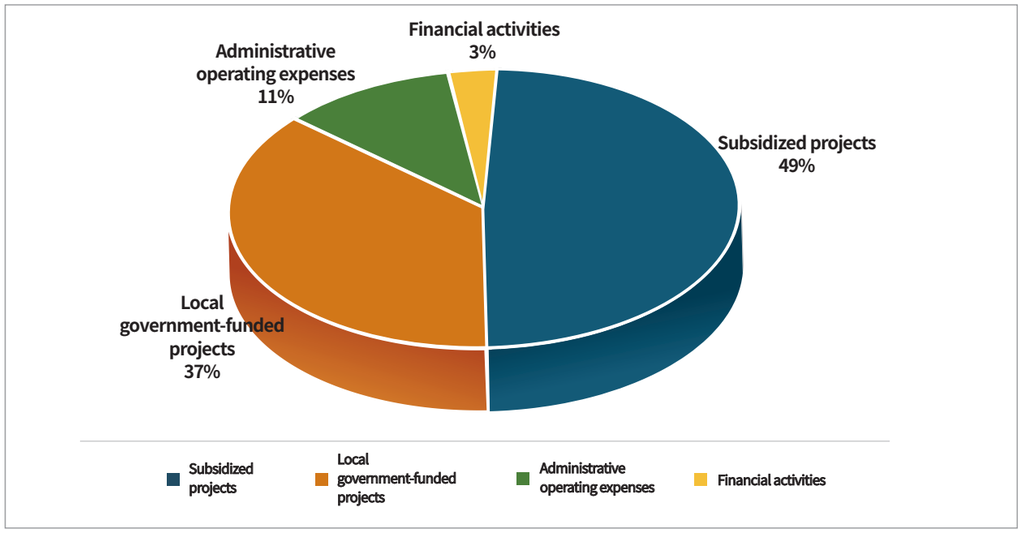
<Table 26> Size and Proportion of Expenditure Budgets by Project Structure (General + Special Accounts)

(Unit: KRW 100 million, %)

Classification		2023	Share	2024	Share	2025	Share
Total		3,054,109	100.0	3,100,818	100.0	3,260,149	100.0
Policy programs	subtotal	2,554,295	83.6	2,592,579	83.6	2,718,024	83.4
	Subsidized projects	1,398,192	54.7	1,469,800	56.7	1,563,598	57.5
Policy programs	Local government-funded projects	1,156,103	45.3	1,122,779	43.3	1,154,426	42.5
Administrative operating expenses		388,473	12.8	402,209	13	416,403	12.8
Financial activities		111,341	3.6	106,030	3.4	125,721	3.9

Source: Ministry of the Interior and Safety (2023–2025), Overview of Local Government Budgets and Funds, p. 163.

<Figure 7> Current Status of Local Expenditures by Project Structure (2025)



Section 3 Budget Size by Function

The functional classification of local government expenditure budgets was previously organized into five chapters and 16 sections under the former chapter-section-subsection structure. However, with the transition from the line-item budget system to the program budget system in 2008, expenditure functions have been classified into 13 fields and 53 sectors as of the 2025 budget. This classification was adjusted to be consistent with the United Nations Classification of the Functions of Government (COFOG) and the central government's functional classification of expenditures.

The functional classification of expenditures shown in <Table 27> systematically classifies local government functions into fields such as general public administration, public order and safety, education, culture and tourism, environment, social welfare, health, and agriculture, forestry, maritime affairs, and fisheries. It is useful for understanding the content and nature of local government activities.

<Table 27> Functional Classification of Local Government Expenditure Budgets

Field (13)	Sector (53)
General public administration	Legislation and election management; local administration and fiscal support; finance and banking; general administration
Public order and safety	Police; disaster prevention and civil defense; fire services
Education	Early childhood, elementary, and secondary education; higher education; lifelong and vocational education
Culture and tourism	Culture and arts; tourism; sports; cultural heritage; general culture and tourism
Environment	Water supply, sewerage, and water quality; waste; air; nature; maritime environment; general environmental protection
Social welfare	Basic livelihood security; support for vulnerable groups; labor; veterans affairs; housing; general social welfare; childcare; family and women; older persons; youth
Health	Health and medical services; food and drug safety
Agriculture, forestry, maritime affairs, and fisheries	Agriculture and rural communities; forestry and mountain villages; maritime affairs, fisheries, and fishing villages
Industry, SMEs, and energy	Industrial finance support; industrial technology support; trade and investment attraction; industrial promotion and advancement; energy and resource development; general industry and SMEs
Transportation and logistics	Roads; urban railways; shipping and ports; aviation and airports; public transportation, logistics, and other related sectors
National land and regional development	Water resources; regions and cities; industrial complexes
Science and technology	Technology development; support for science and technology research; general science and technology
Contingency reserves	Contingency reserves
Others	Personnel expenses; basic operating expenses, etc.

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds.

Of the local government expenditure budget of KRW 326,014.9 billion in 2025, social welfare accounts for the largest share, approximately KRW 110 trillion, or 33.8 percent. This is followed by environment at 9.5 percent, transportation and logistics at 7.7 percent, agriculture, forestry, maritime affairs, and fisheries at 6.5 percent, general public administration at 5.4 percent, and education at 5.2 percent.

By account type, the composition of functional expenditures differs between general accounts and special accounts. In general accounts, social welfare accounts for 35.6 percent, followed by agriculture, forestry, maritime affairs, and fisheries at 7.7 percent, general public administration and education at 6.2 percent each, and transportation and logistics at 6.1 percent. This indicates relatively high expenditure shares for social welfare, support for agriculture and fishing communities, general public administration, education, and transportation.

In special accounts, environment accounts for the largest share at 29.8 percent, followed by social welfare at 25.3 percent and transportation and logistics at 15.0 percent. This indicates that a large share of special account expenditures is allocated to environment, social welfare, and transportation.

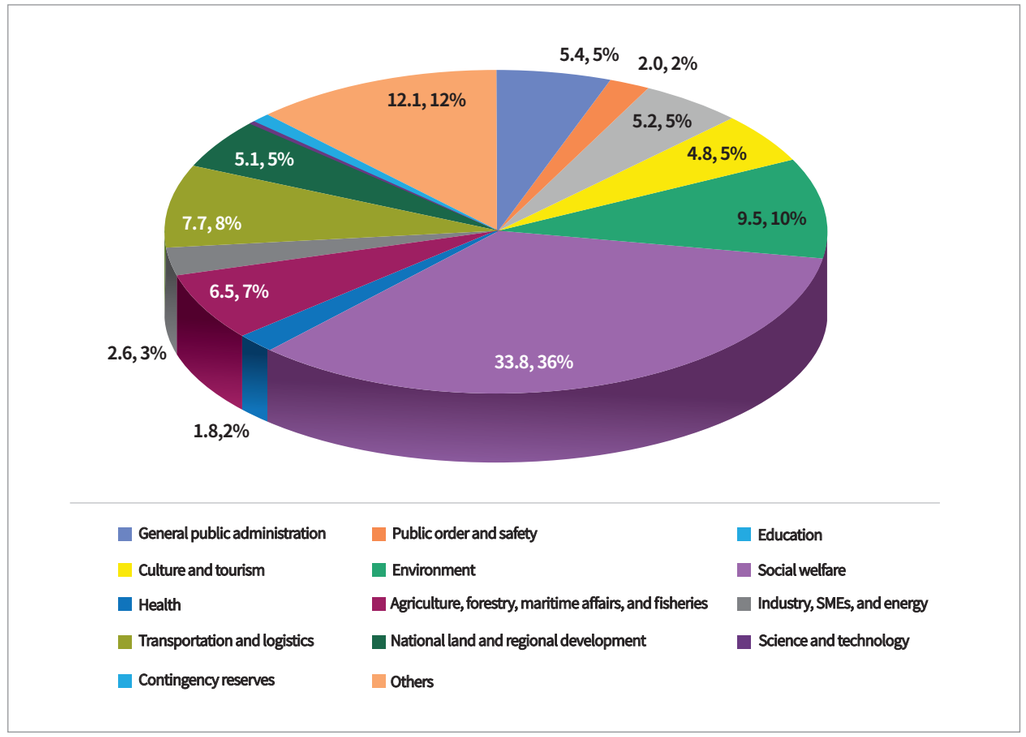
<Table 28> Expenditure Structure and Size of Local Governments (Based on 2025 Initial Budget)

(Unit: KRW 100 million, %)

Field	Total	Share	General account	Share	Special account	Share
Total	3,260,149	100.0	2,692,036	100.0	568,113	100.0
General public administration	175,422	5.4	167,816	6.2	7,606	1.3
Public order and safety	63,930	2.0	45,512	1.7	18,418	3.2
Education	170,160	5.2	168,236	6.2	1,924	0.3
Culture and tourism	156,221	4.8	152,311	5.7	3,910	0.7
Environment	308,248	9.5	139,076	5.2	169,172	29.8
Social welfare	1,101,592	33.8	957,810	35.6	143,782	25.3
Health	58,566	1.8	58,519	2.2	47	0.0
Agriculture, forestry, maritime affairs, and fisheries	212,057	6.5	208,464	7.7	3,593	0.6
Industry, SMEs, and energy	84,799	2.6	79,871	3.0	4,928	0.9
Transportation and logistics	249,429	7.7	164,324	6.1	85,105	15.0
National land and regional development	165,461	5.1	121,721	4.5	43,740	7.7
Science and technology	4,383	0.1	4,368	0.2	15	0.0
Contingency reserves	31,325	1.0	29,890	1.1	1,435	0.3
Others	395,941	12.1	394,117	14.6	1,824	0.3

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p.183.

<Figure 8> Current Status of Local Expenditures by Function(2025)



Chapter 11

Local Government Revenues

Section 1 Overview of Revenues

As of 2025, total local revenues on a net budget basis amount to KRW 326,014.9 billion. Of this total, general account revenues amount to KRW 288,484.0 billion, or 88.5 percent, while special account revenues amount to KRW 37,530.9 billion, or 11.5 percent. General account revenues therefore account for the majority of local revenues.

By revenue source, local government revenues consist of local taxes, non-tax revenues, local allocation tax, subsidies, and local bonds. Local taxes amount to KRW 115,066.7 billion, accounting for the largest share of the revenue budget at 35.3 percent. This is followed by subsidies at 27.4 percent, local allocation tax at 18.9 percent, non-tax revenues at 9.4 percent, and local bonds at 1.8 percent.

By account type, the composition of revenues differs between general accounts and special accounts. In general accounts, local taxes account for the largest share at 39.9 percent, whereas in special accounts, non-tax revenues account for the largest share at 45.0 percent.

<Table 29> Local Government Revenue Structure by Funding Source(2025)

(Unit: KRW 100 million KRW, %)

Classification	Total	Share	General account	Share	Special account	Share
Total	3,260,149	100.0	2,884,840	100.0	375,309	100.0
Local taxes	1,150,667	35.3	1,150,667	39.9	-	-
Non-tax revenues	305,664	9.4	136,801	4.7	168,843	45.0
Local alloca+tion tax	616,731	18.9	609,780	21.1	6,951	1.9
Subsidies	892,186	27.4	780,820	27.1	111,366	29.7
Local bonds	59,209	1.8	35,751	1.2	23,458	6.2
Conservation rev-enues and internal transactions	235,712	7.2	171,022	5.9	64,691	17.2

Source: Reconstructed from Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 33.

Section 2 Local Taxes

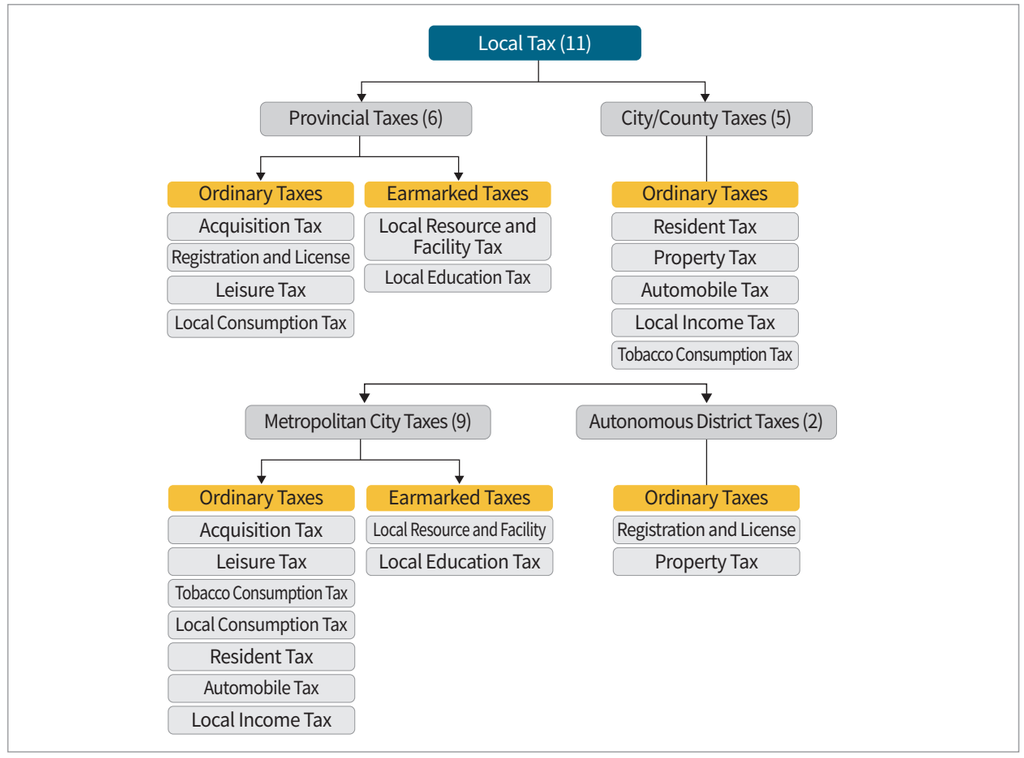
1. Structure of Local Taxes

The local tax system of the Republic of Korea consists of 11 tax items in total, comprising nine ordinary taxes and two earmarked taxes. These may be classified into provincial taxes, consisting of six items, and city/county taxes, consisting of five items, or into metropolitan city taxes, consisting of nine items, and autonomous district taxes, consisting of two items.

The nine ordinary taxes are acquisition tax, registration and license tax, resident tax, property tax, automobile tax, leisure tax, tobacco consumption tax, local consumption tax, and local income tax. The two earmarked taxes are local resource and facility tax and local education tax.

The structure of local taxes is summarized in <Figure 9>.

<Figure 9> Structure of Local Taxes



Note: In Seoul, property tax is jointly levied and shared between the Seoul Metropolitan Government and its autonomous districts.

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 53.

2. Current Status of Local Taxes

Looking at local tax revenues in 2025, out of the total KRW 115,066.7 billion, ordinary taxes account for KRW 104,609.2 billion, or 90.9 percent; earmarked taxes account for KRW 9,299.4 billion, or 8.1 percent; and revenues from previous fiscal years account for KRW 1,158.1 billion, or 1.0 percent.

By local tax item, local consumption tax accounts for the largest share, at KRW 26,721.9 billion, or 23.2 percent. This is followed by acquisition tax at 21.7 percent, local income tax at 17.9 percent, property tax at 13.4 percent, automobile tax at 6.6 percent, tobacco consumption tax at 3.0 percent, resident tax at 2.4 percent, registration and license tax at 1.8 percent, and leisure tax at 0.8 percent.

For upper-tier local governments, namely Si/Do, acquisition tax, local consumption tax, and local income tax account for relatively large shares, at 31.3 percent, 29.5 percent, and 14.5 percent, respectively. By contrast, for lower-tier local governments, namely Si/Gun/autonomous Gu, property tax, local income tax, and automobile tax account for the main shares, at 37.5 percent, 25.7 percent, and 12.4 percent, respectively.

<Table 30> Current Status of Local Taxes, 2025

(Unit: KRW 100 million)

Classification		Total	Special Metropolitan and Metropolitan City Taxes	Special Self-Governing City Taxes	Provincial Taxes	Special Self-Governing Province Taxes	City Taxes	County Taxes	Autonomous Gu Taxes	Share (%)
Total		1,150,667 (1,168,258)	413,739 (430,466)	8,518	326,768	18,738	218,259	39,111	82,197	100.0
Ordinary taxes	Subtotal	1,046,092 (1,063,683)	379,918 (397,507)	7,744	293,858	17,600	223,151	38,926	84,896	90.9
	Acquisition tax	250,165	109,527	1,639	134,408	4,591	-	-	-	21.7
	Registration and license tax	21,046	303	151	11,176	333	-	-	9,083	1.8
	Resident tax	27,457	8,655	149	-	169	12,252	1,687	4,546	2.4
	Property tax	154,558	19,237	1,145	-	1,980	61,129	7,919	63,149	13.4
	Automobile tax	75,577	29,994	545	-	1,210	36,836	6,991	-	6.6
	Leisure tax	8,755	2,376	6	5,701	672	-	-	-	0.8
	Tobacco consumption tax	35,067	13,272	175	-	602	17,462	3,556	-	3.0
	Local consumption tax	267,219	83,758	2,928	142,572	6,350	14,452	9,043	8,117	23.2
	Local income tax	206,248	112,797	1,007	-	1,693	81,020	9,731	-	17.9
Earmarked taxes	Subtotal	92,994	40,000	635	50,585	1,490	284	-	-	8.1
	Local resource and facility tax	19,309	7,353	157	11,316	199	284	-	-	1.7
	Local education tax	73,684	32,646	478	39,269	1,291	-	-	-	6.4
Revenues from previous fiscal years		11,581	4,370	96	1,549	220	4,143	569	635	1.0

Note: Figures in parentheses are based on the gross budget. The difference between the gross and net budget figures arises because the overlapping portion of the joint property tax shared between the Seoul Metropolitan Government and its autonomous districts, amounting to KRW 175.91 billion, is deducted from the Seoul Metropolitan Government's figures.

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 54.

3. Current Status of Local Taxes by Tax Item

1) Acquisition Tax

Acquisition tax is a local tax imposed on persons who acquire real estate, vehicles, machinery and equipment, aircraft, vessels, standing trees, mining rights, fishing rights, aquaculture rights, golf memberships, horseback riding memberships, condominium memberships, comprehensive sports facility memberships, or yacht memberships. Different standard tax rates apply depending on the type and use of the acquired property, for example, 7 percent for non-commercial passenger cars. The head of a local government may increase or decrease the acquisition tax rate within 50 percent of the standard tax rate, as prescribed by ordinance.

2) Registration and License Tax

Registration and license tax is a local tax collected from persons who register matters concerning the creation, alteration, or extinction of property rights or other rights in public registers, or from persons who obtain various licenses. For registration and license tax on licenses, the tax amount varies depending on the type of license and the area where the license is granted, and the tax must be paid for each type of license. The head of a local government may adjust the standard tax rate for registrations, including real estate registration, upward or downward within 50 percent, as prescribed by ordinance.

3) Leisure Tax

Leisure tax is a local tax paid by persons who operate businesses such as bicycle racing, motorboat racing, and horse racing to the local governments where the taxable business sites and off-track betting offices are located. The tax base is the total amount of sales of betting tickets, such as winning-rider betting tickets and horse-race betting tickets, and the tax rate is 10 percent of the tax base.

4) Tobacco Consumption Tax

Tobacco consumption tax is a local tax imposed on tobacco. It is paid when a manufacturer removes tobacco from a manufacturing place or when an import distributor removes tobacco from a bonded area. The tax base is the number of cigarettes, weight, or volume of nicotine solution, and fixed tax rates apply differently depending on the type of tobacco. The tax rate may be increased or decreased by Presidential Decree within 30 percent.

5) Local Consumption Tax

Local consumption tax is imposed by converting 25.3 percent of value-added tax, which is a national tax, into a local tax. Local consumption tax is imposed by upper-tier local governments, such as Special Metropolitan Cities, Metropolitan Cities, and Provinces, that have jurisdiction over the address or location of the consumer of goods or services.

6) Resident Tax

Resident tax is levied in three categories: individual resident tax, business place resident tax, and employee resident tax. The taxpayer for individual resident tax is an individual who has an address in the local government, and the tax rate is prescribed by ordinance within the limit of KRW 10,000.

Business place resident tax is paid by corporations that have a place of business in the local government and by individuals who have a place of business of a certain scale or larger. It is imposed by adding the basic tax rate, which ranges from KRW 50,000 to a maximum of KRW 200,000 depending on capital and other factors, and the tax rate based on total floor area, which is KRW 250 per square meter of the total floor area of the place of business. However, for places of business that discharge pollutants as prescribed by Presidential Decree, KRW 500 per square meter, which is twice the total floor area rate, is imposed.

Employee resident tax is imposed on employers who pay wages to employees, and the standard tax rate is 0.5 percent of the total amount of employee wages.

7) Local Income Tax

Local income tax is a local tax imposed on persons liable to pay income tax or corporate tax. It is classified into individual local income tax and corporate local income tax depending on the taxpayer. The standard tax rate is generally around 10 percent of the national income tax or corporate tax calculation structure and varies by tax base bracket. The head of a local government may increase or decrease the standard tax rate within 50 percent, as prescribed by ordinance.

8) Property Tax

Property tax is a local tax imposed on land, buildings, housing, aircraft, and vessels. The standard tax rate for property tax varies depending on the taxable object, and may be increased or decreased within 50 percent of the standard tax rate by ordinance.

9) Automobile Tax

Automobile tax is a local tax imposed on the ownership and operation of motor vehicles. Automobile tax on ownership is imposed on persons who own motor vehicles registered or reported within the jurisdiction of a local government. Tax rates vary depending on whether the vehicle is for commercial or non-commercial use and on engine displacement, and the head of a local government may set a rate exceeding the standard tax rate by up to 50 percent, as prescribed by ordinance.

Automobile tax on operation is imposed by the competent local government on persons liable to pay transportation, energy, and environment tax on gasoline, diesel, and similar alternative fuels. The standard tax rate for automobile tax on operation is 36 percent of the transportation, energy, and environment tax imposed on taxable goods, and may be adjusted upward or downward within 30 percent by Presidential Decree.

10) Local Resource and Facility Tax

Local resource and facility tax is imposed to improve residents' living environment, secure financial resources for regional development projects, and cover expenses required for firefighting services. Taxable objects are specifically classified into the specific resource portion, including water for power generation, groundwater, and underground resources; the specific facility portion, including containers, nuclear power generation, ther-

mal power generation, and waste; and the firefighting portion, including buildings and vessels that benefit from firefighting facilities.

11) Local Education Tax

Local education tax is a local tax imposed to secure financial resources necessary to expand local education finance for the qualitative improvement of local education. The tax base and rates of local education tax are as follows: 20 percent of the acquisition tax amount for persons liable to pay acquisition tax; 20 percent of the registration and license tax amount for persons liable to pay registration and license tax on registration; 40 percent of the leisure tax amount for persons liable to pay leisure tax; 43.99 percent of the tobacco consumption tax amount for persons liable to pay tobacco consumption tax; 10 percent of the per capita portion of resident tax for persons liable to pay the per capita portion of resident tax, or 25 percent in cities with a population of 500,000 or more; 20 percent of the property tax amount for persons liable to pay property tax; and 30 percent of the automobile tax amount for persons liable to pay automobile tax.

Local education tax may be adjusted upward or downward within 50 percent of the standard tax rate by ordinance, excluding the portion imposed on leisure tax.

Section 3 Non-Tax Revenues

Non-tax revenues, together with local tax revenues, are a major source of local own-source revenues. They can be classified into current non-tax revenues and temporary non-tax revenues. Current non-tax revenues are stable non-tax revenues that continuously flow in every fiscal year. They are generated from sources such as property rental income, user fees, fees and commissions, collection grants, business revenues, and interest revenues, and often have the nature of beneficiary charges.

Temporary non-tax revenues include nominal revenues such as accounting transfers of funds, as well as non-tax revenues generated by special factors that occur only in the relevant fiscal year. Examples include carryovers, transfers-in, property sale proceeds, surplus funds, and charges.

In 2025, local non-tax revenues amount to KRW 31,710.2 billion. Of this total, current non-tax revenues account for 67.4 percent, while temporary non-tax revenues account for 19.1 percent. Among current non-tax revenues, user fee revenues account for the largest share, at 37.4 percent. Other components include business revenues at 8.3 percent, fee and commission revenues at 6.9 percent, collection grant revenues at 5.3 percent, and interest revenues at 4.3 percent. Among temporary non-tax revenues, other revenues account for the largest share, at 8.9 percent. Other components include inter-local government charges at 4.7 percent, property sale proceeds at 3.8 percent, and revenues from returned subsidies at 1.8 percent.

By account type, general accounts account for 45.3 percent of total non-tax revenues, while special accounts account for 54.7 percent. In general accounts, relatively large shares are accounted for by other revenues at 17.7 percent, fee and commission revenues at 14.3 percent, user fee revenues at 13.7 percent, collection grant revenues at 11.4 percent, and interest revenues at 8.1 percent. In special accounts, the main components are user fee revenues at 57.1 percent, charges at 12.1 percent, and business revenues at 10.0 percent.

<Table 31> Current Status of Non-Tax Local Revenues(2025)

(Unit: KRW 100 million)

Classification		Total	Share	General account	Share	Special account	Share
Total		317,102	100.0	143,810	100.0	173,292	100.0
Current non-tax revenues	Subtotal	213,788	67.4	82,324	57.2	131,464	75.9
	Property rental income	16,792	5.3	5,111	3.6	11,680	6.7
	User fee revenues	118,733	37.4	19,712	13.7	99,021	57.1
	Fee and commission revenues	21,783	6.9	20,548	14.3	1,235	0.7
	Business revenues	26,223	8.3	8,967	6.2	17,255	10.0
	Collection grant revenues	16,669	5.3	16,358	11.4	311	0.2
	Interest revenues	13,588	4.3	11,627	8.1	1,961	1.1
Temporary non-tax revenues	Subtotal	60,707	19.1	47,850	33.3	12,857	7.4
	Property sale proceeds	12,044	3.8	7,034	4.9	5,011	2.9
	Inter-local government charges	15,014	4.7	10,152	7.1	4,862	2.8
	Revenues from returned subsidies	5,552	1.8	5,224	3.6	327	0.2
	Other revenues	28,096	8.9	25,440	17.7	2,657	1.5
Local administrative sanctions and charges	Subtotal	33,678	10.6	8,930	6.2	24,748	14.3
	Penalty surcharges	255	0.1	207	0.1	48	0.0
	Charges for compelling compliance	1,226	0.4	1,123	0.8	103	0.1
	Indemnities	393	0.1	363	0.3	31	0.0
	Administrative fines	5,900	1.9	2,289	1.6	3,611	2.1
	Restitution payments	34	0.0	30	0.0	4	0.0
	Charges	25,830	8.1	4,886	3.4	20,944	12.1
	Fines for minor offenses	39	0.0	33	0.0	6	0.0
Revenues from previous fiscal years		8,929	2.8	4,705	3.3	4,224	2.4

Source: Reconstructed from Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 66.

Section 4 Local Government Bonds

Local government bonds are debts incurred by local governments when they borrow funds from external sources to make up for shortages in fiscal revenues. The repayment of local government bonds extends beyond a single fiscal year, and they take forms such as local government bond securities and borrowings.

Local government bonds are issued for the following purposes: ① the installation of public or common-use facilities; ② projects for which principal and interest can be repaid with revenues generated by the relevant project; ③ compensation for unforeseeable revenue shortfalls caused by natural disasters or other calamities; ④ disaster prevention and recovery projects; ⑤ refinancing of previously issued local government bonds; and ⑥ other projects deemed particularly necessary to promote residents' welfare.

In 2025, the total amount of local government bonds is KRW 5,920.9 billion, accounting for 1.8 percent of the budget. By account type, local government bonds account for 1.2 percent of the general account budget and 6.3 percent of the special account budget.

By year, the share of local government bonds increased to 2.2 percent in 2020 and 2.0 percent in 2021 during the COVID-19 period, but then stabilized at 1.1 percent in 2022 and 0.9 percent in 2023. Since then, it has shown a slight increase again, reaching 1.6 percent based on the 2024 final budget and 1.8 percent based on the 2025 initial budget. As of 2025, the share of local government bonds in the budget is 1.2 percent for the general account and 6.3 percent for special accounts.

<Table 32> Annual Trends in Local Government Bonds

(Unit: KRW 100 million)

Year	Total budget size			General account budget size			Special account budget size		
	Total budget size	Local government bonds	Dependency ratio	Total budget size	Local government bonds	Dependency ratio	Total budget size	Local government bonds	Dependency ratio
2020	3,061,095	68,026	2.2	2,642,072	33,575	1.3	419,023	34,451	8.2
2021	3,275,869	65,332	2.0	2,857,702	37,194	1.3	418,166	28,138	6.7
2022	3,515,950	37,202	1.1	3,130,393	17,791	0.6	385,557	19,411	5.0
2023	3,380,044	31,868	0.9	2,994,811	12,396	0.4	385,232	19,472	5.1
2024	3,521,121	55,556	1.6	3,122,278	34,525	1.1	398,842	21,031	5.3
2025	3,260,149	59,209	1.8	2,884,840	35,751	1.2	375,309	23,458	6.3

Note: Figures up to 2024 are based on final budgets, while figures for 2025 are based on the initial budget.
Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 90.

Chapter 12 Local Fiscal Equalization and Intergovernmental Fiscal Transfers

Section 1 Local Fiscal Equalization System

The local fiscal equalization system is an institutional mechanism designed to ensure equity in the allocation of financial resources among levels of government and to reduce disparities in fiscal capacity among local governments. It consists of vertical fiscal relations among the central government, upper-tier local governments, and lower-tier local governments, as well as horizontal fiscal relations among local governments at the same tier. In these relations, tax allocation and fiscal transfers serve as the main instruments.

In vertical fiscal relations, the key transfer resources are local allocation tax and national subsidies. Local allocation tax is funded by a statutory allocation equivalent to 19.24 percent of total internal taxes and consists of ordinary local allocation tax, special local allocation tax, real estate local allocation tax, and fire safety local allocation tax. The ordinary local allocation tax accounts for 97 percent and the special local allocation tax for 3 percent. Since 2017, the special local allocation tax has been further classified and operated under three categories: ① national-local cooperation, ② regional issues, ③ and disaster and safety.

In horizontal fiscal relations, mechanisms such as the Regional Mutual Development Fund and Seoul's joint property taxation system are in operation. The Hometown Love Donation System, which has been implemented since 2023, is also drawing attention as a new means of voluntary fiscal transfer among regions.

<Table 33> Framework of Intergovernmental Fiscal Relations

Subject		Instrument	Content
Vertical fiscal relations	Central government → local governments	Taxation	National taxes and local taxes
		Fiscal transfers	Local allocation tax; national subsidies
	Upper-tier local governments → lower-tier local governments	Taxation	Special Metropolitan and Metropolitan City taxes and autonomous Gu taxes; provincial taxes and city/county taxes
		Fiscal transfers	Special Metropolitan and Metropolitan Cities → autonomous Gu: autonomous Gu adjustment grants and city subsidies; Provinces → cities/counties: city/county adjustment grants and provincial subsidies
	Central government →local education authorities	Taxation and fiscal transfers	Local education financial grants, including education tax; national subsidies

Subject		Instrument	Content
Horizontal fiscal relations	Local governments at the same tier	Taxation and fiscal transfers	Regional Mutual Development Fund; Seoul's joint property taxation system
	Upper-tier local governments → local education authorities	Taxation and fiscal transfers	Local education tax, tobacco consumption tax, and transfers from City/Provincial taxes, etc.

Source: Re-cited from Yoon Kwang-jae (2024: 198), citing Yoon Young-jin (2019: 160).

<Table 34> Current Status of Intergovernmental Fiscal Transfers

Type of fiscal relation		Fiscal transfers		
Vertical Fiscal Relations	Central Government → Local Governments	Local Allocation Tax	Ordinary local allocation tax Special local allocation tax Real estate local allocation tax Fire safety local allocation tax	National Subsidies
	Upper-tier Local Governments → Lower-tier Local Governments			
	Special Metropolitan and Metropolitan Cities → Autonomous Gu	Autonomous Gu adjustment grants		City Subsidies
Horizontal Fiscal Relations	Provinces → Cities/Counties	City/County adjustment grants		Provincial Subsidies
	Central Government → Local education authorities	Local education financial grants, including education tax		National Subsidies
	Local Governments at the same tier	Regional Mutual Development Fund; Seoul's joint property taxation system		
	Upper-tier Local Governments → Local Education Authorities	Local education tax, tobacco consumption tax, and transfers from City/Provincial taxes, etc.		

Source: Re-cited from Yoon Kwang-jae (2024: 208), citing Yoon Young-jin (2019: 167).

Section 2 Local Allocation Tax

Local allocation tax is a system designed to promote the sound development of local administration by allocating a portion of national tax revenues to local governments as financial resources necessary for their administrative operations, thereby adjusting local public finance.

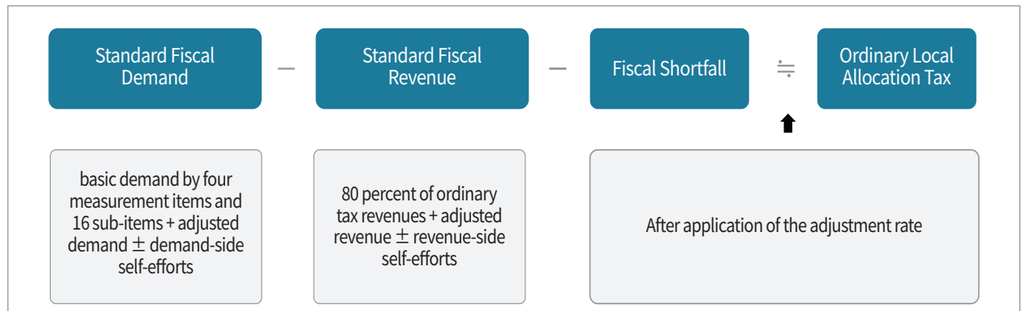
The financial resources for local allocation tax consist of an amount equivalent to 19.24 percent of total internal taxes. Local allocation tax is classified into ordinary local allocation tax, special local allocation tax, real estate local allocation tax, and fire safety local allocation tax.

Ordinary local allocation tax is allocated as general-purpose revenue to enable local governments to maintain a basic level of administration. It accounts for 97 percent of the total amount of local allocation tax. Special local allocation tax is allocated when special and unforeseen fiscal needs arise, such as fiscal needs that cannot be captured by the calculation method for ordinary local allocation tax, disasters occurring during the fiscal year, the installation of public welfare facilities, and nationally promoted projects. It accounts for 3 percent of the total amount of local allocation tax.

Real estate local allocation tax is funded by the total amount of comprehensive real estate holding tax and settlement amounts, and the full amount is allocated to local governments. Finally, fire safety local allocation tax is funded by an amount equivalent to 45 percent of the total individual consumption tax imposed on tobacco, together with settlement amounts. Fire safety local allocation tax is determined by considering factors such as local governments' firefighting personnel, the current status of firefighting and safety facilities, investment needs for firefighting and safety facilities, efforts for disaster prevention and safety enhancement, and fiscal conditions.

Ordinary local allocation tax, which accounts for most local allocation tax, is calculated and allocated each year to local governments whose standard fiscal revenue falls short of their standard fiscal demand. The amount is calculated based on the shortfall, as shown below.

<Figure 10> Method for Calculating the Ordinary Local Allocation Tax(2026)



Source: Ministry of the Interior and Safety (2026), Explanation of the Calculation of Local Allocation Tax for 2026.

Local allocation tax has maintained a long-term upward trend because it is linked to internal tax revenues. Recently, however, its fluctuations have widened due to the impact of tax revenue shortfalls. From KRW 34,888.1 billion in 2015, when the current local allocation tax system was established, the total amount increased to KRW 81,044.5 billion in 2022, the highest level on record. It then decreased sharply to KRW 67,529.7 billion in 2023 and KRW 64,523.0 billion in 2024 due to consecutive tax revenue shortfalls, before recovering slightly to KRW 67,038.5 billion based on the 2025 initial budget.

Compared with 2015, the total amount of local allocation tax in 2025 increased by approximately 1.92 times. By component, ordinary local allocation tax increased by 1.88 times, from KRW 32,176.2 billion in 2015 to KRW 60,401.8 billion in 2025. Special local allocation tax increased by 1.67 times, from KRW 987.4 billion in 2015 to KRW 1,646.4 billion in 2025. Real estate local allocation tax increased by 2.84 times, from KRW 1,410.4 billion in 2015 to KRW 4,004.7 billion in 2025. Fire safety local allocation tax, which was newly established after the abolition of decentralization allocation tax in 2015, increased by 3.14 times, from KRW 314.1 billion in 2015 to KRW 985.6 billion in 2025.

<Table 35> Annual Trends in the Local Allocation Tax

(Unit: KRW million)

Year	Total	Ordinary Local Allocation Tax	Special Local Allocation Tax	Decentraliza-tion Allocation Tax	Real Estate Local Allocation Tax	Fire Safety Local Allocation Tax (Increased Allocation Grants)
1998	7,039,226	6,353,842	635,384			(50,000)
1999	6,710,770	5,782,518	578,252			(350,000)
2000	8,266,546	7,468,678	746,868			(51,000)
2001	12,288,992	11,119,539	1,111,953			(57,500)
2002	12,259,425	10,884,910	1,088,490			(286,025)
2003	13,462,374	12,238,522	1,223,852	–	–	(1,448,300)
2004	14,314,154	13,012,867	1,301,287			(154,900)
2005	19,877,486	17,927,570	711,566	845,381	392,969	-
2006	21,461,392	18,691,488	743,396	1,006,508	1,020,000	-
2007	25,196,900	21,316,202	852,759	1,138,733	1,889,206	-
2008	31,098,993	25,795,852	1,039,411	1,378,423	2,885,307	-
2009	28,319,634	23,032,062	924,253	1,230,543	3,132,776	-
2010	28,012,760	24,679,136	992,880	1,318,672	1,022,072	-
2011	30,895,246	27,274,652	1,101,027	1,457,548	1,062,019	-
2012	34,186,188	30,191,425	1,257,977	1,615,433	1,121,353	-
2013	35,474,592	31,308,105	1,314,921	1,688,560	1,163,006	-
2014	35,698,180	31,884,524	986,119	1,688,437	1,139,100	-
2015	34,888,072	32,176,185	987,407	–	1,410,400	314,080
2016	37,967,278	35,023,661	1,083,206	–	1,445,711	414,700
2017	44,363,917	41,032,266	1,269,038	–	1,549,126	513,487
2018	49,044,581	45,211,842	1,398,305	–	2,017,174	417,260
2019	57,555,615	52,602,827	1,626,892	–	2,942,062	383,834
2020	50,322,101	44,926,519	1,389,478	–	3,320,970	685,134
2021	59,169,926	51,331,840	1,587,583	–	5,215,345	1,035,158
2022	81,044,923	70,414,236	2,177,760	–	7,567,673	885,254
2023	67,529,747	59,519,727	2,062,534	–	4,960,858	986,628
2024	64,522,994	57,793,200	1,787,499	–	4,109,800	832,495
2025	67,038,505	60,401,769	1,646,378	–	4,004,709	985,649
2026	69,354,953	61,698,352	1,908,116	–	4,698,208	1,050,277

※Note: Figures through 2025 are based on final allocated amounts, while figures for 2026 are based on the initial budget.

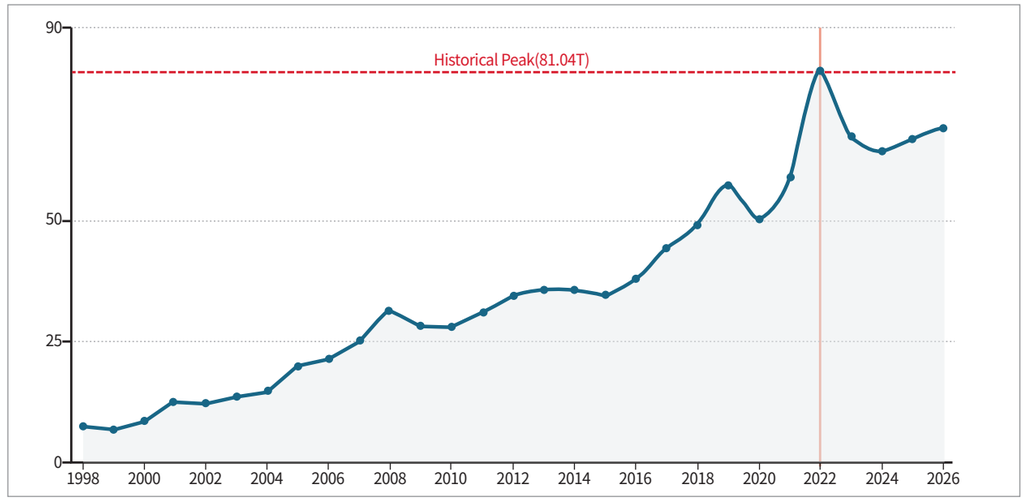
※Note: In 2005, increased allocation grants were abolished, and decentralization allocation tax and real estate local allocation tax were newly established.

※Note: In 2015, decentralization allocation tax was abolished, and fire safety local allocation tax was newly established.

Source: Ministry of the Interior and Safety (2026), Explanation of the Calculation of Local Allocation Tax for 2026, p. 15.

<Figure 11> Annual Trends in the Local Allocation Tax

(Unit: KRW trillion)



Section 3 National Subsidies

The State may grant subsidies to local governments within the scope of the budget when deemed necessary for policy purposes or when particularly necessary due to the fiscal conditions of local governments. National subsidies are a system under which the State subsidizes all or part of the expenses for delegated state affairs and policy projects, or provides fiscal assistance, by specifying the scope of use. They include grants, national cost-sharing grants, and national subsidies in the narrow sense.

Grants are provided when the State delegates its affairs to local governments and bears the expenses required for those affairs. National cost-sharing grants are provided when the State bears all or part of the expenses for projects carried out by local governments, depending on the degree of national responsibility inherent in the nature of the project. National subsidies in the narrow sense are provided to encourage local governments to implement specific projects or to support the finances of local governments.

In 2025, the total amount of national subsidy projects is KRW 121,157.9 billion. Of this amount, national subsidies account for KRW 85,151.8 billion, while local matching funds amount to KRW 36,006.1 billion, resulting in a local matching ratio of 29.7 percent. Looking at annual trends, the share of national subsidies has increased, while local matching funds have continued to decrease. Accordingly, the local matching ratio for national subsidy projects declined from 32.9 percent in 2020 to 29.7 percent in 2025.

<Table 36> Trends in National Subsidies and Local Matching Funds

(Unit: KRW 100 million, %)

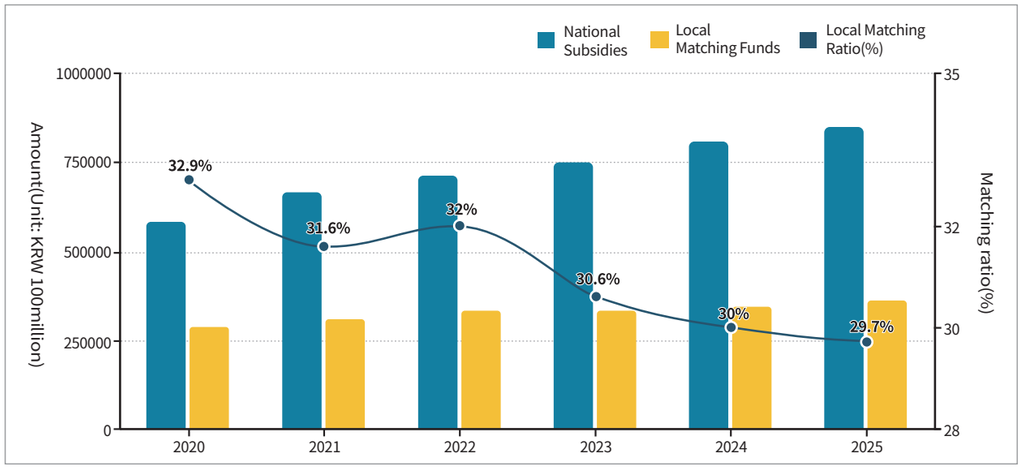
Classification	National subsidy projects	· National subsidies	· Local matching funds
2020	867,050 (883,660)	581,492 (581,492)	285,558 (302,168)
Share	100.0 (100.0)	67.1 (65.8)	32.9 (34.2)
2021	974,594 (992,990)	666,580 (666,580)	308,014 (326,410)
Share	100.0 (100.0)	68.4 (67.1)	31.6 (32.9)
2022	974,594 (992,990)	707,355 (707,356)	333,340 (352,708)
Share	100.0 (100.0)	68.0 (66.7)	32.0 (33.3)
2023	1,087,455 (1,108,362)	754,282 (754,282)	333,173 (354,080)
Share	100.0 (100.0)	69.4 (68.1)	30.6 (31.9)
2024	1,149,862 (1,168,731)	805,157 (805,157)	344,704 (363,574)
Share	100.0 (100.0)	70.0 (68.9)	30.0 (31.1)
2025	1,211,579 (1,229,167)	851,518 (851,518)	360,061 (381,950)
Share	100.0 (100.0)	70.3 (69.0)	29.7 (31.0)

※ Note: Amounts compiled by local governments in their initial budgets.

※ Note: Figures within parentheses ( ) indicate that the national government subsidy projects are classified and determined at the sub-project level.

Source: Ministry of the Interior and Safety (2025), Local Government Budget and Fund Overview, p. 82.

<Figure 12> Trends in National Subsidies and Local Matching Funds



Section 4 Metropolitan/Provincial Subsidies and Adjustment Grants

Upper-tier local governments, namely Cities/Provinces, may provide City/Province subsidies and adjustment grants to Cities, Counties, and autonomous Gu within the scope of their budgets when deemed necessary for policy purposes or when particularly necessary due to the fiscal conditions of Cities, Counties, and autonomous Gu.

Adjustment grants provided by Special Metropolitan and Metropolitan Cities to autonomous Gu are classified into ordinary adjustment grants and special adjustment grants. Some Special Metropolitan and Metropolitan Cities allocate approximately 90 percent of the total adjustment grants as ordinary adjustment grants and 10 percent as special adjustment grants. City/County adjustment grants are funded by a certain percentage of Metropolitan City or Provincial taxes collected in Cities and Counties, as prescribed by provincial ordinance, and are calculated based on criteria such as population, tax collection performance, and fiscal conditions.

Pursuant to Article 173 of the Local Autonomy Act, adjustment grants are a system under which the Mayor of a Special Metropolitan City or Metropolitan City secures a certain amount of ordinary tax revenues, as prescribed by ordinance, and allocates it to adjust fiscal resources among autonomous Gu within the jurisdiction.

City/Province subsidies increased from KRW 12,974.8 billion in 2016 to KRW 23,975.4 billion in 2025, while adjustment grants increased from KRW 10,453.3 billion to KRW 14,362.1 billion over the same period. However, the 2025 figures decreased slightly from 2024, when City/Province subsidies amounted to KRW 26,356.7 billion and adjustment grants to KRW 16,219.1 billion. This suggests that the reduction in upper-tier local government resources caused by declining tax revenues also affected fiscal transfers to Cities, Counties, and autonomous Gu.

<Table 37> Current Status of City/Province Subsidies and Adjustment Grant

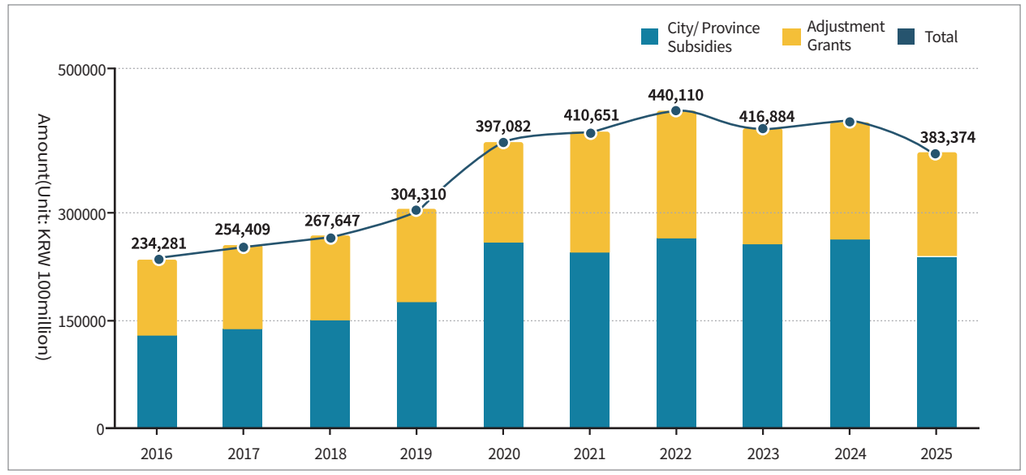
(Unit: KRW 100 million)

Year	Total	City/Province subsidies	Adjustment grants
2016	234,281	129,748	104,533
2017	254,409	138,711	115,698
2018	267,647	150,526	117,121
2019	304,310	176,099	128,211
2020	397,082	260,033	137,049
2021	410,651	245,848	164,802
2022	440,110	264,510	175,599
2023	416,884	257,150	159,734
2024	425,758	263,567	162,191
2025	383,374	239,754	143,621

※ Note: Figures through 2024 are based on final budgets, while figures for 2025 are based on the initial budget. The figures are based on the budgets compiled by Si/Gun/autonomous Gu.

Source: Ministry of the Interior and Safety (2025), Overview of Local Government Budgets and Funds, p. 87.

<Figure 13> Annual Trends in City/Province Subsidies and Adjustment Grants



Section 5 Local Education Financial Grant

Local public finance in the Republic of Korea is divided into general local finance and local education finance. Under the local autonomy structure in which general local autonomy and educational autonomy are separated, general local finance and local education finance are operated in accordance with their respective statutes. In particular, Article 38 of the Local Education Autonomy Act requires local governments to establish a Special Account for Educational Expenditures. City/Province Offices of Education also have a structural characteristic in that they do not have taxing authority to secure education revenues. Accordingly, local education finance is highly dependent on transfers from the central government and transfers from local governments. Under the Local Education Financial Grants Act, the central government allocates 20.79 percent of internal taxes as local education financial grants, which serve as a core source of local education finance.

Recently, as the structure of education finance has changed, the fiscal structure has become more multi-layered. In addition to the existing grant-centered system, the Special Account for Higher and Lifelong Education Support was introduced in 2023, and part of the education tax was transferred to a separate account. As a result, local education finance is gradually shifting from a grant-centered structure to a more complex revenue structure that combines grants, special accounts, and local contributions.

Meanwhile, local governments bear education welfare-related costs, such as free education expenses and education benefits, through the Special Account for Educational Expenditures, together with transfers from local education tax, City/Province taxes, and tobacco consumption tax. In particular, the local financial burden has continued to increase with the expansion of free education and the strengthening of education welfare policies. In addition to statutory obligations, local governments also carry out various non-statutory educational support projects, such as the operation of public libraries and education cooperation projects. As a result, local education finance is closely linked to local government finance.

<Table 38> Structure of Contributions to Local Education Finance by Level of Government

Level of Government	Contributing Account	Contribution Type	Main details
Central Government	General Account	Statutory	• Local education financial grants equivalent to 20.79 percent of internal taxes • Special grants
	Special Account	Statutory	• Transfers to the Special Account for Higher and Lifelong Education Support, using part of the education tax • National subsidies, including education benefits
Upper-tier Local Governments, Si/Do	General Account → Special Account for Educational Expenditures	Statutory	• Transfers from local education tax • Transfers from Si/Do taxes • Transfers of part of tobacco consumption tax • Transfers for free education expenses • School site charges • Local matching funds for education benefits
	General Account	Non-Statutory	• Support for public library operating expenses • Education cooperation projects • Subsidies for other educational expenses
Lower-tier Local Governments, Si/Gun/Gu	General Account	Statutory	• Local matching funds for education benefits • Cost-sharing for free education
	General Account	Non-Statutory	• Subsidies for educational expenses, including school facilities and programs • Local education cooperation projects

Source: Reconstructed from Yoon Kwang-jae (2024: 194); Local Education Financial Grants Act; Higher Education Focus, No. 11 (2025), 2025 Budget Status for the Higher Education Sector.

Chapter 13

Local Fiscal Management Systems

The local fiscal management system is an institutional framework designed to ensure soundness, efficiency, planned management, and transparency across local governments' fiscal operations. It forms a cyclical structure of fiscal governance that links planning, investment efficiency, direct resident participation, autonomous debt management, and data-based disclosure. These systems are interconnected and contribute to enhancing both the autonomy and accountability of local public finance.

Section 1 Planned Fiscal Operation and Investment Efficiency

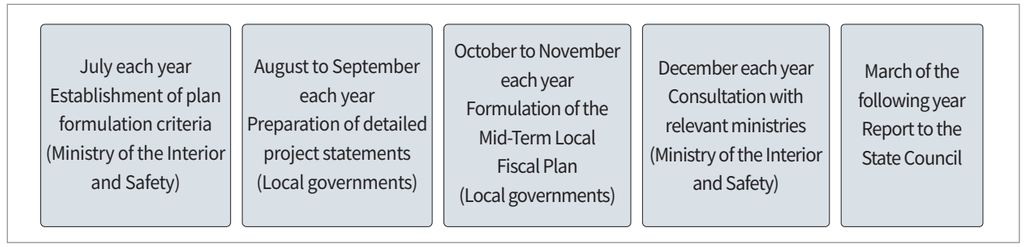
1. Mid-Term Local Fiscal Plan

The Mid-Term Local Fiscal Plan is a multi-year budget plan that projects and reflects local governments' development plans and fiscal demands over the medium to long term. It is a five-year rolling plan established to support planned local fiscal management through the efficient allocation of financial resources.

The system was introduced to complement the limitations of the single-year budget system and to improve the rationality and planning capacity of budget formulation. It was first introduced in 1988 through its incorporation into the Local Finance Act and has since undergone several revisions. In 2005, the timing of formulation was shifted from the first half of the year, in April, to the second half, in November. Since 2007, the plan has been formulated in connection with the operation of the program budget system. Since 2014, projects not reflected in the Mid-Term Local Fiscal Plan have, in principle, been excluded from investment review and eligibility for local bond issuance.

All 243 local governments are required to formulate the Mid-Term Local Fiscal Plan every year. The formulation process is as follows. The Ministry of the Interior and Safety distributes guidelines for formulating the Mid-Term Local Fiscal Plan to local governments. Based on the plans prepared by the 243 local governments, the Ministry collects opinions from relevant central government ministries, prepares a comprehensive plan, and submits it for deliberation by the Local Fiscal Planning Committee. After preparing the Mid-Term Local Fiscal Plan, local governments submit it to their local councils and to the Ministry of the Interior and Safety. The Ministry then consolidates the plans and reports them to the State Council.

<Figure 14> Procedure for the Medium-Term Local Fiscal Plan



2. Local Fiscal Investment Review System

The Local Fiscal Investment Review System was introduced to ensure the planned and efficient operation of local budgets and to prevent indiscriminate and overlapping investment in various projects. Under this system, the feasibility and efficiency of major investment projects and event-related projects are reviewed before budget formulation. Article 36 of the Local Finance Act stipulates that "when the head of a local government formulates a budget, it shall be based on the Mid-Term Local Fiscal Plan and the results of investment review." Accordingly, the system has the status of an ex-ante fiscal management mechanism.

The Local Fiscal Investment Review System was first introduced in 1992 as the local fiscal investment and loan review system, and a legal basis was newly established in the Local Finance Act in 1994. Reviews of local investment projects are conducted by the relevant local government or referred to a higher-tier local government, depending on the size of the project. Investment projects of Si/Gun/autonomous Gu are subject to self-review by the Si/Gun/autonomous Gu, review requested from the Si/Do, or review requested from the central government, depending on project size. Investment projects of upper-tier local governments, namely Si/Do, are subject to either self-review by the Si/Do or review requested from the central government, depending on project size.

Pursuant to Article 5 of the Review Rules, investment review results are classified into four categories: ① appropriate, where the feasibility of the project is recognized and financing measures, including budget reflection, have been established; ② conditional implementation, where the feasibility of the project is recognized but the project may proceed only if necessary conditions, such as prior procedures and financing, are satisfied; ③ re-examination, where a comprehensive re-examination is required regarding the project scale, timing, financing measures, debt repayment plan, and other matters; and ④ inappropriate, where the project should not be pursued due to a lack of feasibility.

<Table 39> Project Department Responsibilities

Project Department Responsibilities		
Project department and investment review department of the relevant local government	Preparation of basic review materials - Draft the investment project plan - Conduct a feasibility study - Prepare materials for requested review and submit the review request	- Prepare basic statistical data - Assess technical matters such as project scale and construction method - Conduct a feasibility study through a specialized institution - Determine investment priorities within the department - Prepare other materials necessary for review
Investment review department	Preliminary working-level review - Conduct item-by-item evaluation based on the evaluation table - Return projects that do not meet the required qualifications	- Analyze and review unit project plans - Review allocation of financial resources by project sector - Assess available investment resources by account, based on settled accounts for the most recent three years - Assess available financial resources - Prepare working-level review records - Review the capacity of investors for private investment projects - Comprehensively analyze ongoing projects.
	On-site review and consultation with related departments	- Review project feasibility through on-site review when necessary; collect opinions from related departments.
	Allocation and advance distribution of review agenda items - Working-level review results, drawings, and reference materials	- Distribute agenda items appropriately by specialized field - Provide working-level review results, drawings, and reference materials in advance.
	Convening of the Investment Review Committee	- Select projects requiring explanation - Make final review decisions
	Notification of review results within 14 days - Relevant central government ministries and Si/Do - Budget department and project department	
Investment review department, Si/Do, and Ministry of the Interior and Safety	Post-evaluation of review results and management of investment project history (Conduct post-evaluation of review results; manage investment project history, including key information management, evaluation, and management plan formulation.)	- Reflect evaluation results.

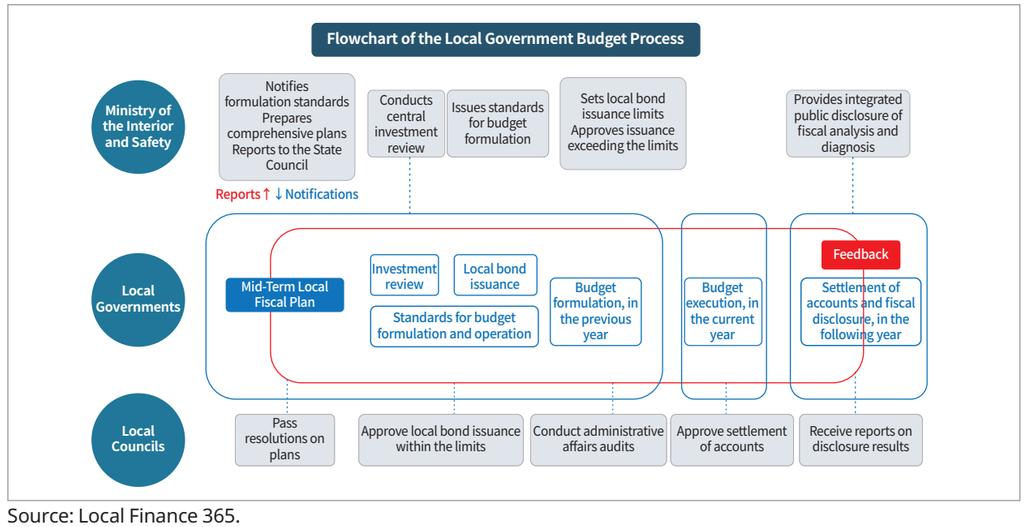
3. Budget Formulation and Standards

The standards for local government budget formulation and operation are established to enable local governments to prepare consistent budget plans concerning various standard expenses, budget items, and statistical processing methods when formulating their budgets. Pursuant to Article 38, Paragraph 1 of the Local Finance Act and Article 2 of the Rules on the Formulation and Operation of Local Government Budgets, these standards present the conditions and directions of local fiscal management, including the need for effective linkage with the basic directions of national policy.

The major amendments to the 2025 budget formulation and operation standards include the following. First, the functional classification of expenditure budgets was expanded from the previous 13 fields and 52 sectors to 13 fields and 54 sectors. In the social welfare field, the childcare, family, and women sector was subdivided into childcare (08A) and family/women (08B), while the elderly and youth sector (085) was subdivided into the elderly (08C) and youth (08D). Second, a new revenue chapter for non-tax revenues from previous fiscal years (240) was established. Third, guidelines to prevent excessive allocation of contingency reserves were strengthened. Fourth, the guidelines for local subsidy budget formulation were revised.

The general principles of budget formulation are to secure financial resources, promote residents' welfare, and enhance the efficiency and soundness of expenditure. In principle, these standards apply commonly to local governments' general accounts, special accounts, and funds.

<Figure 15> Standards for Budget Formulation and Operation within the Local Government Budget Process



Source: Local Finance 365.

Section 2 Resident-Led Fiscal Control: Participatory Budgeting

The participatory budgeting system is a system through which residents directly participate in the budget formulation process of local governments, determine budget priorities, and have their opinions reflected in the budget. It is a collaborative budget management system that shares with residents the function and authority of budget formulation, which had traditionally been monopolized by the executive branch, and is regarded as a substantive means of realizing fiscal democracy.

The legal basis is Article 39 of the Local Finance Act, which stipulates that "the head of a local government shall establish and implement procedures through which residents may participate in the budget process, including local budget formulation, as prescribed by Presidential Decree." Since Buk-gu of Gwangju Metropolitan City first introduced the system in Korea in 2004, it has spread nationwide and is now operated by all 243 local governments.

In addition, pursuant to Article 39, Paragraph 1 of the Local Finance Act, local governments must allow residents to participate in the budget process, including local budget formulation, execution, and settlement of accounts, excluding matters subject to resolution by the local council.

1. Operation

The operation of participatory budgeting varies by local government, but generally follows the process of ① collecting residents' opinions, ② deliberation by the Participatory Budgeting Committee, ③ priority setting, and ④ reflection in the budget draft. The Participatory Budgeting Committee is composed of ordinary residents recruited through open calls and experts, and opinions are collected through both online and offline channels.

Recently, the use of digital participatory budgeting platforms has been expanding. Through online participation channels such as Seoul Metropolitan Government's "Democracy Seoul" and Gyeonggi Province's "Tabok Community Participatory Budgeting," residents submit proposals and vote on them, and there are increasing cases in which participation results are substantively reflected in budget formulation. The 2025 budget formulation standards also recommend securing transparency in participation procedures and strengthening the feedback system for results in order to enhance the effectiveness of participatory budgeting.

2. Key Characteristics and Effects

The participatory budgeting system has produced several effects: ① realizing fiscal democracy by granting residents substantive authority to participate in budget decisions; ② preventing corruption and enhancing transparency in the budget formulation process; ③ improving administrative responsiveness by directly reflecting local residents' demand for public services in the budget; and ④ strengthening local community awareness and enhancing civic capacity.

At the same time, institutional challenges remain, including the representativeness of participating residents, the gap between technical budget expertise and citizen participation, and limitations on the financial resources that local governments can independently formulate due to the high share of central government subsidy projects.

Section 3 Autonomous Debt Management and Fiscal Accountability

1. History of the Local Bond Issuance Limit System

The local bond issuance system for local governments was first introduced as the "local bond issuance approval system" when the Local Autonomy Act was enacted in 1949. Under this system, local bonds were issued only in special cases, such as debt repayment, projects with permanent benefits, and emergency disaster recovery. The procedure required a resolution by the local council followed by approval from the Minister of Home Affairs.

After the implementation of local autonomy, the issuance procedures and matters subject to approval changed, and local government debt management has been operated based on the Regulations on Local Debt Management and Local Bond Issuance Approval Criteria.

In 2006, the Ministry of the Interior and Safety amended the Local Autonomy Act, the Local Finance Act, and the Enforcement Decree of the Local Finance Act, changing the project-by-project approval system for local bond issuance to an aggregate limit system. In 2008, following the abolition of the Regulations on the Establishment of Local Bond Issuance Limits, the aggregate limit system for local bond issuance has been operated through the Guidelines for the Formulation of Local Bond Issuance Plans.

2. Aggregate Limit System for Local Bond Issuance

The aggregate limit system for local bond issuance allows local governments to issue local bonds and incur other debt within the prescribed limit through a resolution of the local council. However, if a local government intends to issue bonds exceeding the limit, it must obtain prior approval from the Minister of the Interior and Safety.

Pursuant to Article 11, Paragraph 2 of the Local Finance Act and Article 10, Paragraph 1 of its Enforcement Decree, the local bond issuance limit refers to the maximum amount within which a local government may issue local bonds through a resolution of the local council without approval from the Minister of the Interior and

Safety. The Minister determines this limit each year within 10 percent of the local government's budget from two fiscal years prior, taking into account the fiscal conditions of the local government, such as the size of its debt and debt repayment schedule.

The procedure for issuing local bonds is as follows. When the Ministry of the Interior and Safety issues the local bond issuance limits and standards for preparing issuance plans, local governments prepare local bond issuance plans and submit them to the Ministry. The Ministry then compiles the draft local bond issuance plans by local government, conducts a working-level review, and consults with relevant central administrative agencies. After deliberation by its internal review committee, the Ministry approves the local bond issuance plans and notifies the relevant local governments.

The criteria for calculating local bond issuance limits assign issuance limits according to each local government's fiscal conditions. The debt level and fiscal conditions of the local government are assessed mainly based on the Autonomous Local Bond Issuance Index and the managed debt service ratio. The limits are differentiated by tier of local government, and the scope requiring approval is set separately. Finally, the basic limit for each local government is calculated based on the Autonomous Local Bond Issuance Index, the issuance ratio applicable to the relevant tier, and ordinary general financial resources.

<Table 40> Criteria for Calculating the Limit of Local Government Bond Issuance

Classification		Special Metropolitan Cities, Metropolitan Cities, and Special Self-Governing Cities/Provinces	Provinces and Large cities with a Population of 1 million or more	Cities/Counties	Autonomous Gu
Total limit (A + B)	Basic Limit (A)	Autonomous Local Bond Issuance Index x Tier-specific issuance ratio × Ordinary general financial resources			
	Autonomous Local Bond Issuance Index	1-{(general debt, settled accounts + BTL lease payments, settled accounts + contingent liabilities × 50%) / ordinary general financial resources, settled accounts}			
	Tier-specific issuance ratio	10%	8%	5%	2%
	Separate limit (B)	Regional Development Bond Issuance + Urban Railway Bond Issuance + Refunding Amount + Regional Job Creation Projects			

Source: Ministry of the Interior and Safety, Guidelines for the Formulation of Local Bond Issuance Plans for 2023.

Section 4 Data-Driven Fiscal Analysis and Disclosure

1. Local Fiscal Analysis and Fiscal Diagnosis

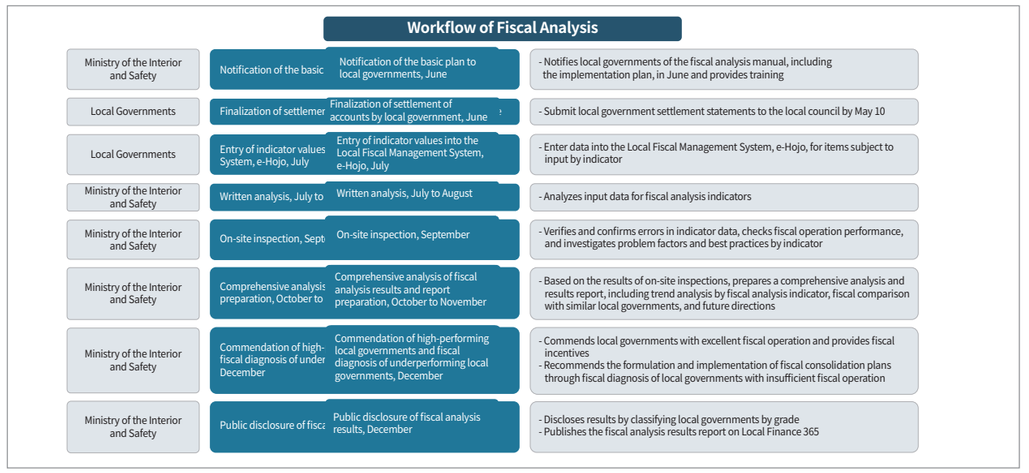
The local government fiscal analysis and diagnosis system was introduced in 1994 to enhance the soundness and efficiency of local public finance by comprehensively analyzing and evaluating the fiscal status and performance of local governments based on objective data. In practice, based on the Local Finance Act, annual analysis and evaluation have been conducted for each local government since 1998 and continue to the present.

In 1998, seven fiscal analysis indicators were applied on a trial basis using settlement data for fiscal year 1997. In 1999, fiscal analysis and diagnosis were conducted for all local governments using ten indicators, and the system was fully implemented in 2000 based on the results of this analysis. Since 2020, in response to national and regional economic downturns, including the COVID-19 pandemic, the field of fiscal planning has been newly established to examine local governments' responses and roles from fiscal planning to execution.

Currently, the system consists of a continuous sequence of fiscal analysis, fiscal diagnosis, and evaluation of the implementation of fiscal consolidation plans. Each June, the basic plan, including the fiscal analysis manual, is notified to local governments, and training is provided for relevant officials. After local government settlements are finalized, written analysis is conducted based on data from the Local Fiscal Management System, e-Hojo. On-site inspections are then conducted, a comprehensive report on fiscal analysis results is prepared, and fiscal diagnosis is carried out. The fiscal analysis results are disclosed at the end of December.

Based on the fiscal analysis results, incentives such as special local allocation tax are provided to high-performing local governments. For underperforming local governments, fiscal consulting is provided to improve fiscal soundness and efficiency.

<Figure 16> Workflow of Fiscal Analysis



2. Local Fiscal Disclosure System

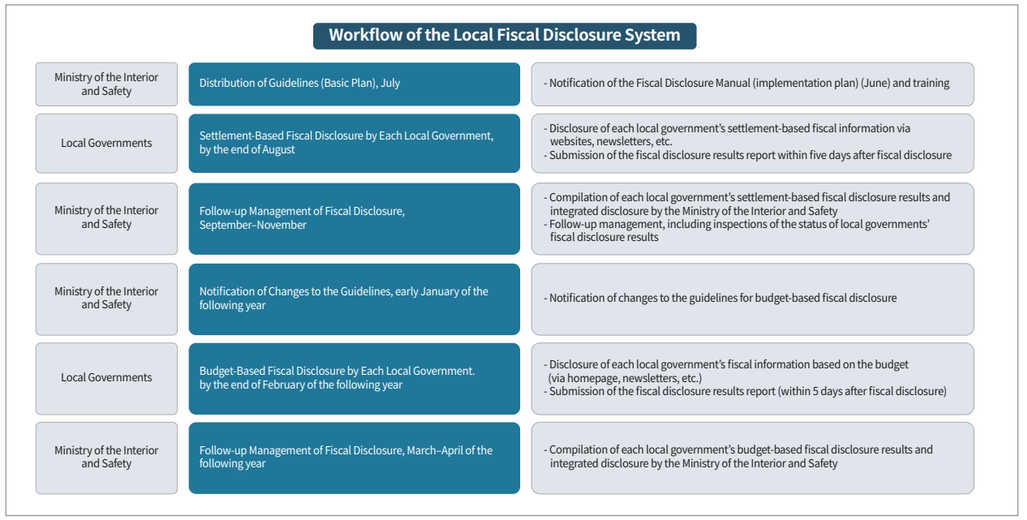
The local fiscal disclosure system is a system through which local governments disclose fiscal operation results and matters of interest to residents based on their budgets and settlement of accounts. It is operated to help residents understand the fiscal operation status of local governments, ensure fiscal accountability and transparency to residents, establish a basis for autonomous control over fiscal operation, and encourage voluntary sound fiscal management.

In 1994, the Fiscal Operation Status Disclosure System was introduced. Under this system, local governments were required to disclose important matters concerning fiscal operation to residents at least once each fiscal year, as prescribed by their ordinances. These matters included the execution status of revenue and expenditure budgets, the current balance of local bonds, and the current balance of temporary borrowings (former Article 118-3 of the Local Finance Act). However, because the scope, method, and timing of disclosure differed among local governments, it was difficult to provide systematic information to residents or compare fiscal information across local governments. To address these limitations, the Local Finance Act was amended in 2006 to introduce the Local Fiscal Disclosure System. Matters concerning the items subject to disclosure, disclosure methods, timing, and the establishment of the Local Fiscal Disclosure Deliberation Committee were incorporated into the Local Finance Act, thereby seeking to overcome the limitations of the previous Fiscal Operation Status Disclosure System.

Local governments regularly disclose important matters concerning fiscal operation every year, in February and August. These include aggregate fiscal operation results, such as the execution status of revenue and expenditure budgets and the current balance of local bonds and temporary borrowings, as well as fiscal analysis and diagnosis results, audit results by audit institutions, and major items of interest to residents (Yoon Young-jin, 2021: 265).

To support effective fiscal disclosure, the Ministry of the Interior and Safety requests local governments to report fiscal disclosure results based on settlement and budget standards through the fiscal disclosure manual and training. After fiscal disclosure is conducted, the Ministry operates the disclosure system effectively through follow-up management, including inspections of the status of fiscal disclosure results.

<Figure 17> Workflow of the Local Fiscal Disclosure System



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III

Regional Development

Chapter 14

Overview of Regional Development Policy

Section 1 Structure of Regional Development Policy

Regional development policy refers broadly to the State's policy commitment, strategies, and instruments for improving and developing human settlement spaces and settlement systems, including cities, rural, mountain, and fishing communities, and villages, as part of the broader national development vision. In Korea, regional development policy began to take shape after the 1960s as a spatial policy instrument for achieving economic growth. In particular, before the launch of local self-government, the central government led regional development policy by sector, including industry, housing, infrastructure, culture, the environment, and rural and urban development.

Since the late 1990s, when local self-government was implemented in earnest, local governments have formulated and implemented their own policies for the development of their respective regions. As a result, regional development policy has come to have a structure in which the State and local governments share roles by function.

In particular, with the inauguration of the Participatory Government in 2003, the implementation system for regional development policy began to undergo a major transformation. Before then, regional development policy had not been established as an independent agenda within national policy. Beginning with the Participatory Government, however, it became one of the core national policy agendas. From this point onward, Korea moved away from the previous system in which individual ministries pursued policies in a dispersed and fragmented manner, and launched an integrated national balanced development system at the national level. Since the Participatory Government, national-level regional development policy has become established, referring in particular to regional development policy under the Special Act on Balanced National Development.

Section 2 Evolution of Regional Development Policy

The evolution of regional development policy in the Republic of Korea by period can be summarized as follows. In the 1960s and 1970s, amid the devastation of war, the highest priority of national policy was rapid economic growth. During this period, regional development policy focused on the provision of social overhead capital, such as roads, ports, and water supply facilities, which was necessary for industrial location and production activities in order to achieve economic development efficiently. Regional development policy was secondary to the national goal of building the foundation for national economic growth. To establish the national economic base at an early stage, the government pursued a growth pole strategy that concentrated investment in key regions expected to generate large development effects, including the Seoul-Incheon axis, the Seoul-Busan axis, the Guro Industrial Complex, and the Masan Free Export Zone.

Institutionally, the Basic Concept for National Territorial Planning was formulated in 1968. As growth pole-centered regional development led to serious population concentration in the Capital Region, policies to prevent concentration in the Capital Region began to be promoted from the late 1970s. As part of these efforts, the Industrial Placement Act was enacted in 1977, followed by the Capital Region Population Relocation Plan in 1978 and the White Paper Plan for the Construction of an Administrative Capital in 1979.

Nevertheless, concentration in the Capital Region persisted in 1980. Accordingly, in the 1980s, an unbalanced development strategy that sought to invest in growth poles and generate spillover effects in surrounding areas remained the main direction of regional development policy. The government sought to curb the growth of the two largest cities, Seoul and Busan, by formulating and implementing the Regional Living Sphere policy, which consisted of basic living spheres with populations of 250,000 or more, regional living spheres with populations of 500,000 or more, and wide-area living spheres with populations of 5 million or more. However, regional development imbalances continued due to a lack of concrete policy instruments. To address this issue, the Seoul Metropolitan Area Readjustment Planning Act was enacted in 1982.

Since 1990, regional development policy has begun to shift from a growth-oriented policy toward the pursuit of balanced development. However, the balanced development strategy of the 1990s mainly focused on location regulations in the Capital Region and centrally led physical infrastructure, without sufficient consideration of the foundations for local development. The factor-input strategy, which sought to diffuse the spillover effects of growth poles, contributed to achieving compressed growth that is rarely found in world history. Through 13 years of rapid economic growth, the Republic of Korea became an OECD member with the world's 13th-largest economy, and Seoul rose to the status of a global city comparable to leading cities around the world.

However, the factor-input strategy also revealed both the limits of national economic growth and the problem of regional imbalance. The validity of the factor-input strategy declined in the knowledge-based economy, and the compressed growth achieved through this strategy generated imbalanced development between growth

pole regions and other regions. In particular, the expected spillover effects from growth poles to local regions did not occur, resulting in excessive concentration of political, economic, administrative, and development potential in the Capital Region. In 2000, the Capital Region, which accounted for 11.8 percent of the national territory, accounted for 48.3 percent of the national population and 47.7 percent of GRDP, as well as 58.8 percent of business establishments and 67.8 percent of financial deposits.

In the early 2000s, the Participatory Government pursued the National Balanced Development Policy based on the view that imbalanced regional development was causing adverse effects not only between the Capital Region and non-capital regions, but also for the nation as a whole. The Participatory Government enacted the Special Act on Balanced National Development and laid the foundation for national balanced development policy to correct inter-regional disparities through spatial dispersion policies, such as the construction of Sejong City and Innovation Cities and the relocation of public institutions to non-capital regions. It also promoted the creation of regional innovation through cooperation among diverse regional actors as a key driver of development.

In the late 2000s, the Lee Myung-bak administration shifted the paradigm of regional development policy from balanced development among regions to a focus on mega-regional economic zones, placing greater emphasis on strengthening national and regional competitiveness. Rather than pursuing administrative district-centered regional development, as in the Participatory Government, it sought to strengthen global competitiveness through mega-regional economic zones.

The Park Geun-hye administration, which took office in 2013, formulated and promoted a regional development policy centered on Regional Happy Living Zones, based on the assessment that the previous regional development policy grounded in mega-regional economic zones was distant from the perceived happiness of local residents. Regional Happy Living Zones aimed to improve the happiness of local residents by enabling multiple regions to cooperate with one another and complement the functions necessary for happiness.

With the inauguration of the Moon Jae-in administration, decentralization, inclusion, and innovation were presented as the three core values of national balanced development policy, and efforts were made to realize the "equal improvement of the people's living standards" stated in the Preamble to the Constitution. The administration sought to rebuild balanced development governance by reorganizing the regional innovation system at the City/Province level and to prepare regional innovation strategies that would create jobs through the Innovation City Season 2 strategy.

The Yoon Suk-yeol administration presented "an era of local regions where people can live well anywhere in the Republic of Korea" as a national policy goal and established a region-led balanced development policy to stop inequalities in which differences in place of residence lead to disparities in opportunities and living conditions. It launched the Presidential Committee for the Local Era as an integrated control tower for national balanced development and pursued four major special zone strategies, namely Opportunity Development Zones, Education Development Zones, Urban Convergence Zones, and Culture Zones, to promote specialized regional development.

The Lee Jae-myung administration, which took office in 2025 as the Government of People's Sovereignty, shifted balanced development policy toward a national balanced growth policy centered on the 5 Poles and 3 Specials based on local autonomy and decentralization. This shift was based on the recognition that the previous balanced development paradigm had shown limitations in resolving hyper-concentration in the Capital Region and economic polarization. Under a mega-regional platform in which the central and local governments cooperate, the administration is seeking to move away from uniform dispersion and create a new region-autonomous growth model by forming economic zones and living zones centered on the 5 Poles and 3 Specials.

<Table 41> Overview of Regional Development Policies

Period	Policy Orientation	Policy Objectives	Development Strategies	Key Features
1960s	• Efficiency	• Overcoming poverty • National reconstruction	• Development of industrial complexes • Infrastructure provision	• Unbalanced development • Central government-led
1970s	• Efficiency	• Economic growth • Establishment of industrial foundations	• Growth pole strategy, including the Four Major River Basins	• Unbalanced development • Central government-led
1980s	• Efficiency	• Economic growth, with limited distribution	• Decentralized growth poles • Fostering of four major economic zones	• Unbalanced development • Central government-led
1990s	• Partial introduction of equity considerations	• Globalization • Regional specialization	• Regional innovation system • Innovation Cities; relocation of public institutions	• Introduction of region-specific development • Central government-led
2000s	• Equity	• Balanced regional development • Overcoming regional consciousness through balanced development	• Regional innovation system • Innovation Cities • Relocation of public institutions	• Regional development became a national policy agenda • Central government-led
2010s	• Efficiency	• Strengthening regional competitiveness	• Mega-regional economic zones • Regional Happy Living Zones	. Central government-led policy . Introduction of block grants
2020s	• Improvement of quality of life	• Equal opportunities for all citizens	• Region-led development • Specialized regional development	• Realization of the constitutional value of balanced development • Emphasis on the equal improvement of the people's living standards

Chapter 15

Balanced Regional Development Policy

Section 1 Evolution of the System

Since the enactment of the Special Act on Balanced National Development in 2004, regional balanced development policy has been promoted through amendments to the relevant statutes in line with changes in the government's policy orientation for balanced development. A review of past policies for regional balanced development shows that they have been pursued under various policy objectives and instruments. Along with changes in the title of the relevant act, the names of related statutory plans, statutory bodies, and special accounts have also changed.

<Table 42> Changes in Regional Balanced Development Policies

Administration	Policy Objectives	Policy Instruments	Implementation System	Accounts
Roh Moo-hyun administration (2003–2008)	Innovation-led spatially balanced development; functionally decentralized national balanced development	· Five-Year Plan for National Balanced Development (2004–2008) · Enactment of the Special Act on Balanced National Development · Special Account for National Balanced Development · Development of Innovation Cities	· Presidential Committee on Balanced National Development (central) · Regional Innovation Councils (local)	· Regional Innovation Account · Regional Development Account
Lee Myung-bak administration (2008–2013)	Strengthening regional competitiveness and specialized development; job creation	· Five-Year Plan for Regional Development (2009–2013) · Special Account for Mega-Regional and Regional Development ·5+2 Mega-Regional Economic Zone Policy ·Promotion of supra-regional development zone projects	·Presidential Committee on Regional Development (central) ·Mega-Regional Economic Development Committees (local)	·Mega-Regional Development Account ·Regional Development Account
Park Geun-hye administration (2013–2017)	Regional happiness and improvement of quality of life; HOPE	·Five-Year Plan for Regional Development (2014–2018) ·Special Account for Regional Development ·Regional Happy Living Zones Policy	·Presidential Committee on Regional Development (central) ·Regional Living Zone Development Councils (local)	·Economic Development Account ·Living Foundation Account
Moon Jae-in administration (2017–2022)	Establishing a foundation for region-led self-reliant growth; decentralization-based national balanced development	·Five-Year Plan for National Balanced Development (2018–2022) ·Special Account for National Balanced Development ·Innovation City 2.0 Urban Regeneration New Deal	·Presidential Committee on Balanced National Development (central) ·Regional Innovation Councils (local)	·Regional Support Account ·Regional Autonomy Account
Yoon Suk-yeol administration (2022–2025)	A Local Era in which people enjoy equal opportunities wherever they live; region-led balanced development	·Integration of the Decentralization Act and the Balanced Development Act ·Enactment of the Special Act on Decentralization and Balanced Regional Development ·Formulation of the Comprehensive Plan for the Local Era	·Presidential Committee for the Local Era (central), integrating the Balanced Development Committee and the Decentralization Committee ·Local Era Committees (local)	·Regional Support Account ·Regional Autonomy Account
Lee Jae-myung administration (2025–present)	National balanced growth centered on the 5 Poles and 3 Specials based on local autonomy and decentralization; local autonomy and decentralization-based national balanced growth	·Economic zones and living zones of the 5 Poles and 3 Specials; three mega-regional Capital Region areas ·Mega-regional special accounts; mega-regional special agreements; flagship mega-regional projects ·Strengthening preferential support for non-capital regions	·Presidential Committee for the Local Era (central), integrating the Balanced Development Committee and the Decentralization Committee ·Local Era Committees (local)	·Regional Support Account ·Regional Autonomy Account ·Mega-Regional Special Account

Section 2 Regional Innovation Policy

Policies for achieving regional balanced development can be further subdivided into innovation policy, industrial policy, spatial policy, and quality-of-life development policy. Among these, regional innovation policy can be considered the most distinctive policy promoted after the enactment of the Special Act on Balanced National Development.

Regional innovation policy is aimed at strengthening regional innovation capacity. Representative examples include the establishment of regional innovation systems, the fostering of regional innovation clusters, and the development of Innovation Cities. The establishment of regional innovation systems enabled region-led strategies to be formulated through the organization of regional-level bodies. Innovation clusters are systems in

which enterprises that can create jobs, research institutes, universities, local governments, financial institutions, and other actors work in close cooperation to generate innovation.

The development of Innovation Cities, as part of spatial policy, aims to decentralize innovation actors to non-capital regions for regional development. It includes the Multifunctional Administrative City, Innovation Cities and Enterprise Cities, and the relocation of public institutions to non-capital regions. This policy sought to create cities as important development factors for regional balanced development, relocate public institutions to Sejong City and ten Innovation Cities, and develop four Enterprise Cities.

<Table 43> Current Status of 10 Innovation Cities

Region	Location	Relocated Functional Groups	Area (1,000 m^2)	Planned population (1,000 persons)	Relocated Institutions					Relocated Personnel (Persons)
					Total	Classification	Public Corporations	Quasi-Governmental Institutions	Other Institutions	
Total (Ten Innovation Cities)			**44,879**	**267**	**123**	**37**	**15**	**36**	**35**	**49,100**
Busan	Yeongdo-gu, Nam-gu, Haeundae-gu	Maritime affairs and fisheries, financial industry, film promotion, etc.	935	7	13	2	2	2	7	4,086
Daegu	Dong-gu	Industrial promotion, education and academic promotion, gas industry, etc.	4,216	22	12	3	2	5	2	3,788
Gwangju and Jeonnam	Naju-si	Electric power industry, information and communications, agricultural infrastructure, culture and arts, etc.	7,361	49	17	4	3	5	5	7,871
Ulsan	Jung-gu	Energy industry, labor welfare, industrial safety, etc.	2,991	20	9	2	2	4	1	4,134
Gangwon	Wonju-si	Resource development, health and life sciences, tourism, etc.	3,585	31	12	2	1	6	3	7,271
Chung buk	Jincheon-gun, Eumseong-gun	Information and communications, human resources development, science and technology, etc.	6,899	39	16	6	0	4	6	4,977
Jeon buk	Jeonju-si, Wanju-gun	National land development and management, agricultural life sciences, food research, etc.	9,852	29	13	7	0	3	3	5,995
Gyeong buk	Gimcheon-si	Roads and transport, agricultural technology innovation, electric power technology, etc.	3,812	27	12	5	3	2	2	5,129
Gyeongnam	Jinju-si	Housing construction, small and medium enterprise promotion, national pension, etc.	4,093	38	11	1	2	3	5	4,988
Jeju	Seogwipo-si	International exchange, education and training, national tax management, etc.	1,135	5	8	5	0	2	1	861

Note: Figures include individual relocations.

Source: Innovation City Development Promotion Directorate, Ministry of Land, Infrastructure and Transport, https://innocity.molit.go.kr/, accessed May 7, 2026.

Among these, Innovation Cities, which were developed to facilitate the relocation of public institutions to non-capital regions, were established pursuant to the Special Act on Balanced National Development and the Special Act on the Construction and Development of Innovation Cities. Under these statutes, an Innovation City refers to a future-oriented city that accommodates public institutions relocating from the Capital Region to non-capital regions and is equipped with both an innovation environment that enables close cooperation among enterprises, universities, research institutes, public institutions, and other actors, and high-quality settlement conditions, including housing, education, and culture. The concept does not merely emphasize the physical relocation of public institutions; rather, it refers to a city realized through a regional innovation system.

Accordingly, ten Innovation Cities were developed to accommodate public institutions located in the Capital Region, and relocation was decided for a total of 153 institutions, including 44 central government-affiliated institutions and 109 public institutions under the government. As of May 2026, 123 institutions, including individually relocated institutions, have relocated to the ten Innovation Cities and related areas, and the total number of relocated personnel amounts to approximately 49,000.

Section 3 Relocation Cases of Innovation Cities

Following the formulation of the plan for the relocation of public institutions to non-capital regions in 2005 and the enactment of the Special Act on the Construction and Development of Innovation Cities in 2007, site construction for each Innovation City began in earnest. In December 2019, twelve years after the start of the Innovation City development project, all public institutions subject to relocation completed their relocation. With the additional designation of Daejeon and Chungnam as Innovation Cities in October 2020, a total of 11 Innovation Cities are planned to be developed in the future.

Among these, Gangwon Innovation City, to which the Korea Research Institute for Local Administration and other institutions have relocated, is located in the Bangok-dong area of Wonju-si. It forms a health and life sciences cluster centered on medical devices, biotechnology, and tourism. Its planned population is approximately 30,000, making it the fourth smallest among the Innovation Cities nationwide. However, because an Enterprise City has also been developed within a 10-kilometer radius of the Innovation City, the regional multiplier effect is relatively high. The number of companies relocated to Gangwon Innovation City increased from only one in 2016 to 105 in 2022, and the in-migrating population reached 29,437 as of the end of December 2025. Through the relocation of public institutions and population growth in the Innovation City, the regional development effects of the Innovation City are becoming visible.

However, as the policy has been implemented mainly around the relocation of public institutions, some point out that its performance as a balanced development hub has fallen short of the original objective. At present, policies to activate industrial clusters continue to be promoted so that Innovation Cities can function as new innovation-based growth hubs for balanced development.

<Table 44> Status of Relocated Institutions by Cluster Sector in Gangwon Innovation City

Classification	Field	Relocated Public Institutions	Key Target Industries
A	Health and Life Sciences	Health Insurance Review and Assessment Service; National Health Insurance Service; Korean Red Cross; Korea Veterans Welfare and Healthcare Corporation	Advanced medical devices and medical convergence industry; U-Health industry; cardiovascular and health management service industry; biopharmaceutical materials R&D industry; BT convergence technology-based industry
B	Resource Development	Korea Coal Corporation; Korea Mine Rehabilitation and Mineral Resources Corporation	New materials and nano-convergence technology industry; renewable energy technology industry; mine reclamation technology industry
C	Public Services	Forest Aviation Headquarters; Korea Research Institute for Local Administration; National Forensic Service; Korea Road Traffic Authority	Financial and insurance-related services; legal, accounting, consulting, and design-related industries
D	Tourism and Culture	Korea National Park Service; Korea Tourism Organization	Medical tourism; cultural industry; MICE-related industries

Source: Gangwon Wonju Innovation City Pureunsum website (http://pureunsum.gwd.go.kr/)

Chapter 16 Development Policy for Lagging Regions

Section 1 Evolution of the System

The term “lagging regions” refers to regions whose level of development is relatively low. It encompasses not only regions where development has been slow due to structurally disadvantageous locations, but also regions whose local economies have deteriorated due to rapid industrial decline or the relocation of core functions. Government-level development policy for lagging regions can be traced back to the Saemaul Undong, or New Village Movement, which was promoted in the 1970s for rural modernization. However, as agrarian society was dismantled through industrialization and urbanization, and as agriculture and fisheries faced crises following the opening of agricultural markets, the Saemaul Undong, which sought development through competition among villages, reached limitations that made it difficult to sustain as a rural development model.

Thereafter, the government promoted the development of lagging regions within the broader framework of policies to curb concentration in the Capital Region and disperse population and industry to non-capital regions. From the 1990s, it pursued these policies through more active intervention. Projects implemented during this period include the Comprehensive Island Development Project, launched in 1988; the Comprehensive Remote Area Development Project, launched in 1990; the Rural and Fishing Village Settlement Area Development Project, launched in 1990; and the Development Promotion District Project, launched in 1996.

After the inauguration of the Roh Moo-hyun administration in 2003, national balanced development emerged as a core national policy agenda, and systems to support lagging regions were promoted on a large scale. The government recognized that previous development policies for lagging regions had limitations in building regions’ endogenous innovation capacity because they were led by the central government and tended to foster dependence on the center. Accordingly, it promoted the New Vitality Region Policy with the aim of endogenous development based on regional innovation.

After the inauguration of the Lee Myung-bak administration, policies previously targeted at lagging regions were integrated into the Basic Living Sphere Development Policy. Representative projects for lagging regions included the Growth Promotion Region Development Project and the Special Situation Region Development

Project. Under the Park Geun-hye administration, the targets of regional development policy were further subdivided into smaller-scale units from the perspective of Regional Happy Living Zones, and village-centered revitalization and quality of life became important policy concerns. The administration also sought to shift from a centralized development policy to a region-led development policy by changing ministry-specific support into customized and package-type support. Although development policies exclusively for lagging regions decreased somewhat over these two administrations, they are significant in that they placed importance on the quality of life of residents in lagging regions, including by establishing national minimum standards for living conditions.

Under the Moon Jae-in administration, Urban Regeneration Projects were promoted on a large scale to regenerate existing downtown areas and declining urban areas. This represented an expansion of lagging region development policy, which had previously focused mainly on rural and fishing villages, to declining urban areas that lacked a basis for self-sustaining development. In addition, the government enacted the Special Act on Support for Population Decline Areas in 2021, designated areas facing serious population problems as population decline areas, and established the Local Extinction Response Fund in 2022 to provide practical support and policy measures for population decline areas. The government continues to support special situation regions and border areas, while seeking to enhance regional population vitality through policies responding to population decline areas.

<Table 45> Changes in Development Policies for Underdeveloped Regions

Period	Policy Instruments	Statutory Basis
Around the 1990s	•Comprehensive Island Development Project •Comprehensive Remote Area Development Project •Rural and Fishing Village Settlement Area Development Project •Development Promotion District Project •Abandoned Mine Area Development Project	•Island Area Development Promotion Act •Remote Area Development Promotion Act •Special Act on Rural and Fishing Village Development •Act on Balanced Regional Development and Support for Local Small and Medium Enterprises •Special Act on Support for the Development of Abandoned Mine Areas
2000s	•Border Area Development Project •Local Small Town Promotion Project •Cultural Village Development Project	•Special Act on Support for Border Areas •Local Small Town Promotion Support Act •Rural and Fishing Villages Improvement Act
2010s	•Growth Promotion Region Development Project •Special Situation Region Development Project •Comprehensive Development Support Project for the Five West Sea Islands •Rural New Vitality Plus Project •Urban Regeneration Project •Fishing Village New Deal 300 Project •Integrated Support Project for Population Decline Areas	•Special Act on Balanced National Development •Special Act on Balanced National Development •Special Act on Support for the Five West Sea Islands •Special Act on Balanced National Development •Special Act on the Promotion of and Support for Urban Regeneration •Fishing Villages and Fishery Harbors Act •Special Act on Balanced National Development
2020s	•Local Extinction Response Fund •Fishing Village New Vitality Promotion Project	•Framework Act on the Management of Local Government Funds •Fishing Villages and Fishery Harbors Act

Section 2 Policy Responses to Population Decline Areas

As Korea's demographic structure is changing rapidly due to low birth rates and population aging, policies are being promoted to respond to the population crisis at the national level. Rural areas have long played the role of a "population dam" by showing relatively high total fertility rates and absorbing the shock of national population decline. However, they are now facing a serious population crisis due to the outflow of young people. In particular, unlike urban areas, lagging regions are experiencing both natural population decline, caused by births and deaths, and social population decline, caused by population outflow, raising concerns over the risk of regional extinction.

In response, the government has recognized that the risk of local extinction is a factor that weakens national competitiveness and has promoted policies to address population decline. First, in October 2021, the government amended relevant statutes and designated Si/Gun/Gu at risk of regional extinction due to population decline as Population Decline Areas. For these areas, an administrative and financial support system was established to promote measures for improving living service conditions, creating jobs, strengthening local capacity, and revitalizing communities. The Local Extinction Response Fund was also newly established, with KRW 1 trillion invested annually from 2022 to 2031. Population Decline Areas can use the fund to autonomously implement projects suited to their local conditions. To ensure that policies using the Local Extinction Response Fund produce results, the government evaluates the investment plans prepared by local governments each year and provides differentiated financial support. In addition, local governments are required to formulate a five-year Master Plan for Responding to Population Decline Areas so that regions can pursue strategies for responding to population decline in a more systematic and comprehensive manner. With the mandatory formulation of the master plan, the central and local levels have established a basis for pursuing previously fragmented and segmented policies in a more coherent manner toward overall policy goals.

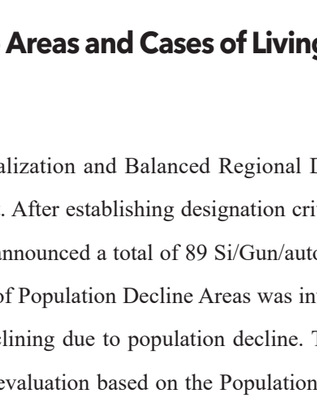
Korea's policies for responding to Population Decline Areas aim to transform the previous government-centered approach into a region-led response system, thereby enabling self-reliant development suited to regional characteristics. Ultimately, these policies seek to address regional imbalances, revitalize lagging regions, and contribute to balanced national development.

Section 3 Designation of Population Decline Areas and Cases of Living Population Measurement

In 2021, the government amended the Special Act on Decentralization and Balanced Regional Development, formerly the Special Act on Balanced National Development. After establishing designation criteria and consulting with relevant agencies, the government designated and announced a total of 89 Si/Gun/autonomous Gu as Population Decline Areas in October 2021. The designation of Population Decline Areas was introduced to prepare support measures for regions where local vitality is declining due to population decline. The government selected Population Decline Areas through a quantitative evaluation based on the Population Decline Index, which consists of eight indicators in the population and economic sectors.

The Population Decline Index consists of the annual average population growth rate, population density, youth net migration rate, daytime population, aging ratio, youth ratio, crude birth rate, and fiscal self-reliance ratio. The final value is calculated by assigning weights to each indicator. In other words, Population Decline Areas can be understood as regions where it is difficult to maintain communities and provide living services due to poor demographic and fiscal conditions. The designation of Population Decline Areas operates on a five-year cycle, and redesignation is expected to take place in October 2026, when the initial five-year period expires.

<Table 46> Population Decline Index and Designation Status of Population Decline Areas

Classification	Details	Population Decline Area designation results
Legal Basis	Special Act on Decentralization and Balanced Regional Development	
Designation Cycle	Designated every five years	
Designation Status	89 Si/Gun/autonomous Gu	
Population Decline Index, eight major indicators	① Annual average population growth rate	
	② Population density	
	③ Youth net migration rate	
	④ Daytime population	
	⑤ Aging ratio	
	⑥ Youth ratio	
	⑦ Crude birth rate	
	⑧ Fiscal self-reliance ratio	

Source: Ministry of the Interior and Safety website (https://www.mois.go.kr/frt/sub/a06/b06/populationDecline/screen.do)

With the enforcement of the Special Act on Support for Population Decline Areas in 2023, a new population concept called the “living population” was introduced to overcome the decline in the total national population and zero-sum competition among regions to attract population, and to enhance actual regional vitality. The living population is a concept that goes beyond the existing resident population and encompasses people who actually live their lives while residing in or staying in a specific region. It includes the resident-registered population under the Resident Registration Act, registered foreign nationals under the Immigration Act and related statutes, and the staying population, namely people who visit and stay in a region other than their place of resident registration for various purposes, such as commuting, schooling, or tourism, at least once a month for three hours or more per day. The living population is used as basic data for customized measures to enhance vitality in line with the characteristics of Population Decline Areas by precisely measuring the population that actually lives in a region through the integration of public and private big data.

<Table 47> Cases of Living Population Measurement in Population Decline Areas, 2024 Cumulative Basis

Classification			Yang-yang-gun, Gangwon	Dong-gu, Busan	Jeonge-up-si, Jeonbuk	Population Decline Areas*	Areas of Interest*
Living Population Size	Monthly Average Registered Population, Korean Nationals		27,586 persons (6.2%)	86,749 persons (13.1%)	102,771 persons (27.4%)	43,814 persons (16.2%)	127,750 persons (18.9%)
	Monthly Average Registered Population, Foreign Nationals		469 persons (0.1%)	2,193 persons (0.3%)	2,991 persons (0.8%)	1,104 persons (0.4%)	3,336 persons (0.5%)
	Monthly Average Staying Population		414,633 persons (93.7%)	570,842 persons (86.5%)	269,476 persons (71.8%)	226,147 persons (83.4%)	545,849 Persons (80.6%)
Characteristics of the Staying Population	Age	Under 20	12.5%	7.5%	9.6%	10.3%	10.8%
		20-34	19.3%	25.7%	14.7%	13.8%	21.6%
		35-49	26.1%	24.0%	24.0%	23.5%	24.5%
		50-64	28.9%	27.2%	35.6%	35.2%	28.8%
		65 and over	13.2%	15.7%	16.1%	16.2%	14.2%
	Type	Short-term Stay	45.3%	7.8%	19.7%	19.4%	10.7%
		Commuting and Schooling	0.6%	5.7%	1.4%	0.9%	2.8%
		Long-term Actual Residence	1.5%	3.4%	3.7%	2.7%	3.7%
	Consumption	Retail and Personal Services	26.5%	36.4%	38.9%	38.1%	40.1%
		Healthcare, Medical Services, and Education	0.5%	22.3%	6.3%	3.2%	7.6%
		Food Services	45.1%	33.5%	29.1%	33.2%	34.9%
		Accommodation	11.1%	1.8%	1.7%	2.5%	3.5%
		Culture and Leisure	13.4%	1.5%	11.0%	8.9%	3.5%

Note 1: Population Decline Areas, n = 89, and Areas of Interest, n = 18, are presented based on median values.
Source: Park Jin-kyung et al. (2025).

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