

2017/18 Knowledge Sharing Program with Guatemala: Improving Linkage between Public Policy and Budget Planning Cycle

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Preface

Knowledge is a vital ingredient that determines a nation's economic growth and social development. Its true value was brought to light by the advent of the knowledge economy and a key question policymakers now face, especially in developing countries, is how an environment can be established that encourages and facilitates the creation and dissemination of knowledge across the nation. This need has led many countries to engage themselves in active policy dialogue to share their development experiences and benefit from mutual learning.

Korea's development has also depended heavily on knowledge. Its remarkable transition from a predominantly agrarian economy to an industrialized country was made possible by its well-rounded and extensive understanding of technology, management, public policy, and other diverse issues acquired from domestic and foreign sources and through trial and error. Building on these rich experiences, the Korean Ministry of Economy and Finance (MOEF) launched the Knowledge Sharing Program (KSP) in 2004 to assist partner countries to improve their policymaking. KSP, as implemented by Korea Development Institute (KDI), focuses on providing solutions customized to each country's economic, social and administrative settings, building capacity for effective policymaking and strengthening global networks for development cooperation. In 2017/18, KSP policy consultations were organized with 31 partner countries, with Mekong River Commission joining the partnership for the first time.

The 2017/18 KSP with Guatemala was undertaken by the MOEF and the Secretaría de Planificación y Programación de la Presidencia (SEGEPLAN) with the aim of "Improving Linkage between Public Policy and Budget Planning Cycle." To that end, the KDI research team and the Guatemalan counterpart made a range of collaborative efforts by exchanging development experiences, conducting joint studies and designing a policy action plan in line with the country's development targets.

With that, it is with great optimism for the future of Guatemala that the results of the 2017/18 KSP are presented. I firmly believe that KSP will serve as a stepping stone to further elevate the mutual learning and economic cooperation between the two countries and hope it will contribute to Guatemala's sustainable development in the future.

I wish to convey my sincere gratitude to Senior Advisor Mr. Keun Soo Kim, Principal Investigator Prof. Wonhee Lee as well as project consultants Prof. Yoonseuk Woo and Prof. Jeonghee Lee for their extensive contributions to the successful completion of the 2017/18 KSP with Guatemala. I am also grateful to Executive Director Dr. Youngsun Koh, Project Officer Ms. Sujin Park and all members of the Center for International Development for their hard work and dedication. Lastly, I extend my warmest thanks to the SEGEPLAN and related Guatemalan agencies for their active cooperation and great support.

Jeong Pyo Choi
President
Korea Development Institute (KDI)



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2017/18 KSP with Guatemala

Sujin Park (Project Officer, Korea Development Institute)

Guatemala is Korea's largest trading partner in the Central American Common Market (CACM). It has a population of approximately 15 million, and its average GDP growth registered 4.0% for the past three years. A large number of Korean companies have entered the market, accounting for 70% of production and exports in the sewing industry. On the other hand, corruption and inefficiency in the public sector are considered major impediments to national development. The government has made efforts to solve these problems but has found it difficult due to the public sector's low capacity.

"K'atun, Nuestra Guatemala 2032," which sets out economic and social development strategies, was announced in August 2014. President Jimmy Morales, who took office in January 2016, remains firmly committed to implementing this national development plan. The Secretariat de Planificación y Programación de la Presidencia (SEGEPLAN) is responsible for planning, implementing, and monitoring the plan.

Following K'atun 2032, a number of public policies and guidelines have been introduced. In August 2016, the President announced the Tax-reform Plan in order to reduce chronic fiscal deficit and to support the national development plan. However, he had to drop it shortly thereafter due to public opposition.

SEGEPLAN, as the National Strategic Planning Authority, has set up plans for comprehensive institutional capacity building, for which Korea's experience on the

economic development planning process was studied as a reference. Against this backdrop, Miguel Moir, Secretary of SEGEPLAN, requested policy consultation on institutional capacity building, public policy planning, and budget management through the Knowledge Sharing Program (KSP).

The KSP with Guatemala was first launched in 2014. Between 2014 and 2017, three rounds of the KSP were carried out and nine topics—including public policy, e-government, and SMEs—were completed. For the fourth year of the KSP (2017/18) with Guatemala, the central theme of “Improving Linkage between Public Policy and Budget Planning Cycle” was implemented. Three research topics were selected in accordance with priorities set by the Guatemalan government. As an implementing organization, KDI recruited a group of experts. The table below lists the three consultation topics and respective researchers for the 2017/18 KSP with Guatemala.

Project Title: Improving Linkage between Public Policy and Budget Planning Cycle	
Senior Advisor: Keun Soo Kim (Former Chairman, Credit Finance Association)	
Project Manager: Youngsun Koh (Executive Director, CID, KDI)	
Principal Investigator: Wonhee Lee (Professor, Hankyong National University)	
Sub-topics	Researchers
Strategy to Link the Plan to the Budget	Wonhee Lee (Hankyong National University)
Capacity Building of SEGEPLAN as a National Strategic Planning Authority	Yoonseuk Woo (Soongsil University)
Institutionalization of Coordinating and Allocating Mechanism of Public Money	Jeonghee Lee (University of Seoul)

In the first stage of the project, the Korean experts headed by Mr. Keun Soo Kim—former Chairman of the Credit Finance Association—visited Guatemala from August 28 to September 3, 2017 to hold a Launching Seminar and High-Level Meeting. In the Launching Seminar with Guatemalan government officials, the Korean delegation delivered presentations on Korea’s experience in relation to each topic. They also visited various organizations to identify the issues and problems to be addressed within the KSP’s scope. Through intensive discussions, the Korean researchers were able to better understand the current situation and collect important information and data.

During November 5-11, 2017, the Korean delegation held a KSP Policy Seminar and In-depth Study to develop a research method and receive useful advice from the Guatemalan perspective. Throughout the visit, the Korean delegation held meetings with Guatemalan experts from relevant organizations to examine the

local context in detail. Additionally, the delegation gathered information for the research by visiting various institutions such as Instituto Centroamericano de Estudios Fiscales (ICEFI), Instituto de Problemas Nacionales (IPNUSAC), Instituto Nacional de Administración Pública (INAP), Galileo University, and CHW Research.

For the next stage, the Interim Reporting and Policy Practitioners' Workshop was held in Korea on February 4-9, 2018. Four Guatemalan officials led by Director of Monitoring and Evaluation Martha Maria visited Korea for this occasion. In the Interim Reporting Workshop, Korean researchers presented their interim research findings and obtained feedback from the Guatemalan delegation. The delegation visited various institutions related to the three topic areas—including the National Assembly Budget Office, Korea Public Finance Information Service, the National Human Resources Development Institute, the Ministry of Economy and Finance, the Office for Government Policy Coordination, and the Presidential Committee on Regional Development—to meet Korean professionals and witness first-hand examples of Korea's development experience. In addition, an expert from the Korea Institute of Public Administration gave a special lecture on "Synopsis on Korean Civil Service" to introduce the structure of Korean government and civil service.

For the project's final stage, the Korean delegation led by Executive Director of CID Dr. Youngsun Koh conducted the Final Reporting Workshop and Senior Policy Dialogue, which were held on April 16-20, 2018 in Guatemala. Many officials from the Guatemalan government, including two sub-secretaries from SEGEPLAN, participated in the Final Reporting Workshop to share the results of the 2017/18 KSP. Throughout the in-depth discussions, the Guatemalan officials displayed their interest in the project results, performance, and further topics. In addition, at the request from the Guatemalan side, a Special Seminar on "Regional Development – Korean Case" was successfully conducted at SEGEPLAN for policy practitioners.

The key objective of the 2017/18 KSP with Guatemala was to improve the connection between public policy and budget planning cycles. To achieve this, Korean experts provided solutions for SEGEPLAN from diverse perspectives, and Guatemalan officials expressed satisfaction with the results. However, as some of the policy recommendations were related to distribution of authority between ministries, they will not be easily implemented by SEGEPLAN exclusively. To improve linkage between policy and budget based on the KSP results, SEGEPLAN needs to foster cooperative relationships with other organizations, especially the Ministry of Public Finance.

Executive Summary

Wonhee Lee (Hankyong National University)

In 2012, the Guatemalan government published the 20-year National Development Plan called “K’atun: our Guatemala 2032.” Based on K’atun, each ministry and region prepared its own development plan under the review of SEGEPLAN, the National Planning Agency that belongs to the president. Even though SEGEPLAN has the role of making plans and budgeting, so-called fiscal allocation belongs to Ministry of Public Finance (MoPF). Even though the Organic Budget Law announced the need to link the plan to the budget, the effective articulation of policies, plans, and budgets has not yet been activated. In this context, there are many conflicts and needs to compromise between SEGEPLAN and MoPF, which causes administrative costs, and civil servants in the Guatemalan government are recruited based on their political election, so that job is unstable. This type of spoils system cannot guarantee consistency or planning predictability.

This research aims to suggest a way of linking the plan to the budget based on Korean experiences. For that, three kinds of themes were attempted: a strategy to link the plan to the budget, capacity building of SEGEPLAN as a National Strategy Planning Authority, and the institutionalization of coordinating and allocating mechanisms for public money. The first theme was based on Korea’s experiences in the 1970s, the second involves present cases, and the third involves those after the 2000s.

During the 1970s, Economy Planning Board (EPB) was the most important institutional arrangement. It had the dual function of planning and budgeting,

so it did its own coordination. The EPB established the national plan, allocated budgetary resources, and monitored their implementation; it was a very efficient and professional organization. However, creating such a bureaucratic arrangement in Guatemala is difficult.

It is less difficult to create an institutional rearrangement to build a better capacity SEGEPLAN in terms of individual and organizational dimensions focusing on Korean cases as a benchmarking example. The Guatemalan civil service system is quite vulnerable since the Guatemalan government applies a spoils system to a many posts in practice although its 1748 Civil Service Law Decree states “The workers of the public administration have to be guaranteed against dismissals that are not based on a legal cause. Also, they must be subject to adequate norms of discipline and receive fair economic and social benefits” (Article 3). Meanwhile, the civil servant career path is considered quite stable in Korea, thus talented young people willingly apply for jobs in government, which leads to a competent government bureaucracy. From a policy orientation aspect, due to its unstable bureaucratic and political system, policy consistency seems unguaranteed. Based on the above analysis, final recommendations are drawn for SEGEPLAN to be a capable authority of the national strategic planning and implementation by enhancing its capacity through effective institutionalization as follows. First, professional expertise should be further developed through advanced human resource management; like the Higher Civil Service Entrance Examination (HCSEE) in Korea, a differentiated recruiting system should be developed to select a competent expert with specific qualifications to give potential applicants incentives to apply for jobs in SEGEPLAN. After recruiting appropriate people, training through ongoing education should follow and the records of achievement should be required at some level. Second, establishing more National think tanks is needed as a lack of information is a severe obstacle to policymaking in Guatemala, where not even censuses are surveyed on a regular basis. Establishing national think tanks funded by the public but that are autonomous like KDI in Korea is crucial for helping SEGEPLAN improve strategic planning and evaluation. Third, performance management and policy coordination are needed for innovation policy and social cohesion with civil society; The innovation movement towards efficient government and clean society should be initiated by SEGEPLAN, and SEGEPLAN needs to develop more sophisticated and practical policy tools and enable them with the role of performance management and policy coordination to drive other ministries towards desirable goals.

Sophisticated mechanisms are required to enhance the capacity to coordinate budget allocation. For example, a special account that can focus on a strategically chosen area is very helpful. In Korea, the Special Account for National Equality, which was operated under the Presidential Committee for National Equal Development, was a very efficient instrument that supported some specific areas.

The Medium-term Expenditure Framework will be a relevant instrument to link the plan to budget by estimating financial trends. Furthermore, IT-based financial management systems can enhance SEGEPLAN's capacity by supporting the role of the monitoring system, which is found in Korea's digital brain system.

Implementing those suggestions is difficult as they are related to the national system and historical development path. However, Guatemala can achieve their final goal by taking a step-by-step approach.

2017/18 Knowledge Sharing Program with Guatemala:
Improving Linkage between Public Policy
and Budget Planning Cycle

Chapter 1

Strategy to Link the Plan to the Budget

1. Introduction
2. Evaluation of Planning in Guatemala
3. Korean Experiences with Policy Issues
4. Comparative Analysis
5. Conclusions and Policy Recommendations

Strategy to Link the Plan to the Budget

Wonhee Lee (Hankyong National University)

Rafael Salazar (Secretaría Nacional de Ciencia y Tecnología, Guatemala)

Summary

The plan includes the vision, strategy, and resource allocation. Relevant and timely budgetary support is very important element in the plan's successful implementation. This research's purpose is to attempt to draw some implications to link the plan to budget in Guatemala based upon the Korean example.

Korea's Five-year Economic Development Plan played a crucial role in its rapid economic development. Seven Five-year Economic Development Plans were implemented in 1962–1997, among which the third one had a vivid strategic focus on areas such as the Heavy Chemical Industry and Export-driven Policies. Many experts agree that the Korean economy was able to take off due to the third five-year Economic Plan. In terms of governance, President Junghee Park had a firm belief in the economic development and played a crucial role; he initiated a strategy and supported the bureaucracy and business, even though he was criticized for running a dictatorship. The Economy Planning Board (EPB) was established to play a coordinating role and control other line ministries and thus make and monitor the plan. For that, the EPB minister had the position of Deputy Prime Minister. Above all, the role of planning and budgeting belong to the EPB; this was a convenient and pertinent way to link plans to budgets. This tradition of the Deputy Prime Minister and dual function of planning and budgeting is still maintained even though the

Keywords: SEGEPLAN, Katune 2032, Linking Plan to Budget, Special Account, Evaluation and Feedback

title has been changed from EPB to Ministry of Economy and Finance (MOEF). We should keep in mind that Korean bureaucracy was built on the merit system and career bureaucrats. Civil servants should have to pass objective examinations and the vocation should be guaranteed to 60 years old so that they can concentrate on the job and be full of self-pride about their contributions to national development. Another important variable is government-funded research institutes. In 1973, the Korea Development Institute (KDI) was established to support and create a national development plan. KDI was financially under the EPB but played an independent role. Another institute that supported EPB was established in 1992 called the Korea Institute of Public Finance (KIPF). Government-funded research institutes are very important for understanding Korean bureaucracy. Every ministry has each government-funded research institute to support the ministries' activities. In conclusion, based upon the systematic scheme to link plans to budgets, Korea could achieve successful economic development.

However, the Guatemalan government published a 20-year National Development Plan in 2012 called "K'atun: our Guatemala 2032." Based upon K'atun, each ministry and region has prepared its own development plan under the review of SEGEPLAN, the National Planning Agency, which belongs to the president. Even though SEGEPLAN has the role of creating the plan, the role of budgeting, so-called fiscal allocation, belongs to the Ministry of Public Finance (MoPF). Even though the Organic Budget Law announces the need to link plans to budgets, effective articulation of the policies, plans, and budgets has not yet been activated. In this context, compromises are needed between SEGEPLAN and MoPF, which creates administrative costs. Furthermore, civil servants in the Guatemalan government have been recruited based on their political election, so that job is unstable. This kind of spoils system is not good enough to guarantee consistency and planning predictability.

Some policy recommendations can be drawn based upon the comparison. First, a strategic alliance should be developed between MoPF and SEGEPLAN. For that, the joint generation of a conceptual framework that reflects the planning guide and budget by results should be made and distributed to the country. Second, the role of monitoring and performance evaluation should be strengthened; the results should be related to feedback including penalty and incentives. Third, regarding budgetary implementation monitoring, IT-based systems can be efficient as the d-brain system in Korea; it can help monitor the budgetary implementation in real time. Fourth, special account can be a good instrument to support a specific area with predictability. For instance, a Special Account for Regional Development can be made and SEGEPLAN can be in charge of designing the programs and managing the budgeting within the account. This can be a strong instrument to link plans to budgets in terms of regional development. Fifth, the national consensus for economic

development is important because it is political support from the civil society. In that sense, national consensus can be a political resource for SEGEPLAN. Maintaining the support from civil society requires transparency and participation during planning, which will guarantee accountability in the long run. Sixth, a think tank that supports the work of making the plan and evaluation will help support the role of the SEGEPLAN. Of course, members should be specialized experts in each field.

Democratization in Korea came after industrialization. During the 1970s, the authoritarian government efficiently mobilized national resources. The presidential leadership was very important, but democratization in the 1980s and the maturation of market systems in the 1990s changed everything. Stories of the 1970s when Korea achieved rapid economic development will be good lessons for Guatemala.

1. Introduction

1.1. Demand Identification

Since the Peace Accord's establishment in 1996, Guatemala has tried to develop its national economy and many kinds of national plan have been made to attempt to boost the national economy and reduce poverty. Regarding the planning for development, there was some progress after the implementation of the National System of Planning (NSP) in 2009. In 2012, the Guatemalan government published a 20-year National Development Plan called "K'atun: our Guatemala 2032." Its main goal is to contribute to the state's modernization process in the function of action and the consolidation of functions and competences, as political-legal responsibilities in terms of development management and ensuring this to society; this is the cornerstone of the national plan. Based upon K'atun, each ministry and region prepares its own development plan under the review of SEGEPLAN, the National Planning Agency.

In this sense, the General Policy of Government 2016–2020 is important; its objective is to establish priorities and steps that will model the institutional action plan that are oriented to public action and establishing instruments to provide continuity and evaluate the proposed objectives throughout 2016–2020. This policy is an instrument to guide the planning, programming, and designation of monetary resources over those five years. It guides all civil servants and public officers to make efforts together with President Morales' government to build a more equal and prosperous Guatemala.

However, many experts and citizens think that these efforts are unsatisfactory enough because the planning practices are not related to any legal basis in the Organic Budget Law. The most important aspect is that the linkage between planning and programming in budgeting has not been achieved at a technical level. Furthermore, at the political level, the consistent implementation of national plan is difficult to achieve as the government changes dramatically every four years. Sectors have limited interest in and commitment to national plans because most ministries generally do not want a role as a governing entity. In addition, efforts towards institutional planning do not show the priorities and focus of territorial planning and vice versa, dispersing efforts towards planning and achieving any objective that is oriented towards country development.

The technical assistance given by SEGEPLAN to public institutions (central government, local government, and the development council) has included criteria for prioritization based in competition, functions, and resources, emphasizing the contributions that interventions do to strategic results in the country. However, the development of public officers' technical capacity to prioritize investment and function is limited by internal and external political factors. Furthermore, the processes done by planning and budgeting units in institutions that should work together to achieve an effective linkage of plan and budget is unsatisfactory. The process of public investment indicates low linkage between planning and implementation and does not show any contributions to improve the conditions of different social groups or the participation process in planning and adequate prioritization.

In Guatemala, linking the plan to budget and making a consistent plan implementation are urgent tasks.

1.2. Research Design

N. Caiden and A. Wildavsky (1974) emphasized that planning is not a solution but in fact part of the problem. They focused on the inherent conflict between finance and planning and the final message was that reform should concentrate on budgeting in developing countries. This book gives us essential insights into a logical framework for this research.

This research's purpose is to improve the linkage between public policy, planning and budgeting. In addition, it implies the analysis, order, and coherence of public policies to define a common path in the medium and long term based on the knowledge of the country's reality, to guide political decisions, public action, and optimize state resources in function to the priorities for society's sustainable development.

Therefore, this research will include five variables.

First, the governance structure will be analyzed with regard to the functional arrangement of government structure; the role of planning and budgeting.

Second, the scheme of bureaucracy is important, including recruiting civil servants and the expertise of the bureaucracy.

Third, the national plan's characteristics will be analyzed. There is the National Development Policy of the strategic instrument in the long-term until 2032 that supports K'atun institutionally and politically. This policy will institutionalize the actions and processes for development with a long-term vision and continuity. It will also evaluate the political actions and impacts to re-orientation or re-make, depending on the implementation quality.

Fourth, political support will be analyzed. The national plan should be supported by the president, congress, and civil society. This condition is an important factor for successful implementation.

Fifth, professional support will be analyzed. The national plan needs comprehensive data, information, and skills so that professional support including data mining is necessary. When linking plans to budgets, this kind of professional support will be helpful for recognizing the linkage.

〈Table 1-1〉 Variables to be Analyzed

Governance Structure
Scheme of Bureaucracy
Characteristics of Plan
Political Support
Professional Support

Source: Author.

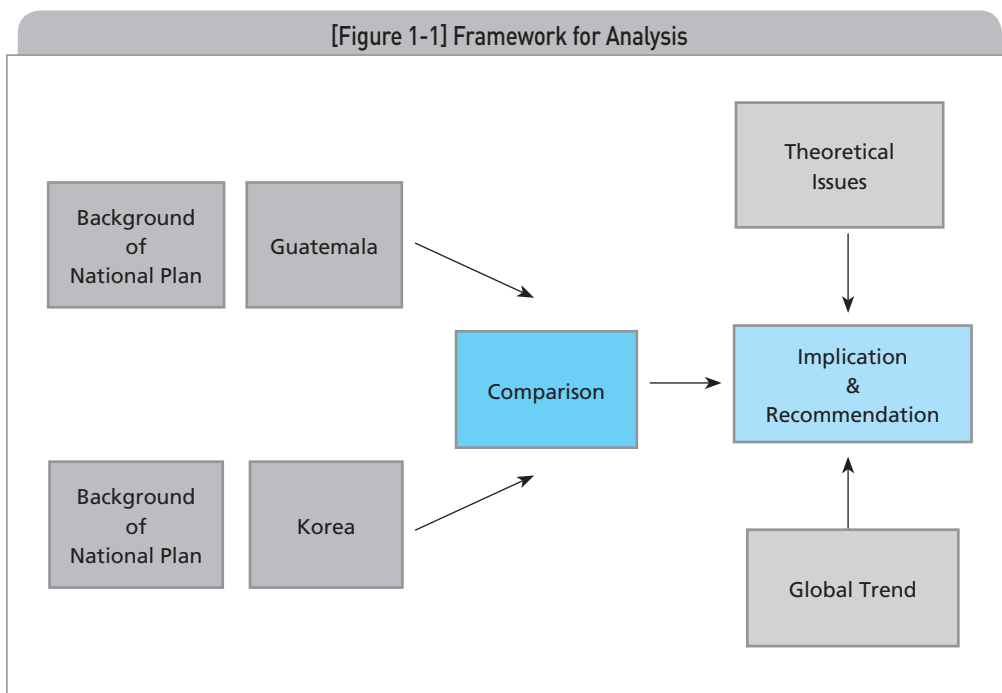
1.3. Organization of the Paper

The purpose of this research is to draw implications and make recommendations to link plans to budgets based on the Korean case. Of course, the recommendation will be made for theoretical backgrounds and global trends. In this sense, the paper will organized as follows.

Chapter 2 will analyze the current system in Guatemala and give some issues with the current situation.

Chapter 3 will focus on the Korean case. Korea has experienced rapid economic societal change. Relevant suggestions will be made for Guatemala by emphasizing the historical background with the description of the Korean case.

Chapter 4 will summarize the comparison between the two countries and make policy recommendations based on that comparison.



Source: Author.

2. Evaluation of Planning in Guatemala

2.1. What is “K'atun: Our Guatemala 2032”?

K'atun symbolizes the 20-year calendar of the Mayan civilization. The K'atun represents the possibility of connecting the past, present and future of the indigenous peoples. Each new era represents the process of perfection of the human being and society.

From this perspective, the Planning Secretariat promotes the construction of a 20-year National Development Plan called “K'atun: our Guatemala 2032.” This process entails the definition of a joint, shared, and long-term vision of Guatemala that the people want to attain by 2032.

From the Mayan Cosmo vision, a K'atun constitutes the time lapse in which a management system is developed. This form of time was based on a deep knowledge of astronomy that was then applied to everyday life. The Mayan rulers presented the results of their achievements at the start and end of each K'atun.

Each K'atun represents a process of perfecting relationships between the human beings, society, and nature. If the Gregorian calendar is taken as a reference, December 20, 2012 is the final date of the 13th Baktún, each of which is composed of twenty K'atuns (periods of about twenty years in the western calendar). This event closes an era that has lasted for more than five thousand years and represents the opportunity for the Guatemalan people to reflect on their future, how they lived each day, and what they should do.

In the national development plan, the K'atun sets a horizon that allows the country to outline a path for development over the next twenty years. The K'atun proposes a common vision of country, a shared dream, with confidence in a different and better future. It considers diversity as a source of wealth for building relationships of intercultural coexistence and establishing a culture of peace. People and their particularities, which arise from the condition, position and situation socio-cultural, economic, and politics to which they belong, are the center of the National Development Plan: K'atun, Our Guatemala 2032.

The set of guidelines that this plan contains targets the whole society's gradual cultural transformation. This transformation happens through changes of attitude towards others and through the revitalization of the values that build social tissue and promote harmonious coexistence between everyone. That combined with capacity generation means that resources are available to people, and can enable them to transform both its reality and immediate environment.

Having a national development plan is not an end in itself; this type of plan constitutes a proposed means to set the foundations of structural transformations that a country's development requires. It does not account for the current management of institutions and is a pooling of development priorities to achieve the desired vision.

The role of the state, its institutions, and all sectors that make up Guatemalan society, is to meet and ensure the viability of the guidelines of K'atun, depending on development priorities.

2.2. History of Guatemala's National Plan

Before K'atun 2032, Guatemala has had a long history of national plans.

As public action and a guiding instrument for development, planning was born in Guatemala with the founding of the National Economic Planning Commission (CNPE) in November 1954. The trends of the world economy and approaches to public management in the country over the last sixty years have had different nuances; there are four general large periods

2.2.1. The Revolutionary Government in 1944

The first one began with the revolutionary government (1944) and ended ten years later (1954). At that time, policy orientations aimed to ensure the population's well-being through protective actions and social assistance, the use of natural resources, the transformation of the economy into capitalism with national meaningful, agrarian reform, agricultural modernization, and the promotion of industrialization processes (including the creation of a bank system).

These development policies in general and planning in particular modified and transformed the forms of state management with the fall of the revolutionary government in 1954.

2.2.2. The Revolutionary Government in 1954

The second period of planning in the country is framed at this historic moment: the political changes brought about specific mechanisms that were adopted to modify the economic system from economic policy. Influence in planning and development policies was mainly based on two studies: the first was requested by the Banco de Guatemala and carried out with the support of the New York's Federal Reserve Bank; the second was prepared by the International Bank for Reconstruction and Development.

During this planning period, an entity was created on behalf of the state to assume this task and was oriented to prepare development plans that could be evaluated every five years. The National Council for Economic Planning (CNPE) emerged at this stage, which is the entity that started drawing up five-year plans.

2.2.3. Take-off Period

The third period was 1982–1996, when planning was oriented towards agendas or government guidelines. This approach to management from planning, and the influence of the tendencies of regionalization as a territorial approach to development, which allowed Guatemala to address initiatives such as the Urban Action Plan and the Integrated Study of rural areas.

That strongly impacted the proposals that later became the Preliminary Law of Regionalization and the Law of Councils of Urban and Rural Development, which were respectively effective as of 1986 and 1987.

2.2.4. Poverty Reduction Plan by SEGEPLAN

The fourth period can be framed as 1996 to now. The spirit of citizen participation in planning, as contained in the Law on Urban and Rural Development Councils, was established by the Peace Agreements—specifically in planning associated with the Socio-economic Agreements and the Agrarian Situation—to establish a multilevel process from the bottom up. The national political context and influence of international dynamics related to the contradictions in the development management model; neoliberal policies; international agreements and commitments in the field of human rights; and the incipient construction of a democratic and political system in the country, were factors in the process of reducing the state and development planning. Sector planning units also disappeared and this survived as an exercise linked to operational and budget aspects, postponing strategic dimensions. The conversion of the Secretariat of the National Economic Planning Council into the Secretariat for Planning and Programming of the Presidency (SEGEPLAN) here is noteworthy.

In 2000, with the change of government and the orientations or tendencies of international organizations, the country's need to explicitly address structural issues and have instruments that guide national development has resulted in the Poverty Reduction Strategy called “The Road of the Peace” (SEGEPLAN, 2001). It provided preferential attention to rural areas, strengthened public management, promoted decentralization, and increased citizen participation.

An important aspect of this strategy was the consideration of a wide range of aspects related to national development, among which we can mention economic growth with equity, macroeconomic stability, increased public investment, the favorable climate for private investment, investment in human capital, food security, education, health, investment in physical capital, potable water and basic sanitation, rural roads, rural electrification, agricultural development, multi- and inter-culturalism, gender equality, and reducing vulnerability to natural disasters.

However, most of the raised issues were not implemented as scheduled in practice because of political and institutional conditions that impeded the timely allocation of resources. Another affective factor was the lack of evaluation mechanisms and instruments that allowed the rethinking of investment proposals in sectors responsible for the Strategy's implementation. The corresponding change of government can be added to all this.

Despite this, the elaboration of the Strategy laid the groundwork for the formulation of regional, departmental, and municipal strategies for poverty reduction. From this account, poverty reduction and specific issues raised from the national level were the common denominator in planning processes within the framework of the Council of Urban and Rural Development Councils (SCDUR).

Approximately 120 municipal strategies for poverty reduction were carried out; these were designed to improve the population's quality of life, thus contributing to facilitating municipal management and guiding investments, which aimed to identify and prioritize social and cultural aspects of social and productive infrastructure, economic and environmental impacts. For this, the areas with the highest rates of poverty and extreme poverty were targeted. The principle was to eliminate extreme poverty and reduce the overall poverty.

This exercise was the beginning of the methodological homologation of the national planning at municipal, departmental, and regional levels. Traditionally, these processes were based on offers of international cooperation that are supported and guided by policies and technical cooperation guidelines that—in coordination with Guatemalan public institutions—were applied in different geographic areas of the country.

When the government administration changed, the national strategy for poverty reduction, called the Poverty Reduction Strategy, Guate Solidaria Rural (SEGEPLAN, 2006) was reconsidered. This exercise's implementation was carried out within the framework of the management of a budget support loan and the support of a technical cooperation agency.

This Poverty Reduction Strategy exercise was compatible with the achievement of the Millennium Development Goals (MDGs) given the areas in which it intervened: primary education, preventive health, malnutrition, and access to basic services among others. However, the Strategy again lost continuity when the government changed.

2.3. Scheme of the National Plan

The third part is the heart or nodular part of the Plan and is made up of six chapters (from ten to fifteen). Chapters ten, eleven, twelve, thirteen and fourteen correspond to each of the Plan's five axes, with national development priorities developed from the perspective that places people as the center, motor, and reason for development. Chapter fifteen refers to the K'atun Plan's Follow-up and Evaluation.

Each axis of the Plan exposes the situation's diagnosis that supports and justifies them, along with the statements and ideas collected from citizen dialogues. This also includes goals, results, and guidelines. The Plan's five axes are as follows:

- Urban and Rural Guatemala
- Welfare for People
- Wealth for All
- Natural Resources Today and for the Future
- The State as Guarantor of Human Rights and Driver of Development

2.3.1. Urban and Rural Guatemala

Chapter ten presents the axis of Urban and Rural Guatemala as the platform on which it is feasible to develop the Plan's other priorities; it is structured on the basis of the interdependence of rural and urban systems as a mechanism to reduce inequalities and asymmetries between territories. This interdependence is focused on dynamics that establish people in social, cultural, economic, political, and environmental levels.

This axis has a territorial management model as a national development priority that articulates, in socio-cultural, economic, political, and environmental terms, public action, sustainability in rural areas, and the national urban system. The approach is balanced and orderly as a spatial basis for the development of K'atun's priorities.

The axes have four priorities: sustainable rural development, sustainable urban development, strengthening local governments as main managers of territorial

development, and the capacity to generate resilience in different social, institutional, political, and economic areas of the territory, from different levels.

2.3.2. Welfare for People

Chapter eleven addresses the Welfare for People axis; strategies and actions to guarantee people access to universal social protection is prioritized here. This includes comprehensive quality services in health and education; basic services; safe habitability; access to food; and resilience capacity to ensure livelihood sustainability. All work is done through non-standardized public policy interventions that recognize inequality gaps and ethnic cultural specificities.

This axis places the reduction of social inequality at the center of its priorities. Its focus is on excluded and vulnerable populations such as children, youths, women, and indigenous peoples, particularly those that live in rural areas. The selected strategy is the search for equity, and is a guiding approach to the actions of K'atun as a whole.

2.3.3. Wealth for All

Chapter Twelve, Wealth for All, defines as a national development priority the establishment of conditions that stimulate current and potentially productive economic activities. The idea is to generate access to sources of employment and decent self-employment and income to meet the needs of individuals and families, improve competitiveness mechanisms that reduce poverty and inequality, increase resilience, and incorporate more population groups in economic dynamics and the fruits of development.

Considering the marked gaps in the economic sphere, the country's key challenge is to achieve higher rates of growth by reorienting the emphasis on quantity towards quality. Efforts must be accompanied by the generation of decent and quality jobs that will allow a substantive reduction in poverty and inequality; that is, greater social inclusion, particularly of indigenous peoples, rural areas, women, and youths. A prerequisite for ensuring these assumptions is that the benefits of growth should not continue to accumulate disproportionately in a given social group.

2.3.4. Natural Resources Today and for the Future

The fourth axis of the Plan's development is Natural Resources Today and for the Future (detailed in Chapter thirteen). It argues that sustainable development cannot be conceived without the adequate management of the environment and natural resources. You cannot have strong economies, sustainable societies, and healthy

people in a country where the environment and natural resources are not respected or protected.

This axis exposes the need to protect and enhance natural resources in balance with social, cultural, economic, and territorial development, enabling the meeting of current and future demands of the population in conditions of sustainability and resilience, particularly in view of the impact of the phenomena that the nature presents.

2.3.5. The State as Guarantor of Human Rights and Driver of Development

The state's profound transformation is an essential condition for the Plan's development and implementation.

This axis proposes that the human rights approach should be transversal to public policies to guarantee; thus, the enjoyment of individual freedoms and economic, social, and cultural rights. These rights must be guaranteed by the state in a comprehensive manner, allowing people a minimum level of access to social guarantees that allow them a quality of life that translates into respect for human dignity.

It requires a strong modern state with regulatory and developmental functions that can create opportunities and conditions for the people's better quality of life. A democratic, representative, and legitimate state that promotes citizen participation and the decentralization of power is a guarantor of compliance with the law and consists of capable public officials who are committed to ethics and integrity.

2.4. Characteristics of the National Plan

2.4.1. Constitutional Mandate

The National Development Plan "K'atun: Our Guatemala 2032" was formulated within the National Council of Urban and Rural Development (CONADUR), an entity that assumes, in this manner, its role in fulfilling the constitutional mandate of organizing and coordinating the public administration through the formulation of development policies, budgetary plans, and programs, and through the promotion of inter-institutional and public and private coordination.

The K'atun inaugurates the transition from a traditional model of development planning to a process-based model that harmonizes socio-cultural, economic,

territorial, environmental, and political dimensions to advance the socialization of public management.

The Plan, as a National Development Policy, is an instrument that guides and organizes public sector work at all levels with a perspective of graduality that defines priorities, goals, results, and guidelines. Meanwhile, it constitutes an opportunity for the harmonization of development actions involving civil society actors and international cooperation.

2.4.2. Participation

A fundamental element in the elaboration of this Plan is the people's contribution during citizen dialogues organized with the participation of different societal actors to collect the various ideas about and aspirations for Guatemala that were wanted in 2032.

The process of elaboration counted on the contribution of men, women, children, and young people of all departments in the country who participated as students, workers, peasants, cooperatives, micro-entrepreneurs, and in other roles. The methodology was designed to promote the reflection on the importance of thinking about the country's future and the role that citizens have to assume or lead to achieve necessary changes in the immediate environment and at the national level to overcome inequality and exclusion gaps that have been historically constructed.

2.4.3. Well-designed Logical Framework

The Plan is organized into three sections, each of which has the purpose of providing a logical and coherent path to understanding.

The first part consists of four chapters: presentation, introduction, country vision, and the methodological process. This section includes the main elements that confirm the set of statements that the people who spoke were exposed as part of the dream of possible futures for Guatemala. It presents the methodological strategy of the Plan's production and explains the process that measured between statements and ideas collected in the citizens' dialogues and the establishment of proposed priorities and guidelines.

The second part includes Chapters five–nine that address the necessary elements for understanding the historical context of planning, integral rural development, public policies, and Guatemala on the international development agenda. Priorities and challenges are defined for the next 20 years.

The K'atun states that the implementation of the National Policy for Integral Rural Development is indispensable for solving rural and agrarian problems for the benefit of the poor and the excluded.

The K'atun Plan approved by CONADUR has become the country's National Development Policy and governs the framework of public policies, thus allowing different governments to articulate with this framework and with national priorities, making their programmatic offer compatible.

It is argued that the main challenge for public policy management is its territorialization, which implies that the System of Councils of Urban and Rural Development (SCDUR) fulfills a coordinating, intermediary, and articulating function at the national, regional, departmental, municipal, and community levels. The role of public policies towards the development vision for the next twenty years consolidates, revises, and updates its current logic design and implementation to make necessary adjustments based on the logic of development contained in the K'atun Plan. There is also an account of current policies that are linked to each of axis of the Plan's development, as well as those that will need strengthening or designing.

It is proposed that the "K'atun: Our Guatemala 2032" National Development Plan will allow the country to transition from its current development model towards sustainable human development. The latter consists of a process of expanding opportunities for people and improving their human capacities within the framework of necessary freedoms so that people can live long healthy lives, have access to education, a decent standard of living, and participate in both their community and the decisions that affect their lives.

Several structural factors have given rise to the vulnerable situation in which most of the Guatemalan population lives. Together, these are priority issues to be addressed through this Plan, the ultimate goal of which is to reduce poverty and build sustainable livelihoods for the entire population.

It also develops a gradual approach that incorporates the Plan, which consists of implementing actions to resolve in the first few years, and then ensure the sustainability and expansion of these actions during the next cycle. The Plan states that all challenges and priorities require profound transformations in the Guatemalan State, ranging from constitutional reform to the institutionalization of governance mechanisms that respond to the posed challenges.

2.4.4. Challenges for Shaping the Country's Future Development Model

The National Development Plan K'atun: Our Guatemala 2032 is posed as a model of sustainable human development; that is, the process of expanding opportunities for people and improving their human capacities within the framework of the freedoms that are necessary for people to live a long, healthy life, have access to education, a decent standard of living, and participate in their community and decisions that affect their lives.

Several structural factors give rise to the situation of vulnerability for the majority of the Guatemalan population. Together, these are priority issues to be addressed through the Plan, whose ultimate goal is reducing poverty and building sustainable livelihoods for the entire population.

For this, Guatemala's future development model requires understanding the demographic notion, the characteristics and effects of poverty, and the state's structure, dynamics, and function.

2.4.5. Demographic Situation

According to the National Institute of Statistics (INE), in 2002 there were 11,237,196 inhabitants in Guatemala and, according to population projections, by the year 2013 the country had 15,438,384 inhabitants. This means that in 10 years, the population increased by about 37%. Guatemala is the country with the highest population growth in the Central American region. If this trend continues, by the year 2032 there will be 22,207,119 people.

Another dimension to consider in terms of demographic dynamics is the geographical location of the population. In this sense, it is important to note that 53% of households are located in urban areas. The departments with the highest urbanization index in the country are Guatemala (0.87) and Sacatepéquez (0.83), where respectively 87 and 83 of every 100 households are located in urban areas (INE, 2011).

One important indicator of population is the national fertility rate, which is 3.6 children per woman in Guatemala. It should be noted that rural women and indigenous women have higher fertility rates than the national average; the National Survey of Maternal and Child Health for 2008/2009 (Ensmi 2008/2009) reported that this average increases when women are less well educated.

Reducing the overall fertility rate is a central and strategic challenge based on quality of life, particularly for women. Another is the sustainability of development and the state's real responsiveness. This is linked to the balance in the population distribution and density in the territory, the availability of food, and the management of natural resources.

The migratory phenomenon is another variable of the demographic dynamics. Guatemala is a country of origin, transit, and destination for migrants. Most people who migrate do so in an undocumented manner, and so records in this regard are inadequate. According to data from the 2002 census, 49% of immigrants arriving in Guatemala are of Central American origin; the other 51% come from other nationalities.

Regarding the Guatemalan population living abroad, the International Organization for Migration estimated that it represented 11.4% of Guatemala's total population in 2010 (International Organization for Migration (IOM), 2013) (IOM, 2013: 48). These people are mainly responsible for remittances arriving in the country. According to the IOM survey for 2008, there were 1,060,191 remittance recipients in Guatemala (IOM, 2013).

Regarding family remittances, the main challenge is to create recognition, regulation, and support mechanisms so that they are primarily used for productive activities.

2.4.6. The Right to Live a Poverty-free Life as a Challenge

The reduction and/or elimination of poverty is the greatest challenge facing the country and is therefore one of the first order topics that the National Development Plan K'atun: Our Guatemala 2032 must attend.

Poverty has been conditioned by at least three elements that are important to emphasize: the first involves the context of job shortages including labor market deficiencies in reproducing precarious and subsistence conditions, which affects the rise of the series of mechanisms that people use to ensure survival conditions. These mechanisms translate into high-level informality and underemployment, as is evident in the data reported by the surveys, where it is revealed that three-quarters of employment is on an informal basis and more than one-sixth are underemployed.

Economic growth is recognized as a necessary condition for improving people's quality of life and reducing poverty; however, these goals have not been achieved for two main reasons despite the country's economic growth. The first refers to the fact that, even though fairly dynamic growth outbreaks have been observed, these

have been coupled with periods of low growth that are the most representative.

The economic policies' objectives have been focused on ensuring competitive conditions that ensure the highest profitability for businesses. This requires exacerbated macroeconomic discipline that—in most cases—has prevented or limited the implementation of active social policy that contributes to increasing social indicators and reducing poverty in a country, including greater access to services by the most vulnerable populations from a more universal approach to social policy.

The limited capacity of public institutions to maximize scarce resources and achieve development goals must be added to this. In this regard, the lacking definition of competences, coordination, and social priorities should be highlighted, which leads to isolated or conflicting actions that are difficult to strengthen.

The persistence of high-level inequality, which is visible in both the income distribution and across other dimensions of development such as access to productive assets, credit, health systems, and quality education among other manifestations that have both conditioned poverty levels and constitute factors of political and social exclusion.

The labor market is the most important mechanism to ensure an ideal framework for redistribution. A person accesses basic goods and services for their survival and development through income they receive for the work activities they develop. From this, the importance of employment in social development is derived; however, employment as has been described is generated under precarious conditions, so income obtained through this route proves insufficient and unstable to guarantee people's social welfare. The results of Encovi 2011 show that despite being linked to some economic activity, one in ten workers is still immersed in the perverse circle of extreme poverty.

This all shows the magnitude of the challenge that the country has to solve and one of the main structural problems for the majority of the population, which has been postponed and is still pending. This panorama of poverty and inequality is unacceptable in a democratic system and requires specific actions for its reduction or elimination.

2.4.7. Integral Rural Development

Integral rural development should be a priority for national development; it is necessary to improve the living conditions of the population living in rural areas and increase their resilience to ensure the development and sustainability of their livelihoods.

The rural environment is conceived as a space for integral development, with multi-occupational and family multifunctionality characteristics (agricultural and non-agricultural activities both inside and outside the communities).

In the short term, the state should design mechanisms to execute actions that allow the whole cycle of the National Policy of Integral Rural Development to operate, emphasizing the definition of the institutional rectory, the inter-institutional coordination and its territorialization, monitoring, and evaluation.

It will also be necessary to stimulate and diversify productive processes and services to support the rural economy, ensuring the sustainable development of livelihoods anchored to linkages and other processes that generate added value at the local, national, and international level with cultural and gender relevance.

The incorporation of peasants into market dynamics should be done after strengthening the capacities and conditions to better face the disadvantages of agricultural producers and markets. The ultimate aim is for these producers to become territorial political subjects who are capable of reducing intermediation and sovereignly choosing the markets in which they wish to participate.

The provision of road infrastructure (which allows access to services, facilitates connectivity between rural territories, and stimulates exchanges and communications between them and the outside world) is a first-order action that guarantees integral rural development.

All of these conditions allow the installation of mechanisms for the reduction of vulnerabilities and the development of resilience capacities among the rural population, which make it able to face and recover from the effects of natural phenomena and climate change.

2.4.8. Strategic Priorities for the Implementation of K'atun

The K'atun recognizes that the National Development Plan's priority should be addressing inequality gaps to which large population groups in the country have been subjected that have been historically built and are expressed in high social vulnerability to which women, children, youth, indigenous peoples, migrants have been exposed—particularly in rural areas. These unequal relationships have produced inequalities and extend to all spheres of people's social, political, economic, social, and cultural relationships.

The principle of equity that incorporates the K'atun recognizes that although individuals and people are diverse and different, these differences should not be a

source of discrimination or exclusion. Thus, the notion of equity—as both guiding principle and development strategy—becomes a factor in the transformation of conditions and situation of vulnerability for historically excluded groups.

As a guiding principle, cultural pertinence refers to the fact that proposals, interventions, actions, and policies take into account and value diversity, beliefs, imagery, and social practices of different peoples that make up the Guatemalan State.

Here, the K'atun incorporates the notion of gradualism in the first years that consists of solving aspects related to the great inequality, poverty, extreme poverty gaps, the challenge of addressing demographic bonuses, integral rural development, and the need for a state that can answer development requirements. Then, it is necessary to guarantee the sustainability of improvements so that they can be extended during the next cycle.

These challenges will require profound transformations of the Guatemalan State. The Executive Branch, based on the overall results of development and through a participatory and integral process, must design and propose a constitutional reform that gives rise to institutionality and mechanisms of governance that respond to the challenges posed.

This will require a new institutional design from the legislative and judicial bodies and the design and implementation of mechanisms for coordination and linkage with the Executive Branch.

The state as a whole will organize itself to guarantee respect for diversity and the right to citizen participation, particularly for women, youths, and indigenous peoples in the economic, political, social, and cultural spheres at the local, regional, and national levels. Thus, in the near future, the citizenship will be the holder of the public power for decisions.

CONADUR will implement an inter-institutional coordination process to design, together with other state agencies and control bodies, a mechanism for the harmonization of priorities, functions, and actions with a view to responding to the needs of national development.

The state will guarantee a citizen culture of peace and human rights and implement pedagogical mechanisms that allow the transformation of collective imaginaries related to violence and authoritarianism. Efforts will be made to design and implement pedagogical mechanisms that promote a culture of legality, peace, citizen participation, and human rights.

The K'atun collects debts for the fulfillment of the Millennium Development Goals (MDGs), the Peace Accords, and other international human rights commitments. It draws up a new road map that addresses integral development and incorporates social, economic, and environmental dynamics. In addition, it considers the implementation of actions aimed at strengthening the rule of law and the public institutions of the country, key elements for the definition of a new development agenda.

2.5. Process of Making National Plan

2.5.1. Governance Structure

2.5.1.1. CONADUR

CONADUR belongs to the National System of Development Councils of Guatemala, which is constitutional. This entity brings together several representatives of different sectors of the population and the Regional Development Councils, where the participation of the general population is represented both socially and economically.

CONADUR is constitutionally responsible for the competence and responsibility of formulating the Urban and Rural Development policies in accordance with Article 225 of the Constitution of the Republic of Guatemala. This Council is the expression of the apex of the pyramid of a system that seeks to establish itself as a permanent instrument of participation and representation of the Mayan, Xinka, and Garífuna peoples and of the non-indigenous population, as well as the various sectors that constitute the Guatemalan population, without exclusion or discrimination according to the considerations expressed in its Constitutive Law, Legislative Decree 11-2002. The purpose of the Executive is to promote the effective operation of the system as a whole. Public policy activity is related not only to its content, but also to its formulation and implementation process. The participatory democracy that begins with the electoral mandate, which is important for citizenship, should be strengthened by promoting the representative dimension of democracy, for which Development Councils play a fundamental role.

CONADUR is integrated as follows:

- The President of the Republic, who coordinates it.
- A Mayor representing the Municipal Corporations of each of the regions.
- The Minister of Public Finance and the Ministers of State appointed by the President of the Republic.
- The Secretary of Planning and Programming of the Presidency, who acts as secretary.

- The Executive Coordination Secretary of the Presidency.
- The Coordinators of the Regional Councils of Urban and Rural Development.
- Four representatives of the Maya, one of the Xinca and one of the Garífuna.
- A representative of cooperative organizations.
- A representative of the associations of the micro, small, and medium enterprises of the sectors of manufacturing and services.
- Two representatives of peasant organizations.
- A representative of agricultural, commercial, financial, and industrial associations.
- A representative of workers' organizations.
- A representative of Guatemalan non-governmental development organizations.
- Two representatives of women's organizations.
- A representative of the Presidential Secretariat for Women.
- A representative of the University of San Carlos of Guatemala.
- A representative of the country's private universities.

Their functions are:

- To formulate urban and rural development policies and territorial ordering.
- To systematically promote both the decentralization of public administration and interinstitutional coordination.
- To promote, facilitate, and support the functioning of the System of Development Councils, especially the Regional Councils for Urban and Rural Development, and ensure the fulfillment of their tasks.
- To promote and facilitate the organization and effective participation of the population and its organizations in the prioritization of needs, problems, and their solutions for the integral development of the Nation.
- To formulate national development policies, plans, programs, and projects, taking into account regional and departmental development plans, and send them to the Executive Body for incorporation into the National Development Policy.
- To monitor the implementation of national development policies, plans, programs, and projects; verify and evaluate their compliance; and, when appropriate, propose corrective measures to the Presidency of the Executive Body or to the responsible entities.
- To know the maximum amounts of pre-investment and public investment by region and department for the following fiscal year from the project of the general budget of the state and propose to the Presidency of the Republic recommendations or changes based on the available funds, needs, and economic and social problems prioritized by the Regional and Departmental Councils of Urban and Rural Development and the policies, plans, programs, and development projects in force in accordance with the National System of

Public Investment.

- To propose to the Presidency of the Republic the distribution of the maximum amount of pre-investment and public investment resources from the draft general budget of the state for the following fiscal year between regions and departments based on the proposals of the Regional Councils for Urban and Rural Development and Departmental Development Councils.
- To know about and inform the Regional Councils of Urban and Rural Development regarding the budgetary execution of pre-investment and public investment of the previous fiscal year financed with resources from the general budget of the state.
- To contribute to the definition and monitoring of fiscal policy within the framework of its development policy formulation mandate.
- To report to the corresponding national authorities the performance of public officials with sectoral responsibility in the Nation.
- To promote policies at the national level that promote the active and effective participation of women in decision-making at the national, regional, departmental, municipal, and community levels, as well as promote community awareness of gender equity and identity and the rights of indigenous peoples.

2.5.1.2. National Development Council System

The System of Development Councils (SISCODE) is the main means of participation for the population of Guatemala in public management – with particular emphasis on Mayan, Xinka, and Garífuna populations – for carrying out the process of democratic development planning taking into account the principles of national, multiethnic, pluricultural, and multilingual unity of the Guatemalan nation.

The National Development Council System consists of levels in the following form:

- National with CONADUR.
- Regional with the Regional Councils of Urban and Rural Development.
- Departmental with the Departmental Development Councils.
- Municipal with the Municipal Development Councils.
- Community with the Community Development Councils.

The general principles of the National System of Development Councils are:

- Respect for the cultures of the peoples who live in Guatemala.
- The promotion of harmony in intercultural relations.
- The optimization of efficiency at all levels of public administration.
- Constant attention given to assigning to each of the levels of public administration the functions that, by their complexity and characteristics,

can perform better than any other level. The promotion of processes of participatory democracy, in conditions of equity and equal opportunities for the Mayan, Xinca, and Garífuna peoples and the non-indigenous population, without any discrimination.

- The conservation and maintenance of environmental balance and human development based on the worldviews of the Mayan, Xinca, and Garífuna peoples and the non-indigenous population.
- Gender equity (understood as non-discrimination against women and the effective participation of both men and women).

The aims of the Development Council System are to organize and coordinate public administration through the formulation of development policies, plans, and budget programs and the promotion of public and private inter-institutional coordination.

2.5.1.3. SEGEPLAN

The Secretariat of Planning and Programming of the Presidency (SEGEPLAN) is the planning body of the state and was established as an institution to support the attributions of the Presidency of the Republic. It was previously called the General Secretary of the National Economic Planning Council, but was established as a Secretariat under the Presidency of the Republic by Decree. No. 114-97 of the Congress of Guatemala, Law of the Executive on December 12, 1997.

It has the following functions:

- a) To contribute to the formulation of the general policy of the government and to evaluate its execution.
- b) To design, coordinate, monitor, and evaluate the National System of Public Investment Projects and the National System of Financing to pre-investment.
- c) To integrate and harmonize the draft sectoral plans received from the ministries and other state entities with the preliminary proposals sent by the regional and departmental development councils.
- d) To prepare, together with the Ministry of Public Finance, the most appropriate procedures to achieve the coordination and harmonization of the annual and multi-year plans and projects of the public sector with the corresponding annual and multi-annual budgets.
- e) To prepare, in accordance with the general policy of the government and in consultation with the other Ministries of State, the preliminary draft annual and multi-annual investment budget jointly with the Ministry of Public Finance.
- f) To monitor the execution of the investment budget and inform the President of the Republic, individually or in the Council of Ministers, about the results achieved and propose any corrections deemed necessary.

- g) To formulate, for the knowledge and approval of the President of the Republic and in consultation with the Ministries of State, the corresponding state entities and other public-sector agencies, the policies and programs of international cooperation; to prioritize, manage, negotiate, administer, and contract, by delegation of the competent authority, the non-reimbursable financial cooperation from international organizations and foreign governments that is granted to it for the realization of projects of common interest; and to coordinate its execution.
- h) To coordinate the process of planning and programming public investment at the sectoral, public, and territorial levels.
- i) To formulate, for the knowledge and approval of the President, the pre-investment policy and promote the creation of financial mechanisms with a decentralizing function for this purpose.
- j) To create and manage the scholarship bank offered by the international community.
- k) To carry out the tasks entrusted to it by the President and Vice President.
- l) To prepare and propose to the President of the Republic, for its approval, the draft internal regulations of the Secretariat under its responsibility, in which the structure, organization, and responsibilities of its dependencies must be established in accordance with this law.
- m) To carry out the functions and attributions that the Political Constitution of the Republic attributes to the State Planning Body and those assigned to the same or to the General Secretariat of the National Economic Planning Council.

2.5.1.4. Ministry of Public Finance

This Ministry is paramount to planning the country's development and, in the case of the "K'atun Plan, Our Guatemala 2032." For the planning, the participation of the MoPF organizes the essential part, since it is the governing body of the country's finances. These are based on the policies designed by SEGEPLAN for development, poverty alleviation, and wealth creation for all people seeking a qualitative change to the standard of living of the population and resource allocation based on the General Income and Expenditure Budget of the Nation.

It plays a definitive role in the implementation and realization of the policies that are part of the National Development Plan.

Functions of the MoPF:

- Formulating the short-, medium-, and long-term fiscal and financial policy in accordance with the government's economic and social policy.
- Proposing to the Executive Body the Budgetary Policy and the norms for its execution.

- Directing, coordinating, and consolidating the project of the General Budget of Revenues and Expenditures of the State.
- Proposing to the Superintendence of Tax Administration (SAT) rules to decentralize tax collection.
- Coordinating with the SAT for the programming of revenues derived from tax collection.
- Transferring the resources allocated in the budget to state agencies and entities.
- Evaluating the budgetary execution of the state every four months and proposing to the Presidency of the Republic corrective measures that are necessary within the scope of its competence.
- Defining the policy for selecting social investment projects and programs, which will be carried out with its own funds, loans, and external cooperation.
- Establishing operating rules and procedures related to the state procurement system in accordance with the law.

It is important to know the Strategic Institutional Plan 2016–2020 of the Ministry of Public Finance, because in this way it is possible to measure the possibilities of compliance with the National Development Plan:

General Objective:

Consolidate a state with strong, sustainable public finance with a capacity for social, economic, urban, and rural investment so that the rest of the public apparatus and inclusive economic growth will allow a successful reduction of poverty.

Strategic Objective:

Rescue the public finances, the functionality of the state, and the public confidence in the good use of resources.

Operational Objectives:

- 1.1 Organize the state's public finances.
- 1.2 Processes for the implementation of the Law on State Contracting

Strategic Objective 2:

Strengthen Public Finance in a sustainable way with capacity for social, economic, urban, and rural investment.

Operational Objectives:

- 2.1 Quality of Public Spending
- 2.2 Strengthening Fiscal Policy

Strategic Objective 3:

Lead an agenda to accelerate inclusive economic growth.

Operational Objectives:

3.1 Accelerate inclusive economic growth.

3.2 Support the strategic axes of the government.

Strategic Objective

Manage a system of Fiscal Transparency to implement principles and practices of open government and the management of fiscal risks.

Operational

4.1 Implementation of principles and practices of open government and fiscal risk management

4.2 Fiscal Transparency Portal

It is worth mentioning that each of the Ministries of State participates in both the formulation and implementation of the National Development Plan, K'atun, Our Guatemala 2032, and in what corresponds to each one according to what is established by the Law of the Executive Branch.

2.5.2. Characteristics of Process

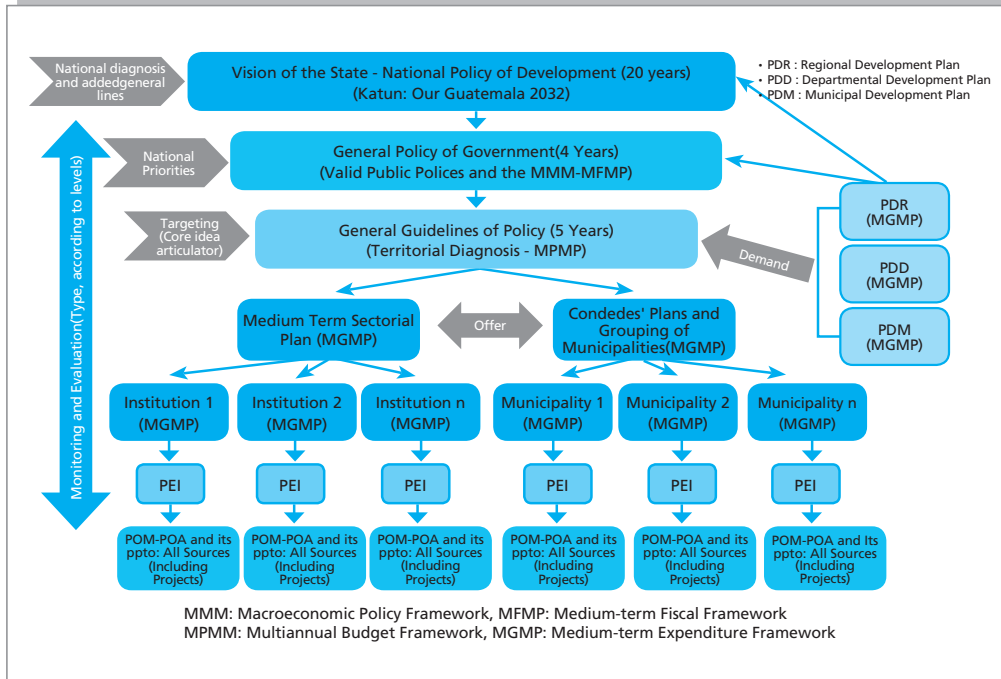
2.5.2.1. Bottom-up and Decentralization

Many players participate to make the national plan. Each region makes its own plan, and each ministry makes its own plan. SEGEPLAN tries to coordinate and monitor the plans, but to fail.



Source: Compiled by authors based on internal data from SEGEPLAN.

[Figure 1-3] Scheme of National Plans



Source: Compiled by authors based on internal data from SEGEPLAN.

2.5.2.2. Well-organized Process

The 20-year plan, 4-year plan, and 5-year plan are established by each governmental organization, and the results are monitored by SEGEPLAN

2.6. Performance Assessment of National Plan

2.6.1. Achievements

The monitoring and evaluation of the National Development Plan are the responsibility of the National Council for Urban and Rural Development (CONADUR), as established in article 6, literal f, of the Urban and Rural Development Councils Act, which states that this Council should "[...] follow up on the implementation of national development policies, plans, programs and projects; verify and evaluate their compliance and, when appropriate, propose corrective measures to the Presidency of the Executive Body or to the responsible entities".

The National Planning System (SNP) is a means to contribute to territorializing public policies, guiding sectoral and institutional action, and promoting the linking of planning with the budget. It must be complemented with a National Monitoring

and Evaluation System to be an instrument that allows the correct direction to be established, progress to be measured, and the course of national development to be adapted.

The plan, as a National Development Policy, defines the main guidelines based on the current legal, political, and institutional framework. The monitoring and evaluation of the K'atun starts from the dynamic notion of development, the efforts to achieve it, and the opportunity and versatility to rethink or resize the goals and results proposed.

The monitoring and evaluation exercise considers a permanent updating approach to be necessary, as is the approval of the plan by the Conadur, every five years. Additionally, when the plan is in force, sectoral or thematic laws and policies will arise that, in turn, must be articulated.

Each institution must carry out a detailed analysis that links the actions of its competence with the fields of action and results defined by the National Development Plan.

In an ideal scenario in which the plan is executed, it is necessary to create a set of specific programs and subprograms that allow their levels to be differentiated. This includes institutional strengthening (management of the plan); institutional results in the framework of the plan (production of services); efficiency (relationship between financial resources allocated and productivity); and impact (modification of the environment on a target date, starting from the definition of an initial moment as a baseline).

The institutional empowerment of this value chain is the best means to ensure that the plan becomes operational institutionally and to monitor and evaluate its progress and compliance.

Within the framework of the K'atun, the evaluation is a periodic process that will be held annually at the central government level, as established in the Organic Budget Law (Congress of the Republic, 1997), which states that "The Organism Executive, through its specialized agencies, will perform an annual evaluation of compliance with national plans and policies and the overall development of the country."

The Conadur assesses the general capacity of the State to address the provisions of the plan. This task, due to its magnitude, will be carried out in a five-year manner and will have the objective of analyzing to what extent the results have been achieved in the corresponding period and identifying the effects of the interventions

planned in the transformation of people's living conditions.

For monitoring and evaluating policies, the framework of the plan must have the following elements at minimum: 1) Relevance of the policy objectives with the National Development Plan, as a National Development Policy; 2) Policy goals harmonized with the goals of the National Development Plan; 3) A time frame in which the goals must be achieved. This means that annually, and as of 2014, the analysis and harmonization of goals, responsibilities, resources and temporality of the policies must be carried out according to the goals of the plan.

Design of the mechanisms for evaluating the results of each policy; the programming tools of interventions (whether projects, programs or policies) must be, in themselves, monitoring and evaluation tools.

2.6.2. Current Issues to Link the Plan to the Budget in Guatemala

SEGEPLAN basically has the character of an institution that provides technical advice and support to public institutions in relation to national planning. During this process, it has a responsibility to interconnect, monitor, and evaluate public policy, planning, and budgetary decision-making processes.

In reality, even though SEGEPLAN belongs to the Presidential Office, it is faced with lack of professional information and a lack of authority. The establishment of national plans has very sophisticated procedures, but lacks the function of coordinating and does not have a guaranteed ability to link them to the budget. The issues related to the Guatemalan national plan are summarized as follows.

2.6.2.1. Weakening Leadership of Central Government

During the process of democratization after the end of the civil war, the powers of the National Assembly are strengthened, which weakens the authority of the government. In the absence of the development of citizens' control over parliament, pork barrel politics, the process of parliamentary apportionment of resources, is developing. This makes it difficult to implement consistent policy implementation by the government.

SEGEPLAN needs to make efforts to persuade the National Assembly, but there is a limit. In order to secure political power, it is necessary to secure external political power through external expert participation or citizens' participation.

2.6.2.2. Limited Role of SEGEPLAN in Making a Strategic Development Plan

There are no strategically determined projects that SEGEPLAN by itself intends to pursue. Each ministry and local government makes its own plans. In this regard, SEGEPLAN performs the function of advice and policy recommendation, but lacks the momentum for a strategically selected specific area.

For example, Guatemala is trying to eradicate severe poverty. This policy can be fulfilled through the national productivity of the economy in the long run, not through cash transfers. In this sense, SEGEPLAN needs to strengthen its focus on strategic areas while also functioning as a consultant for each ministry.

Guatemala tried to develop its textile industry in the 1980s and 1990s, and the petrochemical and paper industry for the future, but failed. Now, no relevant attempts seem to have been made to secure the future of any specific industry. The Guatemalan economy heavily depends on the inflow of the money from the United States. For this purpose, it may be possible to form IT clusters. Alternatively, automotive parts factories may be developed in conjunction with the automotive factories in Monterey, Mexico. This would also be a way to develop the logistics industry through railway construction across the East and the West.

For strategic industrial development, it is necessary for SEGEPLAN to make active efforts. It is imperative that SEGEPLAN establishes strategic economic plans and strengthens the monitoring of its enforcement.

2.6.2.3. Limited Power over Budgetary Coordination by SEGEPLAN

With regards to budgetary proposal and final decision-making, SEGEPLAN lacks coordination and the ability to consult and adjust the plans developed by the ministries and regions in the aftermath due to the lack of means of policy coordination. Even though there is technically a meeting with MoPF, little power is given to MoPF.

In order to overcome this, it is necessary to grant some budgeting rights to SEGEPLAN. For example, it is also possible to set up a special account to allocate resources and support a particular industry sector or regional development plan. Having the right to allocate a specific strategic part of the overall budget can be a way to pursue a plan from a long-term perspective.

2.6.2.4. Unstable Bureaucracy and Inconsistent Implementation

At present, the Guatemalan bureaucracy needs to be strengthened in the meaning of professionalism in order to secure the momentum of the government's plan. In order to do this, it is necessary for public officers to be recruited on merit and carry out their work with pride. The establishment of a stable and professional bureaucracy is the most important task in Guatemala and requires a sufficient salary and stable pension in the long run.

In order to create such a link, first of all, the trust of the people should be secured. Nowadays, there is a vicious cycle in which public servants' remuneration is low due to the citizens' distrust and professionals are avoiding public office, resulting in the low performance of the public office and the distrust of the citizens.

In order to overcome this, the government should set a good momentum for a good performance. Through this, a turning point is necessary to restore the trust of the people and create a virtuous cycle in which talented people are recruited.

- Vicious Cycle: distrust by citizens → low salary → avoidance of talented human resources → low performance → distrust by citizens
- Virtuous Cycle : high performance → trust by citizens → recruitment of talented human resources → high performance → trust by citizens

2.6.2.5. Lack of Attention and Participation by Citizens

Since the illiteracy and poverty rate are high, the people are not interested in the national plan that the government has published and pursued. In particular, there is a limit in that the people who are taxpayers have strong opposition to the government due to the corruption of political circles, so the government cannot create the momentum to lead the whole country.

Socio-cultural destruction is the most serious problem due to the 35-year civil war. Efforts should be made to encourage public interest and participation in the future.

In this sense, to strengthen the authority of the SEGEPLAN, it may be necessary to secure the support of the citizens rather than within the political process and bureaucratic politics. This will be a starting point for SEGEPLAN to use to strengthen its role in making the plan public and making the process and results transparent to the citizens.

2.6.2.6. Low Budget Execution Rate

There are occasions when a budget is not implemented even though a concrete plan is prepared and the budget is allocated. In particular, as of October, the enforcement rate for 2017 has not exceeded 50%. As a result, people's distrust is increasing.

The chronic problem is that the plan and budget are not specific and clear, so civil servants have difficulty understanding and carrying out the indefinite budgetary document.

Recently, there have been other reasons for the legal revision from arbitrary contracts to open bidding contracts. Some civil servants are unable to conduct their legal business in fear of criticism of corruption. As democracy is strengthened, the president was arrested as corrupt and impeached. As such, public officers are reluctant to actively do their job.

In order to monitor budget execution, it is necessary to consider the introduction of program-based classification to give some room to the public officers.

2.6.2.7. Weak Enforcement Monitoring and Feedback

SEGEPLAN monitors the plan's implementation and process, but lacks enforcement capabilities. SEGEPLAN just reports to the National Assembly and has no power or resources to enforce the implementation.

In this sense, it is necessary to grant SEGEPLAN some authority to allocate budgets. For example, a special account can be established to carry out its own specific plans.

In particular, it is necessary to establish an IT-based enforcement monitoring system and to control its implementation in real time.

2.6.3. Future Tasks

Guatemala will work to achieve the results of the National Plan by making important efforts to approve and strengthen the implementation of public policies related to comprehensive planning and the population's welfare.

The challenge is for public institutions to incorporate a differentiated approach to reach a position to carry out a review, harmonization, articulation, and/or definition process within the framework of the K'atun National Development Plan: Our Guatemala 2032.

This entails the systematic evaluation and updating of public policies while basing these processes on evidence to support their changes and structural and specific transformations. Based on this, the government will determine the modification, extinction, or continuity of the policies. The implementation of policies is equally important, the cycle of this process must observe quality parameters to function as an iterative process and produce development results.

Citizen participation is a challenge to achieve the sustainability and legitimacy of public policies within the framework of the K'atun and within the SCDUR. Civil society plays a fundamental role in both the discussion of policy interests and in their design, execution, and evaluation.

The National Development Plan: K'atun, Our Guatemala 2032 proposes sustainable human development as a model; that is, the process of expanding opportunities for people and improving their human capacities within the framework of the necessary freedoms so that people can live long, healthy lives with access to education, a decent standard of living, and participation in their communities and the decisions that affect their lives.

Several structural factors give rise to the situation of vulnerability among the majority of the Guatemalan population. Together, they are priority aspects to be addressed through the Plan, whose ultimate goal is the reduction of poverty and the construction of sustainable livelihoods for the whole population.

For this, Guatemala's future development model requires understanding the demographic notion, the characteristics and effects of poverty, and the State's structure, dynamics, and function.

3. Korean Experiences with Policy Issues

3.1. Experience of National Economic Development

Korean society suffered from a severe civil war in 1950–1953 after which Korea was described as an abandoned country with a forgotten history.

However, President Park JungHee (regime period: 1963–1979) who took the presidency by military coup started the five-year economic plans in 1962. With the successful implementation of the five-year economic plan, Korea could survive poverty and achieve amazing stories.

〈Table 1-2〉 Average Annual Growth Rate of Korea's Five-year Plans (1st-7th)

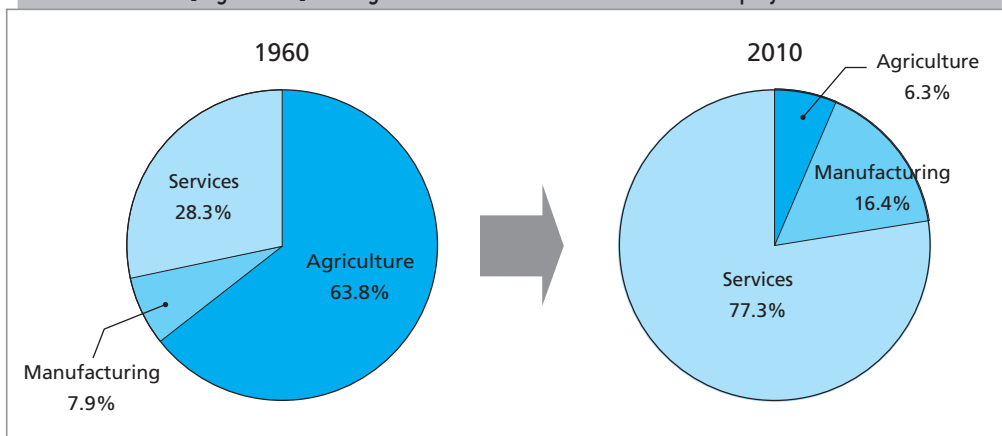
Economic Development Plan	Period	Target Rate	Actual Rate
1	1962~1966	7.1%	8.5%
2	1967~1971	7.0%	10.5%
3	1972~1976	8.6%	11.0%
4	1977~1981	9.2%	7.1%
5	1982~1986	7.6%	10.3%
6	1987~1991	7.5%	10.0%
7	1992~1996	6.9%	7.4%

Source: Park, Lee and Lee (2016).

Their outstanding results were possible due to the export-driven strategy and Heavy Chemical Industry. Even though Korea was an agricultural society in the 1960s, President Park Jung Hee strategically chose strategies and led initiatives.

During the period of rapid economic growth, Korea changed from an agricultural society to an industrialized one. In terms of employment share, the largest share, which was in agriculture (63.8%) in the 1960s had changed to services (77.3%) in the 1990s.

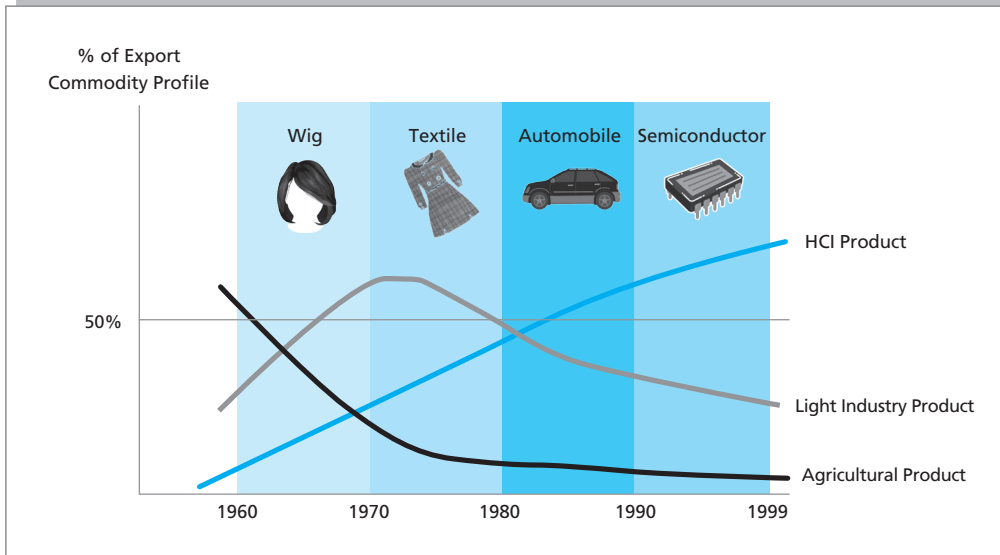
[Figure 1-4] Changes in Industrial Share in terms of Employment



Source: Park, Lee and Lee (2016).

The changes in the export commodity profile show dramatic success stories. The components have changed from wigs and textiles to automobiles and semiconductors, which implies industrial changes from labor-intensive to capital- and technology-intensive industries.

[Figure 1-5] Changes of Export Commodity Profile



Source: Park, Lee and Lee (2016).

3.2. Characteristics of 5 Year Economic Plans

The first Five-year Economic Development Plan was established in 1962. By 1996, the seventh Five-year Economic Development Plan had been set up to provide a blueprint for Korea's economic development. The plan presented specific economic growth rates and suggested strategic industrial development strategies. In particular, the heavy-chemical industry development and export-led growth strategies presented in the third Five-year Economic Development Plan provided an opportunity to change the Korean economy's whole constitution. Such plans led by government were necessary before the market system had matured.

However, as market system matured after the 1990s, the comprehensive and physical national plan was considered no longer effective. In particular, a new strategy was put forward when the Korean economy suffered from an economic crisis in 1997. As the Five-year plan for economic development was no longer organized, a new national financial management plan was introduced called the National Fiscal Management Plan, which had the characteristics of the Medium-term Expenditure Framework.

3.3. Governance Structure

The Economic Planning Board played an important role in the formulation and implementation of these economic development strategies during 1960s and

〈Table 1-3〉 National Plan Fiscal Policy Stance

Years	Key Economic Policy	Fiscal Stance
60's-70's	- Supporting Heavy Industry & Export-led Industrialization	- Increasing the Size of Public Expenditure to Support Fiscal Investment
80's	- Market-led Economic Growth - Implementing Trade-liberalization Policies	- Focusing on Fiscal Soundness
90's	- Enhancing National Competitiveness - Reforming the Economic System	- Increasing Public Expenditure in Accordance with Greater Demand for Welfare Spending and Growth Potential
00's	- Dealing with Economic Difficulties - Preparing for Aging Society & the Future	- Expending National Expenditure - Maintaining Budget Soundness

Source: Author.

1970s. The EPB was granted the status of deputy prime minister to coordinate other ministries. In particular, both planning and budgeting functions were given to the EPB to ensure that the plan could be easily linked to the budget.

In 2004, the EPB was changed to Ministry of Economy and Finance, which emphasized strategies rather than plans. However, the status of deputy prime minister and the concurrent role of planning and budgeting were still guaranteed.

Of course, the coordinating power could be derived from the presidential trust to the ministry. The president himself organized cabinet meetings and monitored the economic development situation in detail. For example, for the export drive promotion strategy, the president organized the Extended Meeting for Export Promotion and presided over it. This was able to draw the attention of all ministries and Korea Trade-Investment Promotion Agency (KOTRA) and Export Import Bank of Korea (KEXIM) were important for supporting the strategy. The role of KOTRA was to provide foreign nations with information, while KEXIM lent public money to trading companies at a low interest rate. Such public enterprises were important instruments to support economic growth.

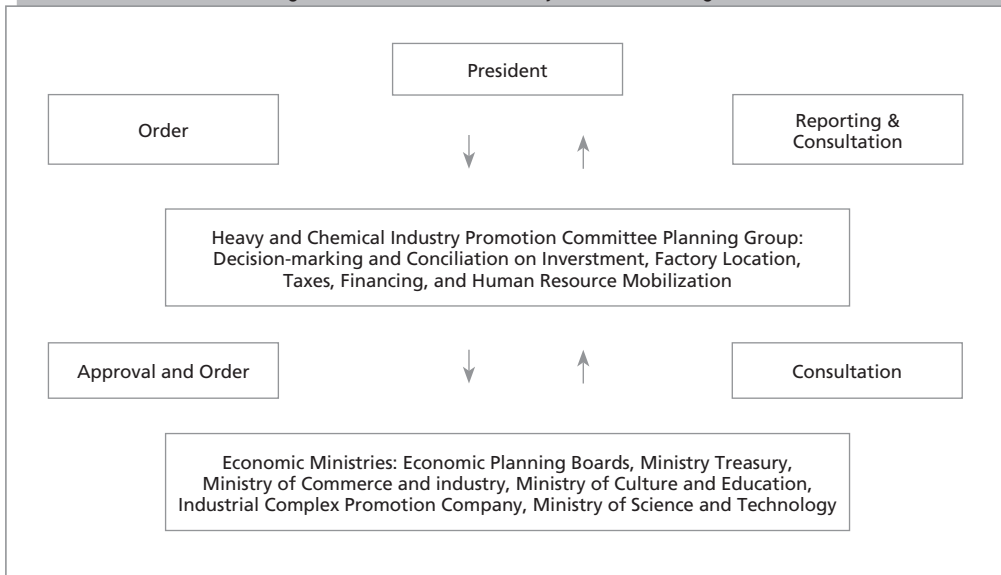
[Figure 1-6] Export Drive Promotion System



Source: Author.

The HCI strategy also shows strong governance for the economic growth. Especially tax exemption for industrial site building and financial support with low interest rate were mobilized. The National Investment Fund was established for financial support. This type of special fund was an important policy instrument that boosted the market system. It did not need to be approved by the National Assembly until the 1990s. However, after democratization was strengthened in the 1990s, all special funds should be approved by the National Assembly. This was a strong instrument to support governmental policy preferences.

[Figure 1-7] Administrative System for Driving HCI



Source: Author.

3.4. The Characteristics of Bureaucracy

Korean bureaucracy was introduced as performance-based and job-based civil service since the country's founding. In the merit system, public officials should be selected through strict and objective tests without being entrusted to political processes. In addition, the professional civil servant system with a guaranteed retirement age was introduced to guarantee the professionalism and stability of public societies; this introduced a device to protect the bureaucracy from political influence.

After the 1990s, as civil society developed and there were many experts in the private sector, the Korean government introduced a contract civil servants system for a specific period; this could be a new device for renovating the bureaucratic culture.

3.5. Political Support

Above all, this bureaucratic effort had the president's strong political support. Therefore, the national economic development plan secured the process of participation for the entire national economy with the interest of the whole population. It was possible that the political regime was under bureaucratic authoritarianism.

However, as the democracy was strengthened after the 1990s, centralized political power was no longer effective. Public participation was been emphasized instead of personal leadership. Therefore, political support could have arisen from civil participation through transparency.

3.6. Professional Support

In support of professionalism, KDI was established in 1971 as a national research institute to design institutional devices that would guarantee the professionalism of public officials. It was very important to support the bureaucracy to develop professional policy instruments.

In 1992, the Korea Institute of Public Finance was established to support professional advice in the field of tax and public finance management.

4. Comparative Analysis

With regard to the Korean case, the situation during the 1970s and 2000s are quite different from one another. In the 1970s, rapid economic growth was carried

out by a government-led strategy under an authoritarian regime. In the 2000s after the market system matured, the role of government was limited and citizen participation was emphasized.

〈Table 1-4〉 Characteristics of the Korean Cases

	Korean Case in the 1970s		Korean Case in the 2000s	
Name of the Plan	1962–1981	Five-year Economic Plan	2004	Medium-Term Expenditure Framework
	1982–1996	Five-year Economic and Social Plan		
Characteristics of the Plan	<ol style="list-style-type: none"> 1. Strategically and Specifically Determined Area 2. Focused Policy Instruments: Budgetary Allocation, Low-interest-Rate Loans for Public Enterprises 3. Practical and Indicative Plans 		<ol style="list-style-type: none"> 1. Rolling Plan 2. Financial Forecasts 3. No strategically Determined Area 4. Mature Market System 5. Limited Role of Government 	
Status and Function of the Ministry	1962–2000s	Economy Planning Board	2000s	Ministry of Economy and Finance
	Deputy Prime Minister		Deputy Prime Minister	
	<ol style="list-style-type: none"> 1. Planning and Budgeting Function Belong to the Same Ministry 2. Economic Policy Coordination Role 		<ol style="list-style-type: none"> 1. Planning and Budgeting Functions Belong to the Same Ministry 2. Economic Policy Coordination Role 	
Political Support	<ol style="list-style-type: none"> 1. Presidential Concern and Presidential Support 2. Nationwide Cooperation with the Private Sector 3. Think Tank: Korea Development Institute 		<ol style="list-style-type: none"> 1. Civil Society Participation 2. Transparency 3. All Budgetary Information is Made Public to Citizens 4. Think Tank: Korea Development Institute and The Korea Institute of Public Finance 	
Role of Bureaucracy	<ol style="list-style-type: none"> 1. Career Bureaucracy: Technocrat 2. Legally Controlled and Protected 3. Government-led National Development 4. Guarantee of Consistent Implementation 		<ol style="list-style-type: none"> 1. Career Bureaucracy: Technocrat 2. Outsourcing 3. Network with Civil Society and Experts 4. Managed by IT 	
Role of Bureaucracy	<ol style="list-style-type: none"> 1. Limited Authority 2. Cannot Increase Budget without Permission from the Government by the Constitution 		<ol style="list-style-type: none"> 1. Increased Authority 2. The Bureaucracy is Controlled by Civil Society 	
Policy Instruments	<ol style="list-style-type: none"> 1. Special Funds 2. Public Enterprise 3. Tax Exemption, Low Interest Rate 		Market-based System	

Source: Author.

In the process of comparing the two countries' characteristics, some of the advantages of government-led economic development in the 1970s are presented and some are compared with those of the decentralized and democratized situation since the 2000s.

The bureaucratic initiative was important during the 1970s. However, civil participation is important with democratization, so the government is supposed to utilize support through leveraging civil society.

〈Table 1-5〉 Comparison of the Sociopolitical Background between the Two Countries

	Similarities	Differences
Politics	<ul style="list-style-type: none"> - Colonial Period - From Authoritarianism to Democracy <hr/> <ul style="list-style-type: none"> - Increased power of Congress 	<ul style="list-style-type: none"> - Strong Presidential Support - Citizen Participation
Bureaucracy		<ul style="list-style-type: none"> Strongly Technocratic - Career Bureaucracy - Merit System <hr/> <ul style="list-style-type: none"> Planning and Budgeting Belong to the Same Ministry - Deputy Prime Minister
Planning	<ul style="list-style-type: none"> Managed by a Central Ministry - Korea: EPB, MOEF - Guatemala: SEGEPLAN 	<ul style="list-style-type: none"> Strong Guidelines for Development
Management	<ul style="list-style-type: none"> Review, Monitoring 	<ul style="list-style-type: none"> Strong Feedback
Supporting Mechanisms		<ul style="list-style-type: none"> KDI (National Think Tank), Korea Institute of Public Finance (KIPF), and Outside Experts <hr/> <ul style="list-style-type: none"> Presidential Committee for Regional Development - Special Function for Regional Development - Special Account for Supporting Regional Projects

Source: Author.

〈Table 1-6〉 Comparison of the Guatemalan and Korean Cases (1)

	The Korean Case in the 1970s	The Guatemalan Case
Name of the Plan	1962–1981 the Five-year Economic Plan	1955–1960 the First Five-year Economic Plan
	1982–1996 Five-year Socio and Economic Plan	1960–1965 Second Five-year Economic Plan
Characteristics of the Plan	<ol style="list-style-type: none"> 1. Strategically and Specifically Determine Areas for HCI 2. Focused Policy Instruments: <ul style="list-style-type: none"> - Budget Allocation - Low-interest-rate Loans - Public Enterprises 3. Practical Plans 	<ol style="list-style-type: none"> 1. Strengthen roads and energy infrastructure 2. Government control 3. Development of Vision Imposed by the World Bank/USAID. SEGEPLAN Impulse Creation of Sectoral Planning Units in the Country's Interior
Ministry	1962-2000s Economy Planning Board	Consejo Nacionalde Planificacion Economica (CNPE)/SEGEPLAN
	2000s Ministry of Economy and Finance	CONADUR/SEGEPLAN
Status	Deputy Prime Minister	Presidency of the Republic
Function	<ol style="list-style-type: none"> 1. Planning and Budgeting Functions Belong to the Same Ministry 2. Economic Policy Coordination Role 	<ol style="list-style-type: none"> 1. Planning Belongs to SEGEPLAN 2. Budgeting Belongs to the Ministry of Public Finances
Political Support	<ol style="list-style-type: none"> 1. Presidential Concern and Presidential Support 2. Nation-wide Cooperation with the Private Sector 3. Think tank: The Korea Development Institute 	<ol style="list-style-type: none"> 1. Presidential support 2. USAID Support: Alliance for Progress
Bureaucracy	<ol style="list-style-type: none"> 1. Career bureaucracy: Technocratic 2. Legally Controlled and Protected 3. Government-led National Development 4. Guaranteed Consistent Implementation 	<ol style="list-style-type: none"> 1. Civil Service Law. May 2, 1968 2. Weak Application
Congress	<ol style="list-style-type: none"> 1. Limited Authority 2. Cannot Increase Budget without Permission from the Government by the Constitution 	<ol style="list-style-type: none"> 1. Full Authority. Budgets are Approved by the Constitution

Source: Author.

〈Table 1-7〉 Comparison of Guatemalan and Korean Cases (2)

	Korean Case in the 2000s	The Guatemalan Case
Plan Characteristics	<p>2004 Medium-term Expenditure Framework</p> <ol style="list-style-type: none"> 1. Rolling plan 2. Focused Policy Instruments <ul style="list-style-type: none"> - Budgetary Allocation - Low-interest-rate Loans - Public Enterprises 3. Practical Plan 	<p>1996–2000 Social Development Action Plan (PLADES)</p> <p>Among the Principles that Guided Social Policy with Institutional Support are: "... Respect for life; the concept of the Human Person as the Center and Subject of Development; the Family as the Essential Core of Society and the Axis of Social Policy; Encouragement of Peace and Democracy; Harmonious Coexistence with the Environment and Respect for Natural Resources. "</p>
Ministry	1962–2000s Economic Planning Board, which became the Ministry of Economy and Finance in the 2000s	<ol style="list-style-type: none"> 1. SEGEPLAN 2. Ministry of Public Finances
Status	Deputy Prime Minister	Presidency of the Republic
Function	<ol style="list-style-type: none"> 1. Planning and Budgeting Functions belong to the Same Ministry 2. Economic Policy Coordination Role 	<ol style="list-style-type: none"> 1. Planning belongs to SEGEPLAN 2. Budgeting belongs to the Ministry of Public Finances
Political Support	<ol style="list-style-type: none"> 1. Civil Society participation 2. Transparency 3. Make All Budgets Public 4. Think Tanks: the Korea Development Institute and the Korea Institute of Public Finance 	<ol style="list-style-type: none"> 1. Participation by Civil Society 2. CONADUR – SEDUR – SNP – SNIP
Bureaucracy	<ol style="list-style-type: none"> 1. Career Bureaucracy: Technocratic 2. Legally Controlled and Protected 3. Outsourcing 4. Network with Civil Society and Experts 5. Managed by IT 	<ol style="list-style-type: none"> 1. Civil Service Law. May 2, 1968 2. Weak Application
Congress	<ol style="list-style-type: none"> 1. Increased Authority 2. Controlled by Both the Bureaucracy and Civil Society 	<ol style="list-style-type: none"> 1. Full Authority. Budget Approval by the Constitution but Controlled by Civil Society

Source: Author.

5. Conclusions and Policy Recommendations

5.1. Recommendation

It would be better to separate the short term recommendations from the mid- and long-term ones. Short term implies renovation under the current political administration system, which can be carried out under the SEGEPLAN. Meanwhile, mid- and long-term imply concurrent changes in the political administration system or under coordination with other ministries. Furthermore, long-term entails cultural changes.

Regarding the short term, it is most important that the SEGEPLAN choose to strategically focus on specific areas such as logistics or the car industry related to Mexico. Supporting the industry then requires that SEGEPLAN strikes at revenues and expenditures as the role of forecasting financial trends will be important.

That will require bureaucratic expertise so the recruitment system will be more centralized to guarantee a career bureaucratic system. In this sense, the legal system related to bureaucracy will need revision in the long term.

Above all, the mechanism to maintain political support systems is important.

In the take-off period, the presidential will to economize has priority and the project-based mindset can lead the whole country; ordinary citizens' will to economize then follows.

With the national consensus to boost the economy, SEGEPLAN can have the coordinating power to set up a national plan and link that plan to the budget. SEGEPLAN can link the plan to the budget more efficiently with budgetary allocation power regarding certain specific areas that are chosen as strategic areas. The will to merge SEGEPLAN and MoPF may be increased if this kind of role can be strengthened.

〈Table 1-8〉 Policy Recommendation

	Short Term	Long Term
Bureaucracy	<ul style="list-style-type: none"> - Strengthen education to enhance capacity of civil servants - Recruit outside experts with better condition 	<ul style="list-style-type: none"> - Increase the portion of career bureaucracy based upon the law - Incentive scheme for civil servants; Salary, Pension etc. - Maintain trust from civil society; Best practice and PR - Merging SEGEPLAN and MoPF
Plan	<ul style="list-style-type: none"> - Increase capacity to forecast revenues and expenditure - MTEF - Focus on strategically chosen specific area 	<ul style="list-style-type: none"> - Strong guideline for development plan and strategy - Monitoring the performance
Management	<ul style="list-style-type: none"> - Tracking budgetary implementation focused on strategically chosen areas 	<ul style="list-style-type: none"> - IT-based Tracking System
Supporting Mechanism	<ul style="list-style-type: none"> - Supported by the president (presides over meetings with the Ministries) - Networking with outside experts - Maintained citizen support (participation) - Transparency 	<ul style="list-style-type: none"> - Establish a National Think Tank - Set a Special Account for supporting some specific areas managed by SEGEPLAN - Strengthen the coordinating role of cross-board function - A dual role system in the long term with strategic investment: SEGEPLAN - Maintain outlay: MoPF

Source: Author.

5.2. Follow-up plans (Short- and Long-term)

Further research is needed to improve this study's feasibility.

The first is the bureaucracy's reorganization. It is now based on a spoils system in which government officials are employed through political processes. Therefore, it is necessary to study the possibility of introducing performance- or career-based civil service systems. From a long-term perspective, it is necessary to manage a professional and stable bureaucracy to execute plans continuously.

The second is the establishment of professional national policy research institutes. In Korea, the KDI—which was established in 1973—conducted specialized research to support the establishment of national policies. In addition to bureaucratic development, it is necessary to secure the support functions of specialized national research institutes.

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2017/18 Knowledge Sharing Program with Guatemala:
Improving Linkage between Public Policy
and Budget Planning Cycle

Chapter 2

Capacity Building of SEGEPLAN as a National Strategic Planning Authority

1. Introduction
2. Analysis of Guatemalan Case, Focusing on SEGEPLAN Capacity
3. Introducing South Korean Case: Merit System, Policy Coordination and National Think Tanks
4. Implications and Policy Suggestions

Capacity Building of SEGEPLAN as a National Strategic Planning Authority

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Summary

This research aims to suggest how institutional rearrangement may be done to build a better capacity for SEGEPLAN in terms of individual and organizational dimensions by focusing on Korean cases as a benchmarking example. In particular, the role of the Prime Minister's Office is highlighted to derive lessons for better conflict management and coordination during the policy process. For this purpose, the Guatemalan and Korean cases are introduced to develop a comparison model and find benchmarking points.

From the above analysis and field interviews with relevant experts in Guatemala, the individual, organizational, and policy aspects are identified as follows. The individual dimension of the Guatemalan civil service system is quite vulnerable since the Guatemalan government applies the spoils system to a large number of posts in practice, although Civil Service Law Decree 1748 guarantees their status. Corruption and incompetence in the public sector is an obstacle for potential applicants looking to enter the public realm as well. Organizationally, although SEGEPLAN is affiliated with the President directly, it seems to have no superior status in either political or managerial terms to the other ministries, particularly since it lacks the professional expertise of economic analysis. As for the policy orientation aspect, due to the instability of the bureaucratic and political system, policy consistency

Keywords: SEGEPLAN, Capacity Building, Human Resource Management, Policy Coordination, National Think Tank

is not guaranteed. The feedback function of performance evaluation and policy coordination is not secured by SEGEPLAN. Based on the above analysis, final recommendations are drawn as follows.

An evaluation system with more merit should be applied to secure the professional stability and integrity of civil servants.

Professional expertise should be developed more through advanced human resource management. Like the Higher Civil Service Entrance Examination (HCSEE) in Korea, a differentiated recruiting system should be developed to select competent experts with specified qualifications to give potential applicants incentives to apply for a job as part of the SEGEPLAN.

For political superiority, giving authority and a leading role to SEGEPLAN as a chief authority to deal with performance management and policy coordination like the OGPC. Higher prestige among ministries is necessary.

To help SEGEPLAN better conduct strategic planning and evaluation, establishing national think-tanks funded publicly that remain autonomous, like the KDI in Korea, is crucial.

A long-term policy planning and implementation system is needed, particularly for better infrastructure, since Guatemala suffers from a severe lack of infrastructure.

1. Introduction

1.1. Background and Objective of the Research

The name “Guatemala” comes from Quauhtlemallan,¹⁾ which means “place of many trees” in an Aztec language. The capital city of Guatemala, Ciudad de Guatemala, is located at an altitude of 1,500 m and enjoys such fine weather as it is called “city of everlasting spring.” Natural heritage sites, such as Antigua, which was registered as a World Heritage Site by UNESCO in 1979, or natural wonders, such as Lake Atitlan, have attracted so many tourists that the number of foreign tourists has reached 2 million and foreign currency revenue hit 1,418 million US\$ in 2013 (KOTRA, 2017). It is no wonder that one of the most glorious civilizations, Maya, which is famous for its art, architecture, mathematics, calendar system, and astronomic achievement, has flourished in this mysterious region. Such a brilliant natural and cultural heritage is a priceless national asset bestowed on Guatemala

1) <https://mundochapin.com/2013/03/origen-palabra-gt/15138/>.

and demonstrates its possibility to be prosperous with proper planning and implementation of agriculture, tourism, the service industry, and so forth. Regarding commercial relations with Korea, Guatemala is the biggest trading and investing country of the five Central American countries (KOTRA, 2016). The total size of trade between Guatemala and Korea is 15.4% of the total trade conducted with Central American countries. Guatemala is also a crucial partner in Central America for Korean ODA projects and accumulated 29.14 million US\$ in assistance during the 1991–2012 period. Of the textile and dress-making industry, which occupies 11.7% of the total exports of Guatemala, 88 companies out of 154 are Korean companies and they contribute 70% of all production and export that occur in that industry in Guatemala.

However, the political and economic history of this country has become an obstacle hindering economic growth and national development. According to Cárdenas (2014), The Revolutionary Period began in 1944 with a view to establish a new scheme of political domination and a different hegemony. In the era of the Counterrevolution (1954–1963), when the revolutionary government was dismissed, most of its decisions were reversed and thus gave rise to a setback in the development of the country. Political-military organizations contributed to the establishment of an authoritarian model of government. In 1960, a failed coup d'état was carried out and led to 36 years of conflict and polarization in Guatemalan society, resulting in 200,000 casualties; 83% of these were Mayan and 17% of them were Ladino.²⁾ Severe human rights violations were committed during the war by military and paramilitary forces, including a scorched-earth strategy against the Guatemalan National Revolutionary Unity (URNG) until the cease-fire between the government and the URNG that occurred in March 1996.³⁾ This long period of civil war left three-fifths of its people living in poverty and worsened crime rates, particularly those related to drugs, and an unstable, corrupt government without a decent capability to cope with these deep-rooted problems.

In an effort to overcome this pathological phenomenon and be reborn, the Guatemalan government proposed a national development plan called "K'atun, Our Guatemala 2032" in 2014. From the Mayan viewpoint, a K'atun constitutes the lapse of more than five thousand years and represents an opportunity for the Guatemalan people to reflect on their future. The K'atun forms a new horizon that sketches the contours of the path for national development over the next twenty years by proposing a common vision of a country with confidence in a better future. The K'atun proposes sustainable human development such that people can live a healthy life with access to education and a decent standard of living.⁴⁾ The foremost

2) <https://www.usip.org/publications/1997/02/truth-commission-guatemala>.

3) <https://www.britannica.com/place/Guatemala/Civil-war-years>.

4) <http://www.katunguatemala2032.com/index.php/desafios-y-prioridades-de-k-atun>.

issue that K'atun addresses is the reduction of poverty and it recognizes economic growth as an inevitable condition to achieving this goal. However, the problem is that poverty is related to not only improvements of income but also to education, gender, age, race, security, inequality, human rights, and social conflict. Without tackling this wide range of the poverty line as a whole, economic growth alone will not reach all social strata in Guatemala, where the gap between the richest and the poorest quintile is 21 times. Since K'atun is an unprecedented national development plan, a strategic approach is needed to make this plan reality and achieve a fruitful outcome. This is because planning is one thing, but implementing is another. Conflict management and policy coordination are essential during the implementation process with adequate initiatives by leading an agency with proper expertise and the capability to muddle through many veto points related to diverse stakeholders with different interests. In the Guatemalan government, the Secretariat of Planning and Programming of the Presidency of the Republic of Guatemala (SEGEPLAN) is in charge of the management and implementation of K'atun. Its successful execution and implementation rests on the capability of the SEGEPLAN to cope with the complicated, complex, and wicked problems depicted in K'atun itself.

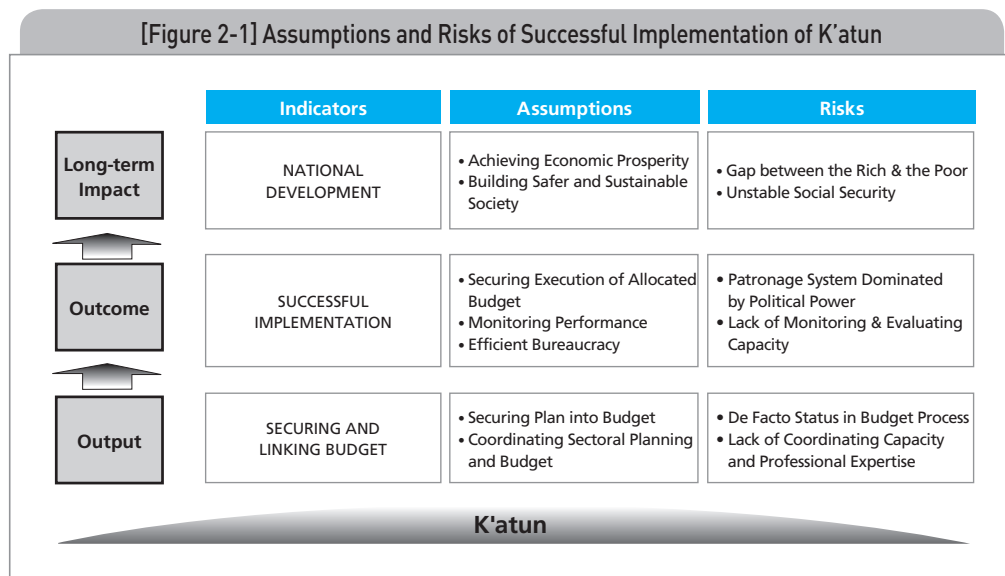
Based on such a background, this study aims to suggest institutional rearrangement to improve the capacity of SEGEPLAN in terms of individual and organizational dimensions by focusing on Korean cases as a benchmarking example. In particular, the role of the Prime Minister's Office shall be highlighted to derive lessons for better conflict management and coordination during policy process. From a broader perspective, the human resource management system of the Korean government used to recruit and train civil servants for better public service delivery shall be introduced as well. For this objective, more detailed research is demand within the Guatemalan context and should be identified first, as seen below.

1.2. Identifying Local Demand and Context

1.2.1. Identifying Assumptions and Risks

After a series of meeting and interviews, we discovered three basic problems related to the capacity-building agenda that reflect its unique local context. First, although the institutional status of SEGEPLAN in the planning, implementing, and budgeting process is quite well-authorized, its enforcement or practical power as a control tower is not guaranteed on the street-level dimension. In particular, the relationship between it and the Ministry of Public Finance (MoPF) is not balanced enough during the process of budgeting since the MoPF has a more practical initiative in the allocation of the budget. This means that gap analysis is needed not only in the legal system but also in the actual scene of administration. Second, the improved capacity of SEGEPLAN alone may miss the point unless public management

and the professional level of civil servants as a whole are improved altogether. A more stable career civil service system based on merit is necessary to achieve the plan's long-term objective. Third, everyone in the policy arena acknowledges the social problems facing Guatemala and understands their possible answers, but no one would dare to initiate the innovation agenda. To push forward the K'atun effectively, incentive mechanisms and leadership leverage for better initiatives are urgently needed. In this context, the assumptions and risks of each stage to reach a final long-term goal by implementing K'atun are summarized as in the figure below.



Source: Author.

1.2.1.1. Output Stage

In this stage, it is expected that detailed projects are to be incorporated into the budget through the coordination of different ministries and stakeholders under the leadership of SEGEPLAN. In a legal setting, each agency submits their budget proposal to SEGEPLAN to be examined and the MoPF requires the result before allocating the national budget. However, the actual role of SEGEPLAN is limited to briefly reviewing the proposal and giving recommendations without any obligation to be followed, which means there is a difference between de jure and de facto status. From the interviews, it was found that the function of controlling coordination when conflicts around the budget or sector plan emergence are not performing, presumably due to a lack of expertise as an influential economist, the practical dominance of MoPF, or organizational weakness as a staff agency rather than a line ministry. Shifting its role from that of a simple reviewer to a rule setter or

guidance issuer demands the enhanced capacity of SEGEPLAN on both the individual and organizational level.

1.2.1.2. Outcome Stage

In this stage, the effective implementation of the plan is crucial to achieving the expected outcome. For successful execution, efficient government agencies to monitor and evaluate performance are necessary. From the interview with the head of National Institute of Public Administration (INAP), we found that the *de jure* career civil service system for professional bureaucracy was enacted in 1968, but was not put into practice until 1998, when enabling regulation was provided after a lag of 30 years. Although career civil service system may seem alive by definition, the *de facto* practice is quite different; political appointments are accepted as usual without having to go through official appointment procedures. According to Grindle (2010), the extent of the merit-based system of Guatemala is largely unsuccessful in limiting discretion in hiring, promotion and firing, with the highest percentage of public sector positions officially available for political appointment among Latin American countries. Under this patronage or spoils system, monitoring and evaluating government policies cannot be considered an effective tool to push forward long-term policies and steer government agencies towards the desired outcomes. As the career civil service system is widely understood to bring professionalism, anti-corruption, neutrality, autonomy, competence, and continuity of public policy, which are inevitable for better government, a more aggressive and proactive approach is necessary, particularly for SEGEPLAN and other core ministries related to national strategy planning and implementation.

Another point to be checked is the low level of budget execution. According to interviews, the percentage of budget execution was only about 20–30% for some ministries and most of the others have shown bad performance. Some interviewees have said that the low level of execution may be due to cancelling or delaying government procurements, which were dominated by arbitrary or corrupted officials, for fear of being a victim of inspection when achieving transparent reform in the procurement process. However, the Guatemalan Congress recently approved a series of reforms to the Government Procurement Law with compulsory usage of *Guatecompras* (an internet-based electronic procurement system), providing an opportunity for suppliers to raise objections over the bidding process, requiring government purchases over US\$ 117,570 to be submitted for public competitive bidding, and barring government contracts from financiers of political parties, members of Congress, and elected officials and their family members (ITA, 2017). This era could be said to be a transition period from nepotism and corruption to a transparent and clean society, but it needs to be properly monitored and checked to secure adequate budget execution.

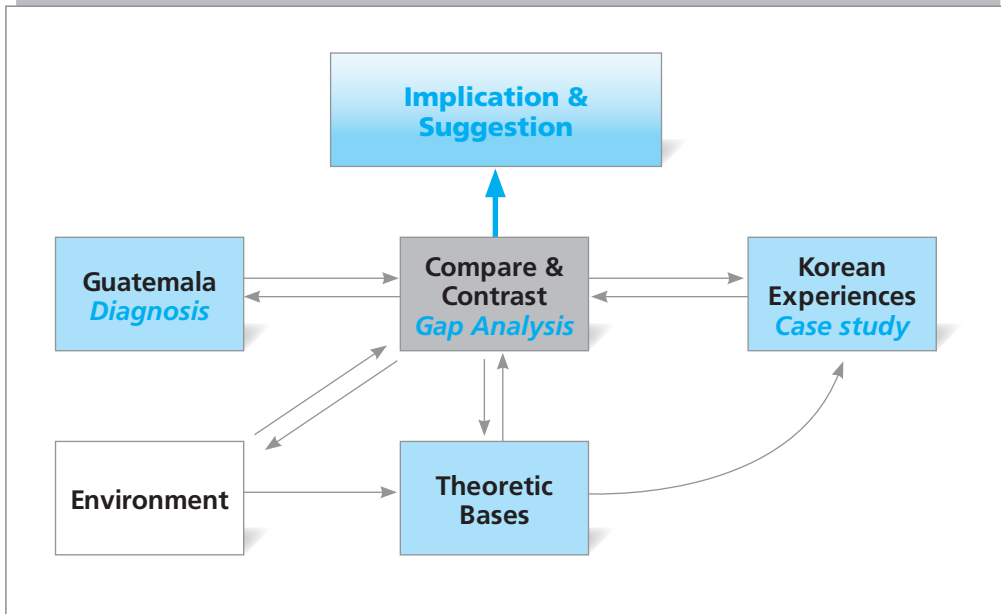
1.2.1.3. Long-term Impact Stage

In this stage, economic prosperity and social cohesion are expected to be achieved by building a safer and sustainable society. Although K'atun tackles almost all problems, such as poverty, low level education, or imbalanced regional development, the long-term impact is hard to reach with the current wide gap between the rich and the poor, unstable social security, and so forth. In this regard, government reform and social reform is necessary for the private and non-profit sectors. From the viewpoint of the Development Administration, the role of the public sector is essential to motivate and mobilize the whole nation toward its desired status with commonly shared values, particularly for better infrastructure, human capital, and a sustainable community, which are fundamental and essential for economic and social development. Visits to local sites, however, identified a severe shortage of infrastructure, such as roads or railways, as a social overhead capital. Institution building for raising capable leaders and a national movement for sustainable community building are also necessary.

1.3. Research Design and Organization of the Research

Considering its nature as a comparative case study, this research shall be qualitative and normative rather than quantitative and empirical. From the series of kick off meeting, local seminars, and visits, we have interviewed various experts and stakeholders from both public and private sectors to develop insights, and have had discussions with local consultant to find out more detailed information. In addition, to derive more objective and practical implication, we conducted a questionnaire survey targeting those who are in SEGEPLAN, relevant ministries including key agencies such as MoPF, MoA, INAP, and 2–3 local governments, and non-governmental bodies including ICEFI, IPNUSAC, and CHW. Interviewees from the government sector come from the different levels in the hierarchy to have unbiased opinions. The questionnaire form is attached in the Appendix. Diagnosing the Guatemalan case by local consultants and introducing the Korean case by Korean experts were carried out simultaneously with an agreement about detailed sub-titles of research contents. Based on the results, we derive similar and different aspects to compare & contrast both cases. Based upon them, implications are to be drawn and suggested to be benchmarked. The main themes consist of three dimensions: individual level, organizational level, and policy level. The individual dimension represents human resource management, the organizational dimension relates to its function as a conflict manager, and the policy dimension is about its expertise. The conceptual framework is shown in [Figure 2-2].

[Figure 2-2] Conceptual Framework of the Research



Source: Author.

2. Analysis of Guatemalan Case, Focusing on SEGEPLAN Capacity

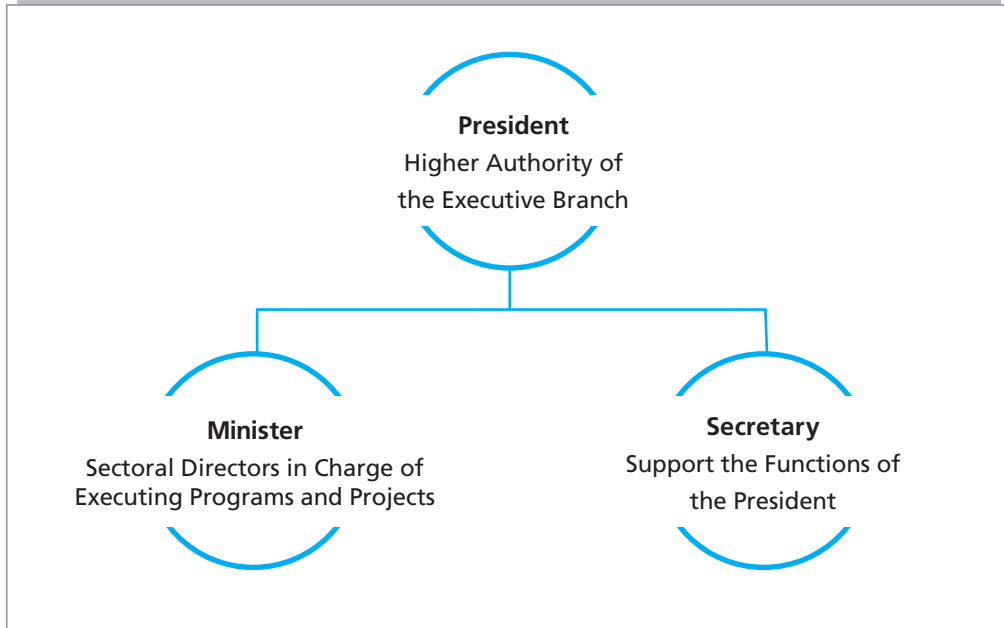
2.1. Overview

The SEGEPLAN, which operates under the Presidency of Guatemala, is the governmental entity in charge of the planning and programming of the state and assumes the role of the planning organ that is contemplated in the Constitution of Guatemala.

2.1.1. Role and Function

The roles and functions of the secretariat are given by its location in the structure of the executive body, which can be seen in [Figure 2-3]. SEGEPLAN is regulated by the legal framework that defines it, and is complemented by the institutional strategic framework defined in the Institutional Strategic Plan for the period 2017–2020.

[Figure 2-3] Structure of the Executive Body



Source: Law of the Executive Body.

The most important laws concerning the SEGEPLAN are listed below.

a. [Political Constitution of the Republic of Guatemala](#)

The Magna Carta establishes that the President of the Republic has the power to create the secretaries that are necessary, for the fulfillment of the attributions that legally correspond to him, from which the SEGEPLAN arises as the executive organ in charge of state planning.

b. [Law of the Executive Body](#)

This is the main law that defines SEGEPLAN, so it is presented below in its entirety:

Article 14. Secretariat of Planning and Programming of the Presidency. As of the date on which this law is in force, the General Secretaryship of the National Council of Economic Planning is established as a Secretaryship under the Presidency of the Republic, changes its name to Secretariat of Planning and Programming of the Presidency. As such it assumes the following duties:

- A. To help in the formulation of the general policies of the Government and to evaluate its execution

- B. To design, coordinate, monitor, and evaluate (both) the National System of Public Investment Projects and the National System for Financing Pre-investment
- C. To integrate and harmonize the different sectors draft plans received from the Ministries and other State entities, with the drafts sent by the regional and department's development councils
- D. To prepare, jointly with the Ministry of Public Finances, the most adequate procedures (in order) to archive the coordination and harmony of the one-year plans and the multi-years plans of the public sector, with the corresponding one-year and multi-year budgets
- E. To prepare, jointly with the Ministry of Public Finances, in accordance with the General Policy of the Government and consulting with the other State Ministries, the preliminary drafts of the annual and of the multi-year budget of investment
- F. To follow-up the performance of the investment budget and to inform the President of the Republic, individually, or in the Council of Ministers, about the results achieved and the amendments that are considered necessary
- G. To formulate, for the knowledge and approval of the President, and consulting with the State Ministries, the corresponding State entities, as well as with other organizations from the public sector, the policies and programs of international cooperation, as well as to grant priority to, manage, negotiate, administrate, and contract, by delegation from the competent authority, the non-refundable financial cooperation from international organizations and foreign governments, granted for the fulfillment of common interest projects and to coordinate their execution
- H. To coordinate the process of planning and programming public investment by sector and at public and territorial levels
- I. To formulate, for the knowledge and approval of the President, the pre-investment policies and to promote the creation of financial mechanisms that work in a decentralized manner for such an effect
- J. To create and to administrate a scholarship bank that combines the offers of the international community
- K. To complete the tasks conferred by the President and the Vice President of the Republic
- L. To prepare and to propose to the President of the Republic, for his approval, the draft of the internal organic regulation and regulations of the Secreraryship (that reports to him), which should establish the structure, organization and responsibilities of the sub- offices, according to this law
- M. To perform the duties and attributions that the Political Constitution confers to the state's planning organ and those conferred by other laws,

either to it, or to the General Secretariat of the National Council of Economic Planning

To be appointed as Secretary of Planning and Programming of the Presidency, the same requirements for being a Minister apply, and the Secretary will also have the right to a preliminary hearing (to assure the existence of probable cause or to bring criminal charges against him, in case of doubt regarding his/her actions or decisions while he/she is in office).

c. Internal Organic Regulation of the Secretariat of Planning and Programming of the Presidency

Based on the Law of the Executive Body, Article 14 literal L, the current Internal Organic Regulation was issued in 2010; this establishes the nature of being a support entity for the Presidency of the Republic. It is the legal framework that contains the functions and attributions of the SEGEPLAN, and it indicates the structure, organization, and responsibilities of the institution according to what is established in the Law of the Executive Body; in Section 2.1.3 of this document its content is explored in depth.

d. Organic Budget Law and its Reforms

In this law the SEGEPLAN is established as the second most important institution, after the Ministry of Public Finances. It establishes that the annual and multi-year budget must be in accordance with the annual and multi-year operating plans delivered to the SEGEPLAN. It establishes that only investment resources can be assigned and that disbursements can be made to the programs and projects registered and evaluated in the National System of Public Investment (SNIP), which is part of the SEGEPLAN. All management and negotiation of reimbursable and non-reimbursable external cooperation resources must have the favorable technical opinion of the SEGEPLAN. The progress and information about donations must be updated in the SEGEPLAN Donation System. Additionally, it is instructed that the SEGEPLAN must prepare an annual evaluation and analysis report on the execution and results of the budget for the previous fiscal year, as well as quarterly reports on goals and their respective indicators of performance and quality.

e. Bylaw of the Organic Budget Law

This bylaw establishes the competences and functions of the planning units within the public institutions. The participation of the SEGEPLAN in the Technical Commission of Public Finances and that the programmatic structure of the budget must consider the guidelines of the SEGEPLAN. It also establishes that the SEGEPLAN must provide methodological elements to articulate the policies, plans, and budget

and verify compliance with goals.

f. Urban and Rural Development Councils Law

This law establishes that the SEGEPLAN acts as secretary of the National Council for Urban and Rural Development (Conadur), Regional Councils for Urban and Rural Development (Coredur) and Departmental Development Councils (Codede). Also, it states that the SEGEPLAN oversees supplying the Development Councils System, at its various levels, with technical support in the formulation of budgetary policies, plans and programs, within the general framework of State policies and their integration with sectorial plans.

g. Municipal Code

The Municipal Code establishes that the SEGEPLAN, after having considered the technical inputs (information of the institutions and dependencies that correspond), must issue a technical opinion for the modification of the municipal structure (creation of new municipalities). In addition, the SEGEPLAN presides over the constitutional assignment commission of municipal funds that distribute said funds according to a mathematical calculation.

The institutional strategic framework includes the vision, mission, and institutional result, which are stated below:

Vision

By 2020, the SEGEPLAN is recognized as a technically sound institution, which guides and accompanies public institutions in an efficient and timely manner, in the processes of public policies, planning, public investment, and international cooperation, based on the priorities of development derived from the National Planning System.

Mission

The SEGEPLAN is the state's planning organ, which provides technical advice and assistance to public institutions and the development council system, to link public policy, planning, and programming processes with the National Development Plan and Policy, as well as its monitoring and evaluation.

Institutional Result

By 2020, the consolidation of the National Planning System will have increased by 45 percentage points relative to 2016, to guide the articulation of policies, planning, and programming of public sector entities, within the framework of the National Development Plan and Policy and the General Government Policy.

2.1.2. Historic Changes

According to the Institutional Strategic Plan 2017–2020, the SEGEPLAN has its origins in November 1954, when, during the Government of General Carlos Castillo Armas, the National Council for Economic Planning was created (by Decree Number 157), composed by the Ministers of Economy and Labor, Finance and Public Credit, Communications and Public Works, Agriculture, Public Health and Social Assistance; the Presidents of Guatemala's Bank and the Institute for the Promotion of Production; and three delegates from the Presidency of the Republic. The decree established that the essential objective of the council was to guide, project, and coordinate in the best conceivable way the national economic development, having as fundamental norms the integral use of the resources of the country and the maintenance of stable conditions, avoiding interference and duplication of efforts. In the fifth article of this decree, the constitution of a General Secretariat of the Council, it was conceived to act like the technical organ in charge of the preparation of studies and documents that would serve as a base to the actions. Years later, through the Law of the Executive Body, emitted on December 12, 1997, the General Secretariat of National Council for Economic Planning changed its name to the Secretary of Planning and Programming of the Presidency (SEGEPLAN); it has since been attached to the Presidency of the Republic, with functional autonomy and its own budget for the fulfillment of its powers, regulated under Article 14 of the decree. In this context, through Governmental Accord Number 677-98, the first Internal Organic Regulation of the SEGEPLAN was approved, which establishes that its nature is to be a Secretariat of support for the management of the President of the Republic, as an organ of planning and programming of the State.

In 2002, as a result of the amendments to the Law of the Executive Body, as well as the regulations contained in the Law on Urban and Rural Development Councils (Decree No. 11-2002), Municipal Code (Decree No. 12-2002), and Law General of Social Development (Decree No. 42-2001); new powers were established for the SEGEPLAN, mainly to fulfill the function of Technical Secretariat of the Development Councils System, at the national, regional, and departmental levels. Therefore, it was necessary to adapt its internal organization and operation scheme, giving rise to the modification of the Internal Organic Regulation, which was approved by Governmental Accord Number 224-2003, dated April 7, 2003. However, in view of the need to strengthen the substantive functions of the SEGEPLAN, in 2007 its internal organizational structure was modified by means of Governmental Agreement Number 497-2007, published on October 31 of that year. Then, derived from the institutional challenges to help in the promotion of the development of the country, that structure has been adjusted again according to Government Agreement Number 271-2010, which formalizes the approval of the Internal Organic Regulation in force to date.

2.1.3. Organization and Main Policy

According to the Institutional Strategic Plan 2017–2020, the SEGEPLAN has five sections: superior office, undersecretaries, general directorate, technical support area, and control area.

a. Despacho Superior (Superior Office)

Number of staff: 5

Responsibilities: Higher authority, direct and coordinate the work of all the SEGEPLAN's dependencies

Responsibilities: Approve the SEGEPLAN's products.

Main products: All the relevant undersecretaries.

b. Subsecretarías (Undersecretaries)

I. Subsecretaría de Políticas Públicas (Undersecretariat of Public Policies)

Areas: Executive Directorate, Strategic Development Studies Directorate, Monitoring and Evaluation Directorate, and Ethnic and Gender Equity Directorate.

Number of staff: 24

Main function: Follow-up of formulation, and monitoring and evaluation of public development policies.

Responsibilities: Collect data and analyze the dynamics and trends of the political, social, and economic reality of the country and the Central American region; design and socialize the mechanisms and instruments that facilitate the process of formulating public policies; provide technical advice and collect, disseminate, and/ or socialize public policies; design and implement strategies for monitoring and evaluating public policies; guide the inclusion of the ethnic cultural approach and gender equity in the planning processes; prepare reports on national public management, the SEGEPLAN competences, and/ or international commitments assumed by the State of Guatemala.

Main products: Presidential report, and evaluation on the implementation of the General Government Policy report, and follow-up reports on HIV and Social Development and Population Policies.

II. Subsecretaría de Planificación y Ordenamiento Territorial (Undersecretariat of Planning and Territorial Planning)

Areas: Executive Directorate, Territorial Planning Directorate, Sectorial Planning Directorate, Territorial Planning Directorate, and Risk Management Directorate

Number of staff: 35

Main function: Responsible for design, regulation, management, and implementation

of the National Planning System.

Responsibilities: Implement, administer, monitor and evaluate the National Planning System; provide technical assistance to public sector institutions in the process of formulation, monitoring and evaluation of sectoral, institutional and territorial plans for the short, medium and long terms; Design and promote instruments and mechanisms for the effective articulation of the planning processes and its financing.

Main products: Issue technical opinions for the creation of new municipalities; review of Institutional and Municipal Annual Operational Plans; evaluation and analysis report on the execution and results of the budget of the previous fiscal year, as well as quarterly reports of goals and their respective indicators of performance and quality.

III. Subsecretaría de Inversión Pública (Undersecretariat of Public Investment)

Areas: Executive Directorate, Pre-Investment Directorate, and Public Investment Directorate

Number of staff: 29

Main function: In charge of strengthening, modernizing, and updating the National System of Public Investment Projects, in its different territorial, sectorial, and institutional levels.

Responsibilities: Ensure the proper functioning of the National System of Public Investment Projects; administer the National Pre-Investment System; strengthen the capacities of officials and technicians of governmental institutions at their various levels, in pre-investment and public investment.

Main products: Public Investment Program (which contains the evaluation of all the public investment projects of the state for one year).

IV. Subsecretaría de Cooperación Internacional (Undersecretariat of International Cooperation)

Areas: Executive Directorate, International Cooperation Analysis Directorate, International Cooperation Management Directorate, and Territorial Liaison (International Cooperation Directorate)

Number of staff: 23

Main function: Responsible for the Non-refundable International Cooperation

Responsibilities: Formulate and implement the international cooperation policy and its strategy; promote the articulation between policies, plans, programs, and projects with the resources provided by the International Cooperation Directorate.

Main products: Technical opinions on reimbursable and non-reimbursable external cooperation resources; follow-up of the Non-refundable International Cooperation.

c. Dirección General (General Directorate)

I. Área Estratégica (Strategic Area)

a) Dirección de Comunicación Social (Social Communication Directorate)

Number of staff: 5

Responsibilities: Disclose, disseminate, and inform internally and externally about the plans, programs, and projects of the SEGEPLAN.

b) Dirección de Administración de Becas y Crédito Educativo

(Administration of Scholarships and Educational Credit Directorate)

Number of staff: 8

Responsibilities: Propose and implement the National Scholarship Policy and Program, in support of Guatemalan education, training, and higher education. Administer the scholarship bank and ensure its diffusion. It is the executive and technical Unit of the National Trust Committee of Scholarships and Educational Loans (FINABECE).

II. Área Administrativa Financiera (Financial Administrative Area)

a) Dirección de Recursos Humanos (Human Resources Directorate)

Number of staff: 14

Responsibilities: Recruitment, selection, appointment, induction, classification, and administrative control of the human resources of the institution; Design and implement the annual training program for the staff; evaluate the development and welfare efforts of the human resources, to improve the productivity of the institution.

b) Dirección Administrativa (Administrative Directorate)

Number of staff: 43

Responsibilities: Manage the property held or ascribed to the SEGEPLAN and ensure the efficient use of goods and services.

c) Dirección de Informática (IT Directorate)

Number of staff: 10

Responsibilities: Prepare and manage the technological development, resources, projects, and computer systems used by the SEGEPLAN directorates; provide technical support and permanently update the SEGEPLAN's computer systems.

d) Unidad de Administración Financiera (Financial Management Unit)

Number of staff: 9

Responsibilities: Ensure the efficient execution of the financial resources assigned to the institution; propose to the Secretary the policy of expenditures of the institution, based on the institutional strategic plan and annual operating plans, the needs, as well as the annual budgetary allocations and schedules; support the technical and administrative units in the management and timely availability of financial and budgetary resources.

d. Direcciones de Apoyo Técnico (Technical Support Directorate)

I. Dirección de Enlace con Delegaciones (Liaison with Delegations Directorate)

Number of staff: 5

Responsibilities: Propose communication mechanisms between the delegations and the SEGEPLAN's dependencies; ensure and procure the logistical and administrative support necessary for the performance of the responsibilities of the delegations, promoting the standardization of the conditions and capacities of the delegations and ensuring that they permanently develop their management, technical, and human capacities.

II. Delegaciones Regionales, Departamentales y Subdepartamentales (Regional, Departmental and Subdepartmental Delegations)

Number of staff: 107

Responsibilities: Execute actions derived from the planning processes, public policies, and public investment; coordinate actions of international cooperation processes at the territorial level. Promote the conformation, operation, and development of the Municipal Planning Offices; Provide technical support to the Development Council System.

III. Dirección de Desarrollo Institucional (Institutional Development Directorate)

Number of staff: 10

Responsibilities: Formulate, monitor, and evaluate strategic and operative institutional planning; execute and coordinate the actions related to the internal organization and the formulation of manuals and administrative studies; Manage international cooperation programs and projects located in the SEGEPLAN.

IV. Dirección de Asuntos Jurídicos (Legal Affairs Directorate)

Number of staff: 7

Responsibilities: Issuing opinions, advising, and accompanying in legal matters.

Unidad de Información Pública (Public Information Unit)

Responsibilities: Receive, guide, and process requests for access to public information.

e. **Área de Control (Control Area)**

I. **Unidad de Auditoría Interna (Internal Audit Unit)**

Number of staff: 6

Responsibilities: Perform permanent financial and administrative audits, regarding the technical, financial, and administrative departments responsible for executing the institution's budget.

2.1.4. National Strategic Agenda

The national strategic agenda is divided into two parts: the first consists of the National Development Plan, which has a long-term vision, and the government plans of each presidential administration, which have a medium-term vision. The main characteristics of the first are:

Name: Plan y Política Nacional de Desarrollo K'atun: Nuestra Guatemala 2032.

Period: 2014–2032

Priorities: These are divided mainly into the following axes and priorities:

- I. Urban and rural Guatemala: Integral rural development, sustainable urban development, local territorial development, and resilient and sustainable territorial development.
- II. Wellbeing for the people: Institutionalize and internalize the right to social protection, guarantee food and nutritional security of children under five years of age, with emphasis on groups in vulnerable conditions and at nutritional risk; adequately attend mothers, children, and infants to reduce maternal, infant, and child mortality; promote the transformation of the health care model to reduce the morbidity and mortality of the general population; achieve the universalization of sexual and reproductive health in the population of childbearing age, emphasizing sexual education for adolescents and young people; tackle the HIV epidemic and provide a quality treatment to the population living with the virus; guarantee access to all 0 to 18 year olds to the education system; organize and promote literacy processes that allow the incorporation of all young people between 15 and 30 years of age to the culture of reading and writing; and promote science and technology articulated with national priorities of development and promote culture as a fundamental element for the revitalization of the social fabric and the construction of national identity.
- III. Wealth for all: Acceleration of economic growth with productive

transformation; macroeconomic stability within a broad framework of development; infrastructure for development; generation of decent and quality employment; democratization of credit; a more active role of the State in achieving growth and social inclusion; fiscal policy as the engine of stability and inclusive economic growth; and promote mechanisms to ensure better international governance.

- IV. Natural resources today and for the future: adaptation to and mitigation of climate change, conservation and sustainable use of forests and biodiversity for the adaptation and mitigation of climate change, sustainable management of water resources for the achievement of social, economic, and environmental objectives, agricultural technification and family farming to promote food security with pertinence to the Mayan, Xinca, Garífuna, age, and gender; territorial order for the sustainable use of natural resources; agricultural production and adaptation to climate change and mitigation of its effects; agricultural production for food security; integral and participatory management of solid waste; sustainable management of marine coastal systems; Ramsar sites and lake and river systems, considering gender, Mayan, Xinca, Garífuna, and age; access to quality energy with national coverage and increased participation of renewable energy in the energy matrix, considering citizen participation with consideration of Mayan, Xinca Garífuna, gender, and age.
- V. State guarantor of human rights and driver of development: strengthening of the state's capacities to respond to the challenges of development, democratic governance, security, and justice with equity, and consideration of Mayan, Xinca, Garífuna, social, sex and age.

Since 2005 there have been four different governments, each, except for the last one, had a government plan formulated prior to being elected. The main characteristics of said government plans are:

Government: Oscar Berger

Name: General Government Guidelines, 2004–2008.

Period: 2004–2008

Priorities: The great challenge (Employment and welfare); pillars (social investment, integral security, favorable conditions to produce and environmental sustainability); foundations (solidarity and inclusion, decentralization and participation, and political and state reform).

Government: Alvaro Colom

Name: Plan of Hope, 2008–2012.

Period: 2008–2012

Priorities: Strategic programs and their objectives: I. Solidarity: social development

policy, and municipal development policy; II. Governance: security policy and rule of law, democratic development policy, and legislative policy; III. Productivity: economic development policy and risk management policy, prevention and attention to disasters; IV. Regionality: foreign relations policy.

Government: Otto Perez

Name: Change plan

Period: 2012–2016

Priorities: Axes: I. Democratic security and justice; II. Competitive economic development, III; Productive and social infrastructure for development; IV. Social inclusion; V. Sustainable rural development

Government: Jimmy Morales

Name: General Government Policy, 2016–2020

Period: 2016–2020

Priorities: Presidential priorities: I. Zero tolerance to corruption and modernization of the state; II. Food and nutrition security, comprehensive health and quality education; III. Promotion of MSMEs, tourism, housing and decent work; IV. Citizen security; and V. Environment and natural resources.

Note: it is framed based on the axes, priorities, results, goals and guidelines of the K'atun.

2.2. Human Resource Management

The employees of the SEGEPLAN, as well as all the public servants of the Executive Body, are subject to the Laws of Civil Service and Passive Classes of the State. Both laws have as executive body the National Office of Civil Service (ONSEC). These laws guarantee, among other aspects, that personnel have the right to stable employment, vacations, retirement, promotion, fair salary, and right of association. In this last point, it is necessary to emphasize that the SEGEPLAN has had a labor union since 2012 and, nowadays, due to the fact that it has not been possible to sign a collective agreement, they have a court order that no employee can be dismissed. The Civil Service law also divides employees into three types of services: Exempt service, which are appointed by the president (in the case of the SEGEPLAN this is the secretary and undersecretaries); service without opposition, which are positions of directors, deputy directors; service by opposition (those that do not fall into the previous categories).

2.2.1. Overview

According to information provided by the Human Resources Department, the SEGEPLAN has 341 employees, of which 52% are women and 48% are men, and

70% of employees have a university degree, as can be seen in the following table.

〈Table 2-1〉 Number of Employees of SEGEPLAN

Education	Employees	%
Master	40	11.7
Bachelor	197	57.8
Bachelor (incomplete)	7	2.1
High School	88	25.8
High School (incomplete)	3	0.9
Sixth Grade	4	1.2
Less than Sixth Grade	2	0.6
Total	341	100

Source: Human Resources Directorate 2018.

By service areas, 111 people work in the technical area, 107 employees work in the interior of the country, 89 employees are in the general directorate, 23 in technical support directorate, 6 in the control area, and 5 in the superior office. The average age of the SEGEPLAN's employees is 41. It is important to point out that the average number of years of service is 6, which indicates that the SEGEPLAN employees have job stability.

〈Table 2-2〉 Employees by Area

Area	Employees	Average Years of Service	Average Age
Superior Office	5	4.6	37.6
Control Area	6	4.0	48.3
General Directorate	89	6.2	40.6
Technical Support Directorate	130	6.3	39.9
Undersecretariat of Public Policies	24	4.6	43.3
Undersecretariat of Planning and Territorial Planning	35	5.4	43.1
Undersecretariat of Public Investment	29	7.9	47.2
Undersecretariat of International Cooperation	23	6.7	39.4
Total	341	6.2	41.4

Source: Human Resources Directorate 2018.

2.2.2. Treatment and Recruitment

The salaries of the employees depend on the classification of their position standardized by Onsec and are regulated by means of the Annual Salaries Plan, which comes from a Governmental Accord that is reviewed and approved every year. This establishes the scale of salaries approved for each position, as well as personal supplements, bonuses, and other extraordinary benefits. The difference in salary with other public institutions of the executive body is a bonus that varies depending of the institution and is approved by Onsec. It is important to point out that most of the personnel that occupy the same position, regardless of years worked, have the same salary since the seniority bonus is from 35 to 50 quetzales. Regarding retirement, employees acquire the right to a pension when they have 20 years of service regardless of their age, or when they reach 50 years of age and have at least 10 years of service. There is also a compulsory retirement for workers who have reached 65 years of age and have a minimum of 10 years of service. The recruitment procedure is carried out in the SEGEPLAN and is updated in Onsec's online platform, the Human Resources Administration System (SiARH). It is important to emphasize that all posts must be evaluated. To fill a vacancy, first an internal process is done to give the opportunity for promotion, if there are no candidates or if they do not meet the minimum requirements that the position demands, an external recruitment process is carried out; both procedures are very similar. The hiring process begins when the unit that has the vacant position requests the Human Resources Directorate to begin a hiring process. The recruitment and selection analyst register the vacancy in the SiARH, then they make an announcement to call interested parties, in the case of the internal process by email and in other internal communication media, and when the call is external through the page of Onsec, the SEGEPLAN's website, and Facebook. Interested persons must enter the website of the Guatemlepo, a module of SiARH, where they must enter a curriculum vitae and apply to the specific position. They must also submit specific documentation required in physical form to the SEGEPLAN. At the end of the period in which the call is open, the recruitment and selection staff proceed to analyze the academic degree requested and the minimum experience. People who do not meet these two requirements do not move on to the next phase.

The next step is the evaluation of the candidate's CVs, which is made with the help of a list that scores factors such as academic formation, experience, and training; in case of an internal application performance evaluation, at the end of this process candidates are summoned for an interview and technical tests. The evaluations and interviews, which do not have an established sequence, are made around three themes: knowledge, skills and abilities, and attitudes. The interview is structured and evaluates the knowledge of the work area. Regarding the evaluations, these are a mixture of online tests (provided by Onsec), computer

tests, and others that are considered necessary.

At the end of these tests, the score is introduced in SiARH, and the persons that have more than 75 points qualify for the position, the candidates are notified of the results, and they have 3 days to contest the results. The end of the process is when the final list of candidates is sent to Onsec with the qualified candidates ordered from highest score to lowest, the one who wins having the highest score. Onsec issues an eligibility document and the person is hired. If the internal process is void, then an external call is made.

2.2.3. Training and Education

When a new employee enters the SEGEPLAN, he receives a general induction for first-time workers, on the structure, vision, mission, values, and instruments. In 2017, 30 people were instructed. With the help of an employee that has knowledge in the area, an induction is made to the position; this consists of teaching the assignments and programs of the SEGEPLAN. In 2017, this type of training was done for 110 employees. For continuous and annual training, the SEGEPLAN develops a comprehensive technical capacity strengthening program for which there is a computer system that collects information on the needs of training from all areas. The human resources directorate consolidates and prepares a document, and carries it out. There were great limitations for this program in 2017. For example, an amount of Q 2,002,900 was requested to carry it out, but only Q 50,950 was assigned. Even so, 183 employees had theoretical work training in laws and processes and 286 had practical training. In terms of continuing education, the SEGEPLAN offers the opportunity to continue studying at the university and offers supports with a change of schedule so that employees can attend. In 2017, eight women and three men were supported in this way.

Additionally, thanks in a major part to international cooperation, international organizations, and others, short courses abroad are offered to the SEGEPLAN employees. In 2017, 23 employees attended this type of training. To obtain a full-time master's degree the SEGEPLAN, in recent years, has not given leave with pay but only without pay. This means that people who wish to do these studies must finance them on their own or look for scholarships with other institutions.

2.2.4. Performance Management

Two types of performance evaluations are carried out in the SEGEPLAN: the first one is annual and the second one is applied to newly admitted personnel. The annual performance evaluation is a tool that allows determination of level of performance of the personnel in their job, as well as to contributing in the decision-

making regarding the formulation of development plans and administrative control for the employees. It is carried out through an internal computer platform and it is performed with the employee and his immediate boss discussing their performance during the year. In the end, both sign the performance evaluation; if the employee has any objection, they let it be known and it is added as a note. The employees must pass the evaluation with a minimum score of 75 out of 100; if they fail, an improvement program is made for the next 6 months that includes twice-monthly performance evaluations.

The second type of evaluation of performance is those that apply to new staff and is for the confirmation process. The process begins when a new employee enters. They must be evaluated monthly from 4 to 6 months, depending on the legal specifications, at the end of these; if approved with a satisfactory note, they are confirmed as permanent employee. In addition to the evaluations, once a year a labor climate survey is prepared to evaluate the different dependencies and propose strategies to improve the work environment; this is done through an online system of the institution.

2.2.5. Corruption Management

Public employees that earn more than Q 8,000 per month are responsible for internal proceedings, or manage financial resources must submit, upon entering to work in any state institution, a declaration of probity to the General Comptroller of Accounts, where they must declare bank accounts, debts, assets, and properties. This statement must be rectified annually, and if a good or debt greater than Q 50,000 is acquired, it must be indicated in the following 6 months. In addition, all individuals who have worked in the Government must submit a clearance that is extended by the General Comptroller of Accounts before accessing a new position. The Comptroller makes annual administrative and financial audits in all the institutions; the audits of the last 3 years were reviewed and the only findings that were made regarding the SEGEPLAN were about administrative proceedings. Additionally, the Internal Audit Unit ensures compliance with current legislation, internal control processes, and the rules and policies established by the higher authority, in matters regarding budget, financial, and management in accordance with the institutional strategy. It is important to note that the SEGEPLAN manages a low budget: in 2017 it was 0.11% of the total budget of the nation, and 73.8 of the budget consisted in the payment of personnel of the institution. The only factor where the SEGEPLAN could commit acts of corruption is in the issue of opinions on public investment and international cooperation projects, but no complaints of either type been made.

2.3. Institutional Capacity

2.3.1. Planning Process

The strategic planning processes in which the SEGEPLAN has a direct impact are national planning and government planning. The SEGEPLAN played a key role in the development of the National Development Plan and Policy: K'atun, Nuestra Guatemala 2032. This effort was promoted based on the fact that the only planning processes that were made were regarding the priorities of the government that only last 4 years; consequently, there was a gap in the country's strategic planning processes. This process was led by the National Council for Urban and Rural Development (Conadur), which has the constitutional mandate for the formulation of urban and rural development policies, supported by the SEGEPLAN. The process was carried out in four phases:

1. Start: the idea was born in 2012, but it gained strength in 2013, when the Commission for Formulation and Follow-up of the National Development Plan: K'atun, Nuestra Guatemala 2032 was integrated in Conadur, where the SEGEPLAN was designated as the institution responsible for giving accompaniment, advice, and technical and methodological assistance to the commission.
2. Diagnosis: the SEGEPLAN made a description of the national situation between 2002 and 2013. This explored regional, social, environmental, economic, and security development and in which the dynamics of the population and the territory were considered as fundamental approaches.
3. Citizen dialogues of the K'atun: talks, workshops, meetings, and exchanges were held. The total number of participants was 13,039 (2,450 in the capital city, 2,537 in the departmental capitals, and 8,062 in the municipalities). In these activities, the axes, results, and goals of the National Development Plan were outlined.
4. Planning: Afterwards, an exercise in the systematization of the dialogues was carried out, in three major moments: a) compilation and organization of the information, b) classification of the statements, and c) analysis and interpretation, to then build the National Development Plan and Policy.
5. In relation to the Government's plans, when the incoming president has a government plan that he made during the electoral campaign, the SEGEPLAN adapts the same for its follow-up. In the case of the Government of Jimmy Morales, the SEGEPLAN contributed in the elaboration of his plan, taking as its basis the National Development Plan.

2.3.2. Implementing Process

The implementing process of the National Development Plan is carried out through the Conadur Commission, which is now called the Follow-up Commission of the National Development Plan: K'atun, Nuestra Guatemala 2032, to which the SEGEPLAN continues to provide advice. In it, strategies are being implemented to integrate both the national and international agenda to provide comprehensive monitoring of all the commitments of the State. Work is currently being done on the design of the first evaluation of the Plan to be carried out in 2019, for which there is already a series of indicators that are currently being assembled. It is important to note that there is no structure to implement this plan, although the SEGEPLAN requires that the instruments that must pass through the approval of this institution (annual and multi-year planning of the institutions, investment projects, and international cooperation projects) include a section where how they will contribute to the achievement of the plan is described.

On the other hand, the process of implementing government plans depends to a significant extent on how the SEGEPLAN positions itself before the president. There are cases where the interaction is limited to what is established in its legal mandate, or it can do a more extensive work. A summary of what has been done in relation to the last four government plans is presented below:

In the Government of Oscar Berger, with the support of the United Nations Development Program (UNDP), in 2005, the Government's Programming and Goals Management System (SIGOB) was implemented, which was a mandatory system for all entities of the Executive Body, and obtained strategic monitoring information for the implementation of the General Government Plan.

In the government of Alvaro Colom, the SIGOB was transferred to the presidency. The SEGEPLAN only did a follow-up on the presidential goals.

In the government of Otto Perez, 11 strategic results were identified, based on the government plan, on which the SEGEPLAN worked together with the entities responsible for the definition and follow-up; the entities in charge programmed resources to achieve them.

In the current government, of Jimmy Morales, 29 goals for the follow-up of the government plan were established, this time following a defined participatory methodology, which included the elaboration of conceptual and descriptive models and definition of the responsible and co-responsible institutions for each. These were included within the planning of the institutions ensuring specific guidelines in

relation to the goals to protect the production and budget. For the first time, within the SEGEPLAN, people were hired to exclusively follow-up on these indicators and to prepare quarterly reports.

2.3.3. Conflict Management and Policy Coordination

For the National Development Plan, the institution in charge of conflict resolution and coordination is CONADUR through the Follow-up Commission of the National Development Plan: K'atun, Our Guatemala 2032. The SEGEPLAN only advises the commission, which is why it cannot get involved. As for the government plans, these are overseen by the president, and the coordination is carried out from him or within the government cabinet, Ag all the ministries and several secretaries, including the SEGEPLAN, participate.

2.3.4. Affiliated Organization

Collaboration with stakeholders has been inconsistent. At critical moments (e.g., in the preparation of the ODM follow-up reports and in the beginning of the elaboration of the K'atun, strategic and long-term collaboration were not fostered) efforts have been made to have some kind of coordination. Many times, the SEGEPLAN hires an individual person, who works in one of these institutions as consultants to advise on specific issues. When these institutions come with a proposal, they are received when they make the effort to contact the SEGEPLAN. However, this institution does not make any efforts to initiate contact. A crucial factor is that the SEGEPLAN does not have sufficient resources to hire an organization to do studies, and another factor has been that it has tried to strengthen the staff to do the jobs that were normally done, in the past, by stakeholders. Where collaborations have been made is in the subject of training where coordinations are being initiated with the INAP to provide training in planning, but nothing has yet been finalized

2.4. Survey Analysis

Between the months of December 2017 and January 2018, a total of 80 people were asked to give their opinion about the SEGEPLAN through the questionnaire provided by KDI. A total of 63 complete questionnaires were received, with 27 corresponding to the SEGEPLAN, 29 to Central Government, 1 from municipalities, and 6 from stakeholders.

2.4.1. Reputation for Readiness, Willingness, Ability

In general, the opinion on the individual characteristics of the workers of the

SEGEPLAN was positive. While on average 59% thought that they do a respectable job, it is important to emphasize that in the question that if they follow clear and transparent business process this number went up to 71% and in the one that asked about an active and enthusiastic attitude in handling business process, 70% agreed. Regarding the reasons for these responses, the largest number said that they do a good job, although they suggest that they should improve their efficiency and effectiveness and the fulfillment of their duties.

Regarding the individual capacity of the SEGEPLAN employees, 67% are satisfied and only 13% are not satisfied. The reasons for this evaluation were: that they have a good capacity. Likewise 63% think that to improve the capacity it is necessary that they receive training and updating with suggestions that the SEGEPLAN takes advantage of its role as administrator of the scholarship bank to provide more opportunities; the second place is occupied by improving working conditions, which include improvement of the environment labor, salaries, and being able to make a career within the institution. Other suggestions are that they should know better the institutions to which they give advice and that they should empower the employees and improve their selection criteria.

2.4.2. Evaluation for Personal Ability, Organizational Culture, and Policy Orientation

Compliance with the strategic framework is positively evaluated. 82% think that it is oriented to carry forward its mission and vision, but only 45% think that they have the necessary competence to carry forward its mission and vision. Upon asking respondents to explain these answers, 55% thought that it fulfills its vision and mission and that they have resources and competences, while 14% thought that its staff should be reinforced, and that implementation of vision and mission is limited. Another opinion is that the SEGEPLAN should strengthened its legal and regulatory framework. On the subject of assistance for planning, 47% have a positive opinion. In the aspect of supporting ministries in taking their roles during national strategic planning process, the highest approval with 57% is when asked about if they consider the needs and demands of the related ministries. The implementation of the national development plan has the smallest number of people in agreement, with 42%. The opinions regarding the design and implementation are similar; in the first place is that the members of the SEGEPLAN support the processes, and the next answer is the support is limited. At the time of asking if they are satisfied with planning orientation of the SEGEPLAN, 63% agree, 21% are neutral, and 16% disagree. In the question about how to improve the planning capabilities, the majority thought that this could be done by developing and improving tools, followed by strengthening its staff, and tied in third place coordination between institutions and strengthening of its legal and regulatory framework.

2.4.3. Gap between Institutional Capacity and Actual Capacity

The institutional capacity of the SEGEPLAN was evaluated positively by 55% of those who responded, the activity being regarded as best is the existence of practical tools to coordinate the planning and programming processes, and the worst evaluated was the capacity to manage public policies. This rating was given because the support is limited, must strengthen its leadership, and there is a lack of coordination between the SEGEPLAN and other public institutions. The opinion about institutional capacity is distributed as follows: 47% agree, 27% express neutrality, and 26% disagree. This complemented the opinion that the SEGEPLAN should strengthen its staff and leadership and that it must improve processes in general. When asked how to improve organizational capacity, the majority thought about improving working conditions, increasing the quality and quantity of staff, followed by coordinating work inside the SEGEPLAN.

3. Introducing South Korean Case: Merit System, Policy Coordination and National Think Tanks

3.1. Overview

In this chapter, overall human resource management of Korean civil servants focusing on the merit system is introduced first. It is widely accepted that the merit system was an inevitable and essential element for countries to be developed into modern nations. South Korea was not an exception, and through the economic development process, the role of technocrats based on merit system and political neutrality has been enormous in achieving national prosperity. Next, the policy coordination and conflict management system are introduced focusing the role of the Office for Government Policy Coordination (OGPC) under prime minister as a benchmarking case. Finally, national think tanks and their management strategy are introduced for better evidence-based policy making.

Some caveats should be considered as a kind of guidance. First, the Korean case might not be the best practice. The reason to introduce the Korean case is to derive proper insights and implications for Guatemala, which has totally different atmosphere and context from Korea. Therefore, finding more universal and applicable implications from the case study rather than trying to apply the result directly to Guatemala is necessary. For example, as Korea has mixed political system of a presidential system and parliamentary cabinet system, sometimes the prime minister is degraded to a ceremonial prime minister or addresser on behalf of president, which shows its limited de facto political status. Through the development

period, the Economic Planning Board (EPB), with economic planning and national budget allocation authority, has been regarded more highly as de facto coordinator than the prime minister. In the realm of human resource management, the Ministry of Government Administration was in charge of personnel administration as a whole to decide policies about recruiting, allocating, promoting, and staffing. After the 1998 financial crisis in Korea, such gigantic ministries became the target of being blamed for economic catastrophe by inappropriate abuse of power, which led to downsizing and reducing their functional authority. As a result, the OGPC took over the role of policy coordination and it was reinforced by usually appointing a higher level of civil servant from Ministry of Finance and Economy as a head of the OGPC to link the legal power and budget allocation power. In addition, the fact that Korea has efficient and competent government machine with capable civil servants might be for a shameful reason. When world-renowned capital investor Jim Rogers had media interview⁵⁾ in Korea (3/8/2017), he mentioned that the Korean case is desperate with no hope, since lots of the young generation waste their time to prepare exam to only become a civil servant. The situation that average number of applicants preparing for the exam of civil servant is more than 450 thousands per year is considered abnormal.

Second, as research demand from the SEGEPLAN covers wide range of aspects, broader perspective is needed to adequately respond to it. For example, as capacities of not only the SEGEPLAN but also overall public agents also require enhancement for effective national strategic planning implementation, human resource management of public sector should be reexamined for a basic platform. In addition, the SEGEPLAN acknowledges that there is a remarkable limitation in terms of updated and trustful information about the indicators of impact, which is inevitable for effective planning and implementation. The limitation of data and information, not only at the national level, but in the lowest territorial or departmental level cannot be treated within the category of capacity building of the SEGEPLAN alone; instead it needs to be thought with the management of national think tanks.

3.2. Human Resource Management

It is worthwhile to introduce the main features of each phase in Korea for better human resource management. According to Lee and Lee (2014), civil service reforms are divided into seven phases as summarized in table below. Each government understood that competent and efficient public servants are crucial to achieve economic development and pushed forward various reform actions. It was pointed out widely, even from those who support small government, that competent bureaucracy was a major factor contributing to South Korea's social and economic development (Hwang, 1996).

5) <https://www.youtube.com/watch?v=RrYfVUVeMpA>.

〈Table 2-3〉 Phases of Public Personnel Administration (PPA) in Korea

Phase	National Goals	Phase Description	Values in PPA	Major Reform Actions
1 (1948-1961)	Establishment of Nation's Foundation	Institutionalization of PPA	Merit Principle	National Public Service Law (1949) Enforcement of Civil Service Exam (1949) National Training Center for Public Servants (1949)
2 (1961-1979)	Reconstruction of Nation Economic Development	Establishment of Career Civil Service System	Efficiency Professionalism	Employee Performance Rating System (1961) Reform of Civil Service Exam (1963) Reform of Pay Administration (1963)
3 (1980-1993)	Economic and Social Development	Minor Reform in PPA	Efficiency Professionalism	Reform of Civil Service Exam (1981) Public Servants Ethics Law (1981)
4 (1993-1998)	Reform of Undemocratic	Globalization and NPM Reform in PPA	Efficiency Competition	Introduction of Preliminary Pay for Performance (1995) Quota for Female Public Servants (1949)
5 (1998-2003)	Parallel Democratic and Economic Development	Division of Policy Formulation and Implementation in PPA	Efficiency Competition Professionalism	360-degree Evaluation System (1998) Introduction of Open- Competition-Position System (1999) Management by Objectives (1999) Expansion of Pay for Performance (1999) Gender Equality Employment System (2002)
6 (2003-2008)	Participation and Decentralization	PPA Innovation	Fairness Professionalism Participation	Expansion of Technocrat Hiring (1999) Personnel Administration Guideline for Disabled Public Servants (2004) Local Talented Person Hiring System (2005) Customized Benefits System (2005) Senior Executive Service (2006)
7 (2008-2013)	Leading Nation of the World through the Advancement	Minor Reform in PPA	Equity Professionalism	Abolition of Age Ceiling for Civil Service Exam (2009) Hiring of High School Graduates (2010) Reform of Civil Service Exam (2011)

Source: Lee and Lee (2014: 49).

It should be pinpointed that public personnel administration policy was dominated by the Ministry of Government Administration (1948–1998), the former Ministry of Personnel Management, with strong power and trust from president to coordinate personnel management from recruiting to retirement in a unitary way through the whole government. Like other Confucian countries, Koreans have been accustomed to the tradition of national examination for government officials since medieval age, and after government formation of 1948, education and training programs were introduced to foster technocrats to serve for national development policies.

3.2.1. Recruitment and Treatment

3.2.1.1. Local Context

Overall social reputation perceived by national people in Korea is remarkably high. According to 'Youth Survey 2016' by National Statistics Office (2016: 26), state institutes ranked as the most favored job (23.7%) for youth aged 13–24, followed by major large companies (20.0%) and public companies (18.1%). State institutes have been ranked as an unshakable top position for 5 years in a row. Combined percentage of state institutes and public companies reaches up to 41.8%, which means almost half of the youth generation hope to work in the government sector. As a result, more than half of university graduates (290 thousands among 520 thousands) are preparing for exams⁶⁾ only to become civil servant.

The possible reasons of this seemingly bizarre social phenomenon may be understood in many ways considering the Korean local context.

- First, as the Korean government adopted career civil service system based on merits, civil servants are firmly guaranteed life-time tenure by law. This is intended to make them neutral and objective towards decision-making processes regardless of political power changes, which is expected to be beneficial for general public interest. The stable job in the government sector seems quite attractive, particularly in Korea, which has undergone harsh social crisis and economic fluctuation through the modern history. According to the survey quoted above, the reason for their choice to be a civil servant is because they put high priority on stability (22.8% for all, 26.6% for 20~24 ages) compared to self-realization through their job (only 6.7%).
- Second, in the era of development dictatorship by military-government ruling regime, civil servants have exerted strong power over legal or judicial authority and private sector since government overwhelmed all the other parts through its dominating initiative for national economic prosperity. This kind of de facto image of power center makes the job attractive even now, when no more overwhelming power of government on other public and private sectors is available despite the average formal income of civil servant being relatively lower than in the private sector.
- Third, civil servants are entitled to receive benefits from civil service pension after retirement, which is more lucrative than the ordinary national pension system for the old. This fringe benefit is a strong incentive, particularly in the era of aging society that Korea has already entered. According to the PUBLIC OFFICIALS PENSION ACT (2017), "When a public official retires from office after serving for not less than 10 years, a retirement pension shall be paid

6) http://news.chosun.com/site/data/html_dir/2017/06/01/2017060101756.html.

from the time when he/she falls under any of the following until he/she dies (Article 46, Retirement Pension or Lump-Sum Retirement Pension)”, and “The annual amount of benefits as a pension shall be increased or decreased by the amount corresponding to the previous year’s rate of fluctuation of nationwide consumer price index (Article 43-2, Adjustment of Amount of Pension)”. The pensionable right can be inherited by a spouse or other survivors after the death of the pensioner. The Government Employees Pension Service was established to ensure the effective promotion of the pension system under the entrustment of the Ministry of Personnel Management (MPM).

- Fourth, successfully passing the Higher Civil Service Entrance Examination (HCSEE) to become a 5th grade civil servant (deputy director for central ministry level or director for under ministry or local government level), which is quite high position in 9th grade of hierarchical civil servant system in Korea, is still regarded as a great honor to the family or alma mater and successful applicants themselves. Among the total number of open recruitment for administrative and technocrat positions of central government in 2016 (3,584), the number of applicants through Higher Civil Service Entrance Examination for 5th grade was only 346, while the number of applicants through open exam for 7th grade and 9th grade were 671 and 2,567, respectively (MPM, 2017: 20). Considering that the average number of applicants for civil servants is 290 thousands per year, the possibility of success in exam is only 0.0012. To pass the exam means that they may have a chance to climb a kind of social ladder to enter another higher social class.
- Fifth, independent autonomy of civil servants, particularly in economic policy making, is so highly appreciated that political power has only limited influence on them, even during authoritarian military regimes. There is a famous anecdote showing this independent status of economic technocrats; in the late 1980s, the then President Doowhan Chun told then presidential secretary of economic policy Jaeik Kim, “In the realm of economic policy, you are the president.” This kind of professional autonomy stems from their expertise acquired through experience dealing with actual problems during a life-long tenure.
- Finally, unlike the private sector, the whole process of examination & interview is officially prescribed by the law in advance and all the applicants are treated equally (for general administrative & technocrat positions) without other requirements such as academic level, social status, private income, home region, or private background. It means anyone can be a civil servant when he/she has the appropriate competency tested by written exam and job interview. Furthermore, some favors are given as a form of guaranteeing an appropriate quota or giving extra points to socially vulnerable classes, such as those who have disability. Being treated equally with equity is one of the reason why there are so many applicants to become civil servants.

To sum up, the fever of Korean case for becoming a civil servant⁷⁾ has bitter and sweet aspects. This means Korea may have effective government machine from recruiting competent applicants and fair civil servants and stable government policy by guaranteeing a professional career system. On the other hand, an overbureaucracy problem or government failure due to dominance of the public sector over the private sector may arise.

3.2.1.2. Recruitment Process

The civil service personnel system of Korean includes the Career Civil Service system to recruit capable young people who want to devote their life to public service, and the Merit System to employ them according to their abilities without regarding nepotism, favoritism, or political partisanship. Public servants in charge of general public services are recruited⁸⁾ through open competitive examination based on these principles. Ranks of public officials in general service are divided into the Senior Civil Service (SCS, among grades 1–3) and grades 3 to 9. This fair and open competitive exam is aimed at ensuring equal opportunity for every citizen to apply for a government job, regardless of gender, educational background, or age. Recruitment exams are executed annually for grades 5 (i.e., the Higher Civil Service Entrance Examination), 7, and 9 through written tests (twice for grade 5 and once for grades 7 and 9) and job interviews as a kind of blind test without giving any personal information about interviewee to interviewers comprising university professors and SCSs. Written examination subjects of each grade for general public service are shown in table below. Subjects are varied according to different series of classes.

7) Korea has about one million public servants; 670,000 are national public officials and 370,000 are local officials at the end of 2016.

8) Different processes are applied to other categories of public servants, such as public officials in special service such as judges, teachers, or police, and public officials in political service who are elected by general public or approved by the National Assembly.

〈Table 2-4〉 Examination Subjects for Written Tests

Grade	Core	Selective
5	<ul style="list-style-type: none"> • 1st Exam (3 Multiple Choice Forms) : PSAT(Language, Data Analysis, Judgment), Korean History, English • 2nd Exam (4 Dissertation form) : Public Law, Public Administration, Politics, Economy 	<ul style="list-style-type: none"> • 1 Dissertation Form among Civil Law, Information System, Survey Methods, Policy Science, International Law, Local Public Administration
6	<ul style="list-style-type: none"> • Central Government Position (7 Multiple Choice Forms) : Korean Language, Korean History, English, Constitution Law, Public Law, Public Administration, Economy • Local Government Position (6 Multiple Choice forms) : Korean Language, Korean History, English, Constitution Law, Public Law, Public Administration 	<ul style="list-style-type: none"> • 1 Multiple Choice Form among Economics, Local Public Administration, Regional Development
7	<ul style="list-style-type: none"> • Korean Language, Korean History, English (3 Multiple Choice forms) 	<ul style="list-style-type: none"> • 2 Multiple Choice Forms among Public Law, Public Administration, Mathematics, Science, Sociology

Source: <http://www.mpm.go.kr/mpm>.

In addition to this standard recruitment track, positions that require a higher level of expertise (443⁹⁾ of all the government positions are designated as open post) are filled through different tracks for those professionals with career credentials or academic degrees in a specific field from the other ministries or private sector. This recruitment is implemented regularly or when it is necessary for all grades, including SCS, with an aim of enhancing competitiveness of the government. A recruiting plan is announced to the public through government website (www.gojobs.go.kr), and these positions are filled with those experts selected from open competition. For 2018, the MPM announced a recruiting plan¹⁰⁾ of 74 open positions from 27 central government agencies, and among them 27 positions are open to private sector applicants only.

3.2.1.3. Scientific Human Resource Management

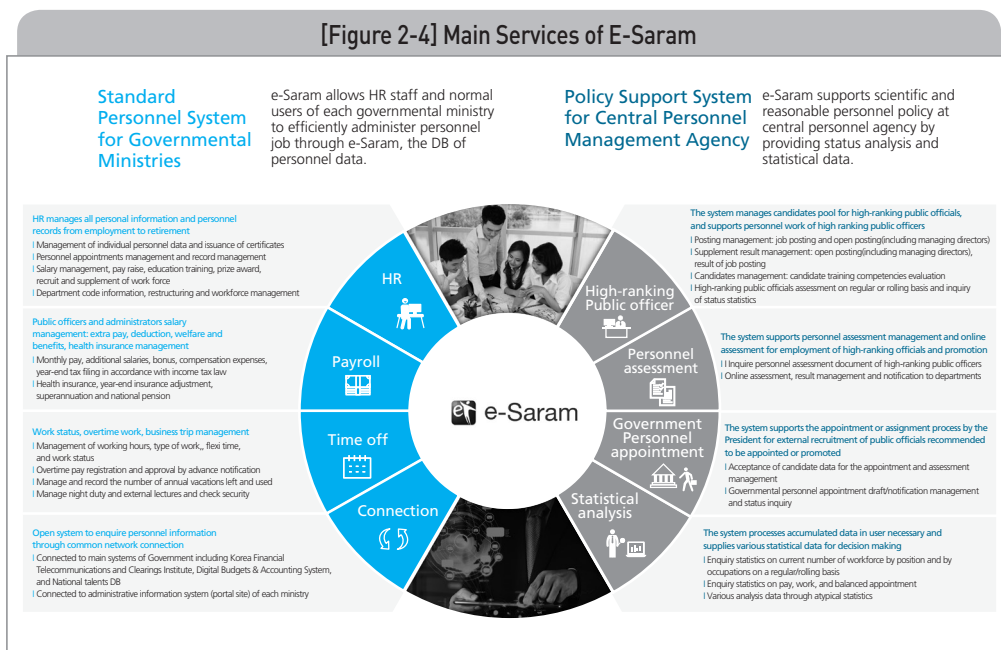
To support scientific and reasonable personnel operation and management from recruitment to retirement by providing status analysis and statistical data, the government launched the Personnel Policy Support System (PPSS) in 2000 which

9) Press release of MPM, 2018.1.1, 'Inviting plan to open positions in 2018'.

10) <http://www.korea.kr/briefing/pressReleaseView.do?newsId=156246466>.

was renamed as 'E-Saram¹¹⁾' in 2006. E-Saram is a standardized electronic personnel management system through which each government agency can electronically manage a variety of personnel-related tasks such as transfer, promotion, pay, and leave. The E-Saram covers a wide range of personnel management tasks as follow and summarized in the figure below.

- The system deals with all personnel information and records related to appointment, salary, pay rise, extra pay, welfare and benefits, education training, prize award, certificates, work status, overtime work, business trip, etc., from employment to retirement.
- The system produces various statistical data related to payment, working condition, number of fixed and current quota of agencies and so forth to support personnel-related decision making related to appointment, assessment, training, etc.
- The system manages a candidate pool of high-ranking public officials such as job posting, competence evaluation, and personnel assessment for employment and promotion.
- The system supports the appointment or assignment process for external recruitment of public officials.



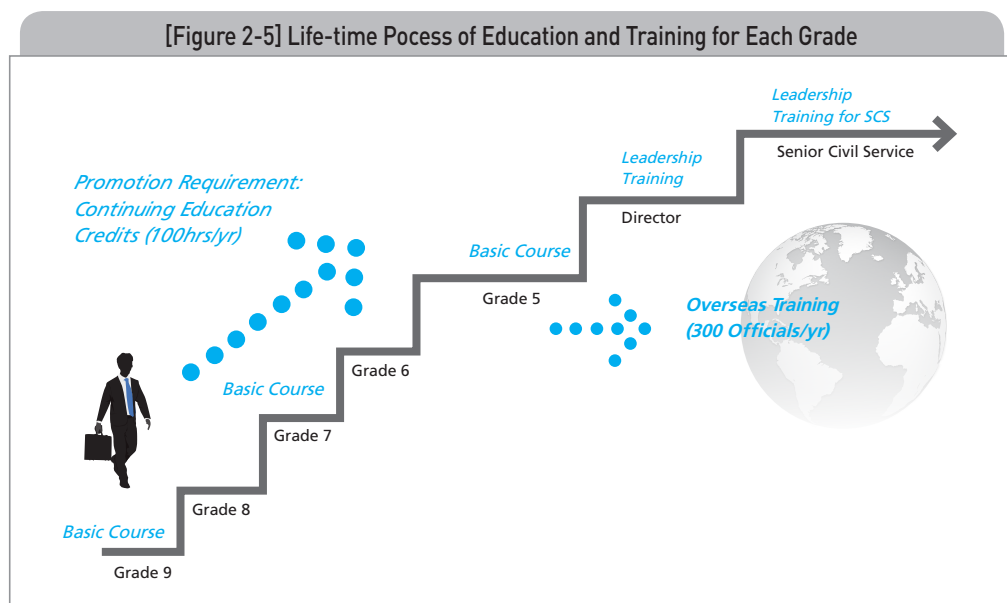
Source: MPM, E-Saram brochure pp.4-5, www.mpm.go.kr/cms/getFile.do?file...pdf&orgname=e-Saram.

11) In Korean, 'Saram' means 'human being'.

Since 2014, MPM has provided e-Saram mobile service so the tasks can be performed at anytime and anywhere through the mobile phone. In addition, to find and recruit the right person in the right place, the government runs a headhunting system with a national human resource database (hrdb.go.kr) of talented professional from various fields. As of the end of 2017, the total number of managed data¹²⁾ was 299,825, 83% of which are from the private sector.

3.2.2. Education and Training

The MPM is in charge of providing education and training services to civil servants with an aim to increase public ethics, future-oriented capabilities, and professional expertise of them. Optimized programs are provided to both newly entered and promoted officials and incumbent officials. Programs for newly recruited civil servants are related to public service ethics and basic skills necessary to perform their tasks. Leadership programs are provided to those promoted to deputy director (grade 5), director (grades 3–4) and SCSs level. For officials of grade 4 or below, it is mandatory to participate in training courses for more than 100 hours per year. Specialized education courses are provided as well to enhance expertise in each field including academic degree course from both domestic and overseas universities. The overseas degree program covers necessary costs including tuition fees and extra living cost as well as regular salary. The results of all the programs are recorded and reflected later in their promotion process. The overall process of life-time education and training is summarized in the figure below.



Source: <http://www.mpm.go.kr/english/system/humanResource>.

12) <http://eng.nhi.go.kr/About/major.htm>.

To provide an education and training program focused on public needs more effectively, the National Officials' Training Institute was founded in 1949 (changed to Central Officials' Training Institute in 1961 after expanded reorganization) and renamed as National Human Resource Development Institute (NHI affiliated to MPM) in 2016 with an aim to be a global HRD center for better public service delivery. Its basic functions¹³⁾ as an inter-agency training hub are as follows:

- To develop central government officials' capability by providing common and specified training programs
- To support other public-sector training institutes across Korea while promoting cooperative activities with private-sector HRD centers
- To widen global network through exchanging activities with internationally recognized institutions.

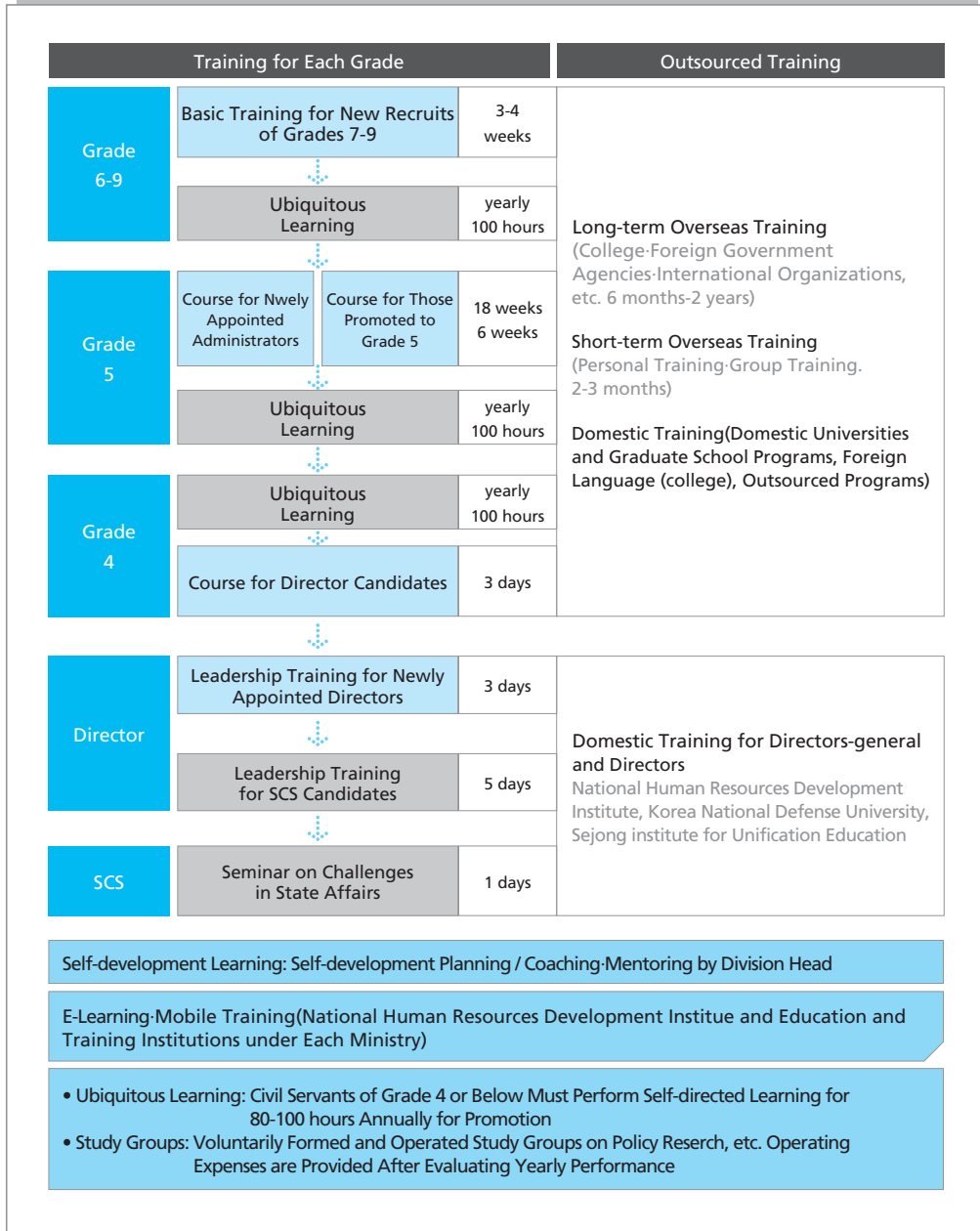
The MPM operates an Education and Training Information Center (training.go.kr) that introduces human resources development policies and domestic and foreign education programs for civil servants to choose various training schedules and material, and to register reports on training results. Domestic education programs consist of four sub-categories:

- Long-term period training for higher level civil servants (44 weeks for grades 3–4 and SCSs) conducted by national institutes such as NHI introduce above, Korea National Defense University, Korea National Diplomatic Academy, Institute for Unification Education, etc.
- Academic course by entrusted universities for bachelor (4 years for Korean National Open University and 5 years for cyber university or evening class) and master degrees (2.5 years for evening class)
- Foreign language course by public and private universities (20 weeks or 10 weeks)
- Short-term period training by entrusted private learning institutes (3 days).

Overseas training programs consist of long-term and short-term period courses. For the former, there are a 1-year program for director-general and director level and a 1–2-year program for grades 4–9, while for the latter, we have individual (over grade 9, less 6 months) or team project (over grade 9, 2 weeks–2 months), and group project (grades 4–9, less than 2 weeks). All these programs are summarized in [figure 2-6].

13) <http://eng.nhi.go.kr/About/major.htm>.

[Figure 2-6] Training Programs

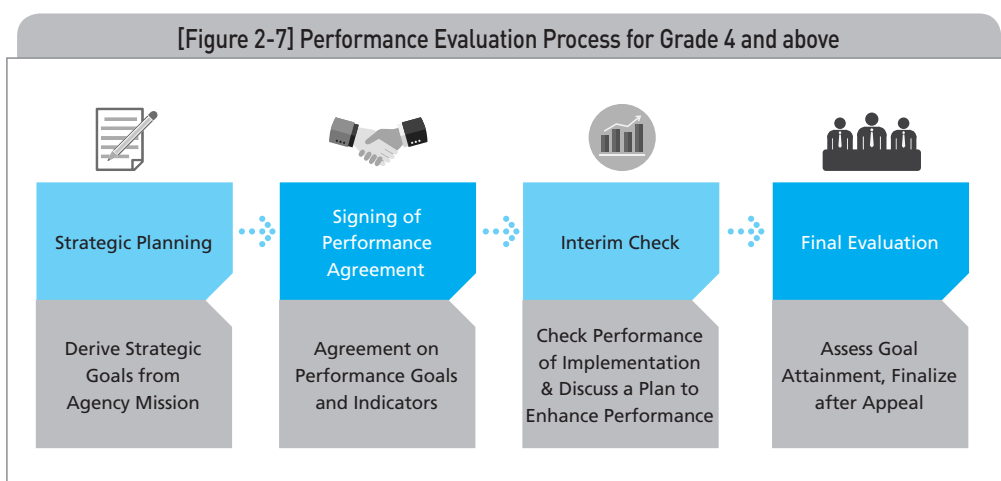


Source: <http://www.mpm.go.kr/english/system/humanResource>.

3.2.3. Individual Performance Management

The Korean government tries to ensure that civil servants who achieved better performance would be properly compensated through the performance management system. Civil servants of grade 4 (director level) and above should

be evaluated annually for their performances, and credentials and competence associated with job performance. After setting performance targets and indicators through consultation with an evaluator (usually their superior) considering departmental mission and individual duty, they make formal a performance agreement upon which the evaluation process is based. The results of the performance evaluation are reflected in deciding performance-based salary and in various personnel management processes, such as promotion. Civil servants of grade 5 (deputy director level) and below should be evaluated twice-annually regarding their performance and job competency. The evaluator periodically checks and records the results of the work done by face-to-face talk with the evaluatees. The results of performance evaluations are reflected in promotion screening and deciding performance-based salary or bonus.



Source: <http://www.mpm.go.kr/english/system/performance>.

The performance-based payment system was introduced in 1999 in the form of performance annual salaries for director-general or higher levels, and performance bonuses for director or lower levels. The range of public officials receiving performance salaries has gradually expanded to include public officials of grade 5 in 2017. Therefore, performance-based annual salary (accumulative) is given to those in grade 5 and above reflecting the results of performance evaluations, and those in grade 6 and below are paid a performance-based bonus at least once a year.¹⁴⁾

It is worthwhile to mention here that the Senior Civil Service (SCS) system was

14) There is an opposite view against this system, particularly from National Civil Servant Union who released official press conference statement against the 'annual income system based on performance', calling for withdrawal of the system soon.

introduced in 2006 by Korean government to place high-ranking officials (deputy minister or director-general levels) in the right places across the government beyond silos among ministries, and to encourage openness and competition in government sector. Before SCS, it was widely accepted that civil servants who served necessary terms could promote to an upper position without competition or screening almost as a given chance within the closed hierarchy of each ministry, which is a seniority-based system. According to MPM (2017b), about 1,500 senior civil servants are classified and managed as SCS nowadays after a tough Competency Assessment to prove they have necessary credentials and capabilities required to do job right. Six competencies for assessment (problem recognition ability, strategic thinking skills, change management skills, performance-orientedness, client satisfaction, and coordination/integration skills) are measured through four assessment exercises (1:1 role play as a role of media interviewee, 1:2 role play as a role of proponent vs. opponent, in-basket technique to play a role of policy solution producer and group discussion), which allows appraisers to see whether the appraisees have necessary abilities required to senior civil servants. Candidates who pass the leadership evaluation test are subject to another personnel screening as a next step conducted by the Appointment Screening Committee of the Ministry of Personnel Management to be appointed for the high level posts of each ministry, 30% of which are open to private (56 posts are exclusive only for private); other candidates of SCS belong to different ministries to introduce public-and-private or inter-ministerial competition. Senior civil servants are paid a differential remuneration according to the grade of levels (Ga & Na level, i.e. A & B level) and performance evaluation results. The portion of incentive bonus in annual salary was increased from 7% to 15%. Senior civil servants with poor performance evaluations are subject to qualification screening to determine whether they should continue to perform duties as senior civil servants.

3.2.4. Policy of Duties and Ethics of Civil Servants for Anti-Corruption

Public officials are asked to practice good faith, kindness, fairness, confidentiality, integrity, and political impartiality as a servant for public interest. In a similar vein, they are also prohibited from seeking personal profit, and taking a part in collective action. Disciplinary actions shall be taken against civil servants who violate their professional duty such as a reprimand, pay reduction, suspension, demotion, dismissal, or expulsion depending on the level of the violation. Monetary sanctions might be imposed in cases of irregularities involving money and valuables. Overall guidelines and policies are regulated by the Public Service Ethics Act (2017) and Decree on Disciplinary Action against Public Officials (2015). The Board of Audit and Inspection was established in 1963 under the president and has been in charge of inspecting civil servants in their policy making process, while their private behaviors were monitored by the prime minister's office and presidential secretariat.

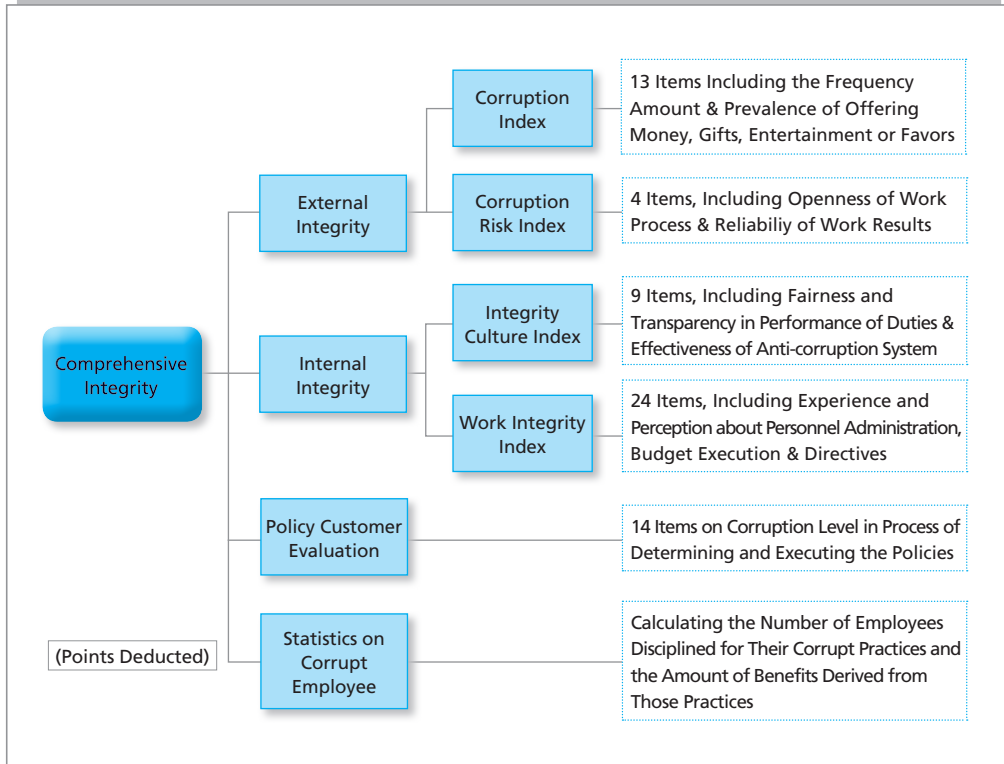
In addition to the general requirements above, civil servants are also prohibited from illegally obtaining property by using their position, power, or inside information. Civil servants of grade 4 or above have to register all the item of property annually not only theirs but also of their families. If they have stocks or shares related to their jobs over the amount of limit (approximately USD 30,000), they need to sell or transfer them into a blind trust. When registered property turns out to be falsely reported or omitted, fines or disciplinary action shall be imposed on them. In addition, for the first three years, even after their retirement, civil servants of grade 4 or above are not allowed to get a job at certain private or public organizations whose business is related to agencies they have worked for over the last five years. Inspection of duty¹⁵⁾ is administered by the internal inspector office of each agency or by the Prime Minister's Secretariat as an external inspector. Inspection by the Prime Minister's Secretariat is renowned for its secrecy and strictness.

Nationwide anti-corruption policies are administered by Anti-Corruption & Civil Rights Commission (ACRC) established in 2008, and one of their missions, 'build a clean society by preventing and deterring corruption in the public sector' is related to public officials' duty and ethics. They carry out both preventative and reactive measures¹⁶⁾ to achieve their missions. The former includes Integrity Assessment, Corruption Impact Assessment, Code of conduct for public officials, and Anti-corruption training; the latter includes Handling of corruption reports, Detection of violation of code of conduct, and Protection and rewards for whistleblowers. Among them, Integrity Assessment was introduced in 2002 and is conducted every year to assess the levels of corruption of individual organizations and their specific tasks with the survey answered by firsthand service users and internal staff of public organizations about their corruption experience and perception. As seen below, integrity scores are assessed from external, internal, and customer evaluation sides with deduction of revealed corruption cases.

15) The Board of Audit and Inspection is in charge of auditing accounts and policies.

16) <http://www.acrc.go.kr/en/board.do?command=searchDetail&method=searchList&menuId=02031601>.

[Figure 2-8] Integrity Assessment Model

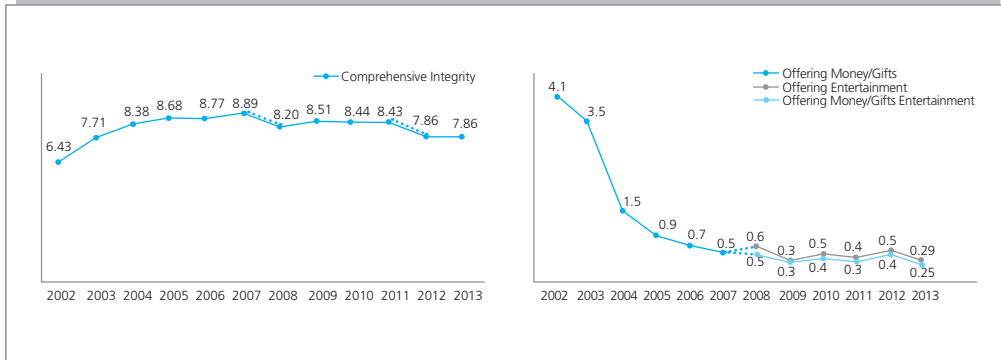


Source: ACRC (2014: 4).

The final scores of integrity level of each public organization and their rankings are disclosed to the public through the media, which has caused competition among public organizations to make voluntary efforts to improve their integrity rankings. As a result, since the assessment started in 2002, the overall integrity index of the Korean public sector has increased consistently, while corruption experienced by citizens has been decreased substantially, as seen below. The Integrity Assessment case won the 1st prize in the category of Preventing and Combating Corruption in the Public Service at the 2012 United Nations Public Service Awards.¹⁷⁾

17) <http://www.acrc.go.kr/en/board.do?command=searchDetail&method=searchDetailViewInc&menuId=020504&confId=64&conConfId=64&conTabId=0&currPageNo=1&boardNum=50201>.

[Figure 2-9] Changes of Integrity and Corruption Experience



Source: ACRC (2014: 7).

It is worthwhile mentioning the recently enacted the Improper Solicitation and Graft Act (2016), which brought enormous changes in everyday life of ordinary Koreans. As about 63% of Korean people are revealed that they believe Korean society is corrupt, according to corruption perception survey conducted by the ACRC in 2014, it was felt necessary to address the limitations of the existing anti-corruption laws (the Criminal Act, the Public Service Ethics Act, etc.) and enact more comprehensive law to prohibit improper solicitations and the receipt of graft. The purpose of the legislation was to establish advanced corruption prevention system of public officials living up to global standards. To achieve this purpose, more radical and fundamental measures are needed since in Korean public society, there are widespread and accepted customs, such as receiving expensive gifts or large amounts of condolence money, and having expensive dinners with related private acquaintances. The act prohibits receiving any type of financial advantages if the offer is duty-related to public officials. However, acceptable limits are determined as the minimum amount for social relationships; prices of meals should not be over KRW 30,000 (roughly \$ 30) per person, general gifts should not be over KRW 50,000 (roughly \$ 50) and gifts for wedding or funeral should not be over KRW 100,000 (roughly \$ 100), which are extremely small regarding habitual customs of Korea.

However, strong anti-corruption policy might hinder civil servants from active and positive policy implementation for fear of being a victim of any kind of disciplinary measures. To remove the possible immobility of civil servants (i.e., 'apathetic (indifferent) attitude of government officials'), the Ministry of Personnel Management announced¹⁸⁾ that it would revise Decree on Disciplinary Action against Public Officials to exempt them from obligation even when the case was sent to disciplinary committee due to mistakes resulted from active and positive administration.

18) <http://v.media.daum.net/v/20171226120038564>.

3.3. Institutional Capacity of OPC under Prime Minister

As the SEGEPLAN is in charge of implementing national strategic plan with an intention to enhance its capacity, it is worthwhile consulting the role of the Office for Government Policy Coordination (OPC) and its institutional capacity as a policy coordinator. The institutional capacity of PM and OPC stems from legal setting, organizational and human resource, and functional authority. It means superior role of OPC under PM is guaranteed by substantive enactment with the help of streamlined organization and experienced human resource to do the monitoring and coordinating function. It should be noted that administrative state with dominant power of government over parliament is crucial particularly in initial stage of economic development coordinated by a leading authority like the OPC.

3.3.1. Legal Setting

Although South Korea has presidential system, it also takes parliamentary government factor as cabinet ministries are under the control of prime minister. According to the Constitution of the Republic of Korea, the prime minister shall be appointed by the president with the consent of the National Assembly and shall direct the executive ministries under order of the president (article 86). In addition, the members of the State Council shall be appointed by the president on the recommendation of the prime minister, and the prime minister may recommend to the president the removal of a member of the State Council from office (article 87). Heads of executive ministries shall be appointed by the president from among members of the State Council on the recommendation of the prime minister (article 94). Following the spirit of the Constitution, the Government Organization Act (2010) gives legal supervisory power on administration to PM. According to Article 16 (Prime Minister's Supervisory Powers on Administration), 'The Prime Minister shall direct and supervise the heads of central administrative agencies under orders of the President, and may suspend or cancel any order or disposition by the heads of central administrative agencies upon approval by the President when deemed unlawful or unjust.' In addition, Article 18 shows legal legitimacy of establishing the OPC to assist the PM with respect to the management of social risk and conflict, review, evaluation, and regulation reform of each central administrative agency. For government performance evaluation, the Government Performance Evaluation Act (2016) clarifies the role of PM to establish performance evaluation plan, to control Government Performance Evaluation Committee and to assess the result of performance evaluation (Articles 8–20).

Since president has overwhelming political power over any other parts in presidential system like Korea, the PM has been disparaged as a shadow or proxy reader on behalf of the president, particularly when the president does not want

to share the political power. However, regardless of political environment, the managerial power of the PM featuring the OPC is firmly secured by these legal settings.

3.3.2. Organizational and Human Resource Excellence

In 2013, the former Prime Minister's Office was reorganized into the Prime Minister's Secretariat (PMS) and the OPC with an aim to give superior and practical power of policy coordination to the prime minister by separating coordinating function from simple ceremonial secretary function. The PMS assists the PM with activities related to the National Assembly, and its roles and responsibilities are listed¹⁹⁾ as follow:

- responsible for matters regarding collaboration between the executive branch and the majority party in the legislature; providing the PM with counsel on state affairs
- matters regarding key information and situations both domestic and international
- management and arbitration of civil complaints; supporting and collaborating with civil groups
- promoting PM's activities in relation to state affairs
- drafting PM's remarks and statements, etc.

The OPC, whose head is treated as minister, assists the PM with various tasks and is responsible for directing, adjusting, and overseeing central administrative authorities. Its roles and responsibilities are listed²⁰⁾ as follow:

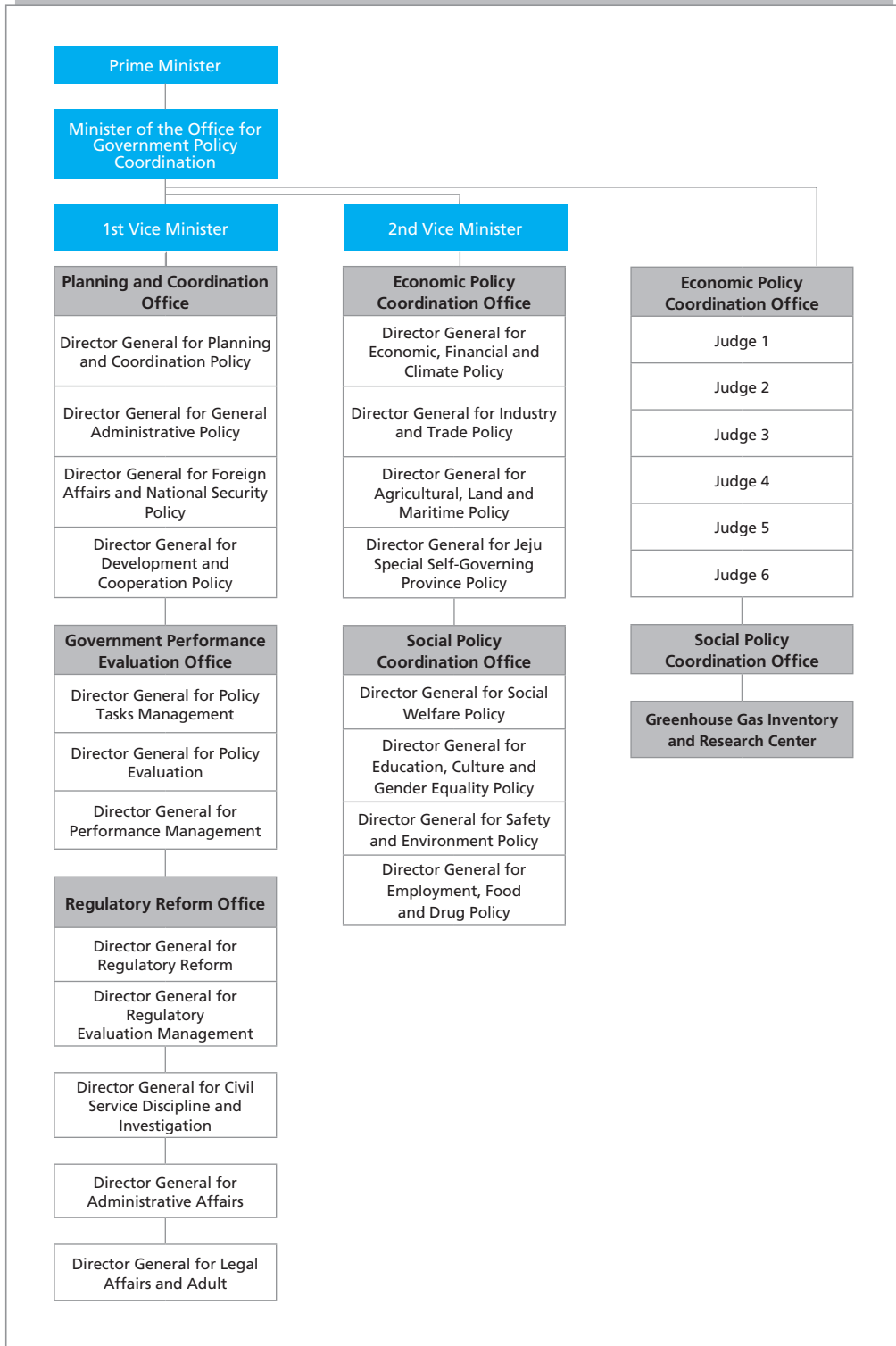
- planning and adjusting key national policies
- managing, analyzing, and assessing policies in regard to social risks, conflicts, and pending problems
- implementing regulatory reform
- doing other tasks specifically delegated by the PM.

The OPC has two vice ministers under which various roles and responsibilities are assigned, and its organization chart is shown in [Figure 2-10].

19) http://www.pmo.go.kr/en/office/office04_01.jsp#none.

20) <http://www.pmo.go.kr/en/office/office04.jsp#none>.

[Figure 2-10] Organization Chart of OPC



Source: <http://www.pmo.go.kr/en/office/office04.jsp#none>.

The first vice minister is in charge of general management, performance evaluation and regulatory reform with three offices: the Planning and Coordination Office plans and coordinates major policies of OPC; the Government Performance Evaluation Office manages and inspects policy and program performance self-evaluated by central ministries and evaluates specific policies and programs; and the Regulatory Reform Office evaluates and conduct institutional improvement of regulatory reform. For effective and fair evaluation, the Government Performance Evaluation Committee, co-chaired by the PM and a non-government private expert, is established by the Government Performance Evaluation Act (2016), and it is composed of no more than 15 members including three ministers related to the evaluation supervision and 10 private experts. The Government Performance Evaluation Office is responsible for supporting the Government Performance Evaluation Committee and performs supervisory roles for government performance evaluation.²¹⁾ It is responsible for establishing basic plans and execution plans for government performance evaluation and is responsible for working-level tasks including development of evaluation standard and evaluation indicators, defining the duties of evaluation targets, and checking on progress.

2nd vice minister is in charge of coordinating economic and social policies and Economic Policy Coordination Office deals with the following topics:

- Supervises and coordinates policies of central government agencies involved with finance, ICT, trade, industry, energy, agriculture, land, infrastructure, transport, oceans and fisheries, etc.
- Conducts economic risk management and conflict resolution, and establishes plans for economic issues
- Manages mid- and long-term plans in which government agencies related to economic policy are involved.

And Social Policy Coordination Office deals with the following topics:

- Supervises and coordinates policies of central government agencies involved with social welfare, health, education, culture, gender equality, public safety, environment, employment, food and medicine, etc.
- Conducts social risk management and conflict resolution, and establishes plans for social issues
- Manages mid- and long-term plans in which government agencies related to social policy are involved.

As shown in the organization chart, each director general under the office deals with related policies of relevant ministries as a whole with an aim to more harmonized collaboration. For example, policies related to industry, science, or SMEs are grouped together while education, culture, or gender issues are together.

21) http://eng.evaluation.go.kr/psec_eng/psec_eng/sub01/sub01_01.html.

Human resource is another factor of excellence. First, since working in OPC is regarded as a kind of personal prestige for newly recruited civil servants, OPC may collect outstanding ones from many applicants and train them as excellent public officials with lots of experience. It is usually said that only the top scorers of the general public administration area (HCSEE) are allowed to apply for the OPC. Also, it is acknowledged that the ratio of officials from HCSEE among grade 5 or more is very high since the OPC tackles decision making process rather than policy implementation process. Second, the OPC invites many civil servants from other ministries for one or two-year basis as it is necessary for policy coordination to hear and collect adequate information from the real policy field. For each ministry, it is quite natural to select excellent delegate to represent their status more effectively; for individual applicants, only willing and ambitious ones would choose to join OPC as it is a good chance to enlarge their social network and enrich their experience in upper level of decision making. According to internal data, among total number of 682, dispatched number from other agencies occupies 32.6% (222), and it could act as a kind of melting pot full of high-profile individuals with capable expertise. Some posts, e.g. director general of performance management, are designated for private expert from outside of bureaucracy. It is usual that, on their returning to their home ministry after completion of their period of dispatch, they are to be promoted to higher positions, which is another merit of dispatched service for competent civil servants to apply for a position at the OPC.

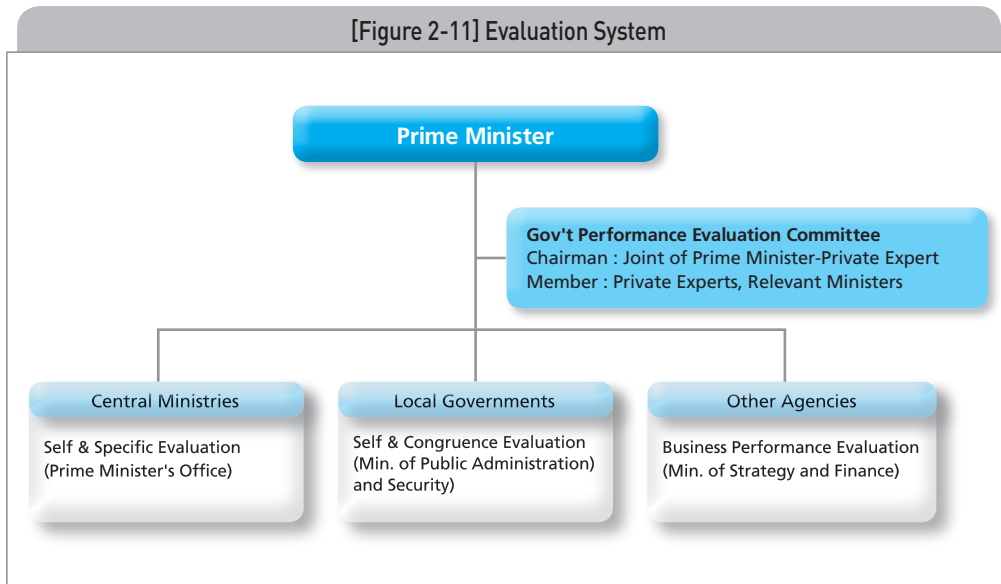
3.3.3. Functional Authority

Capacity of the OPC has been enhanced through its functional role (i.e. performance management of central ministries and policy coordination related to multiple ministries). Accumulated experience of more than 30 years is a professional asset to lead executive ministries efficiently with cooperation towards desired administrative policy targets.

3.3.3.1. Government Performance Evaluation

The Government Performance Evaluation Act (GPEA) was legislated in 2006 to improve performance management system by integrating various evaluation programs. By this act, central ministries, local governments and public bodies including public corporation are evaluated for their performance in order to secure responsibility, efficiency, and effectiveness of public service by the government. The annual performance plan of each agency is established based on the strategic performance plan in order to present performance targets (second-level goals) and performance indicators (quantitative or qualitative indices to gauge the level of achievement of performance targets) for achieving policy objectives suggested by strategic performance plan. Among them, the OPC is in charge of evaluating

results of central ministries while the other agents are to be evaluated by supervisory ministries such as the Ministry of the Interior and Safety (MoIS) for local governments and the Ministry of Economy and Finance (MOEF) for public bodies. Final results of all of the evaluation are forwarded to the Government Performance Evaluation Committee (GPEC), co-chaired by the PM and private expert, to be reviewed and confirmed. GPEC is composed of not more than 15 persons including experts from the private sector and relevant central ministries.



Source: Yang (2011: 19).

There are two kinds of evaluation for central ministries monitored by the OPC: Self-Evaluation and Specific Policy Evaluation. The former is evaluated and reviewed by self-evaluation committee consisting of 10 to 30 experts from the non-government sector in the areas of major policies, spending programs and administrative management competency, which is intended to reinforce autonomous accountability of them for their own policies. The results of self-evaluation by each area shall be examined and confirmed by supervisory authority, i.e. the OPC, MoIS, and MOEF, respectively, in order to raise the objectivity and reliability of the self-evaluation. Specific Policy Evaluation is conducted by the OPC itself to evaluate central ministries on selected policies particularly emphasized by ruling government or common agenda for all the ministries in order to push them forward in an integrated manner. The current specific policy areas cover National Policy Agenda featuring Innovation Management and Collaboration, Job Creation, Regulatory Reform, Government PR and Communication, Customer Satisfaction, and Common Tasks (Pending Issues such as president's interest, Conflict Management,

Human Right, and Specified Policies related to giving favor to the disabled or SMEs). Final results including grading of all ministries as excellent, average, or unsatisfactory, confirmed by the Government Performance Evaluation Committee are forwarded to each ministry to be taken into account for planning the next year's performance management scheme. The head of central ministry shall make corrections and submit its improvement plans to the OPC which would be considered in next evaluation. Also, incentives such as reward money or award medal are given to excellent ministries and those who contributed to the results (OPC, 2017). Ministers of central ministries are very keen about the result since it could lead to the level of trust of president on them; thus, officials in charge of each ministry do their best to get better remarks.

3.3.3.2. Policy Coordination

The OPC has legal authority to supervise works of ministries and central administrative authorities. Policy analysis and evaluation function also enables OPC to assess and compare the cross-cutting policy issues of different ministries. The importance of policy coordination becomes bigger and bigger as policy problem changes into more complex and diverse aspect while enlarged public participation puts an end on top-down decision making. According to the OPC (2005²²), policy coordination is defined as 'the process of keeping balance for successful attainment of policy goal and public interest by coordinating different views of ministries rationally and fine-tuning of policy timing' (2005: 2). The policy coordination system by the OPC was established first in 2003 by enactment of Ordinance of Prime Minister 456²³ about Government Policy Coordination, which identified coordination process and tools. In the revision of 2004, science and innovation policy was added as major coordination policies to current 4 policies (economic policies, human resource development, reunification policies, social & cultural & welfare policies), and chief ministries are designated. Second revision of 2006 decreased coordination process and gave assessing power to OPC. The overall coordination process is as follows:

- 1st step (by stakeholders own): ministry shall gather opinions from other ministries and try to coordinate when disagreement happens
- 2nd step (by chief ministry of major policies): when coordination by stakeholders is not possible, the chief ministry in charge of 5 major areas shall coordinate (e.g., Ministry of Finance & Economy is in charge of coordination for economic policies)
- 3rd step (by the OPC): when coordination by the chief ministry has failed or it

22) Whitepapers of Policy Coordination were published during 1998–2002, and 2003–2006. No more whitepaper was published thereafter.

23) <http://www.archives.go.kr/next/search/listSubjectDescription.do?id=008701&pageFlag>.

is related to wide range of ministries, the OPC shall handle it directly (in an emergency, step 3 can be omitted)

When coordination process starts, stakeholder, chief ministry or chief of the OPC should register the issue as a formal task and decide time limit within 6 months. They should record the whole process as official document and final results should be reported to PM. Relevant ministers should follow the final resolution and, if necessary, PM may check performance status. In addition, the ordinance identifies relevant committees to contribute for coordination at each step as follows.

- Cabinet council: supreme decision making committee by constitution presided by president or prime minister once in a week
- Vice ministers' meeting: preliminary reviewing committee before cabinet council presided by chief of the OPC once a week
- National pending issues committee: newly introduced committee at that time to deal with sharp conflicts or urgently pending issues presided by the PM once in a week
- Vice PM and chief ministers committee: newly introduced committee to deal with 5 major area issues presided by PM once in a month
- On-demand committee: to deal with issues on occasion presided by PM of chief of OPC
- Coordination management committee: to monitor and check the coordination process presided by vice chief of OPC once in a month with grade 1 officials of relevant ministries
- Practical level committee: starting point of formal coordination process when most of coordination is settled down with members of 1st grade officials, director generals or directors

According to the OPC (2005), among total 66 issues identified as coordination target, 45 were coordinated and 23 were under coordination in 2005, and 76% of total issues were coordinated by the OPC. Yu and Ha (2010) analyzed the result of policy coordination by OPC in terms of policy problems, process, and outcomes during 1998–2006.

- Coordination problems are categorized into two areas: ex ante coordination is about, e.g. preparing international ceremony, like World Cup 2002, or adapting future problems such as climate change; and ex post coordination is related to actual conflict among different stakeholders regarding, e.g. jurisdiction dispute between police agency and national prosecutors or rent seeking between different interest groups. Among 670 cases, 85.2 % (571) were ex post coordination, which means necessity of policy coordination tends to be bigger as social relations become more complicated.

- Coordination process is categorized into 2 parts: through internal coordination meetings within OPC presided by PM or other relevant level officials; through outside committees with related ministries presided by the PM or chief of the OPC. Among 670 cases, 77.6% (520) were coordinated by internal meetings within the OPC; among them, 62.3% (329) were presided by director general level while 13.1% by PM and 24.6% by the chief of the OPC. It implies the OPC has accumulated practical knowhow for more than 30 years' coordination in order to coordinate policy problems at an operational level.
- Coordination outcomes are categorized into completion (including partly completion), delay and transfer. Among analyzed 571 cases, 86.2% (492) fall into completion while 8.6% and 5.2% fall into the other category respectively, which means OPC has high capability of coordination to decrease social conflict to a lower level.

3.4. Management and Role of National Think Tanks

One of the success factors of socioeconomic development of Korea in a short period is that professional and academic experts have shared their knowledge and expertise to establish, implement, and evaluate national strategic development policies for the civil servants who have only limited knowledge about social and economic policies. Many kinds of national think tanks have been established as research institutes to support government in developing public policy for various fields since the 1980s, as demand for social intervention became huge.

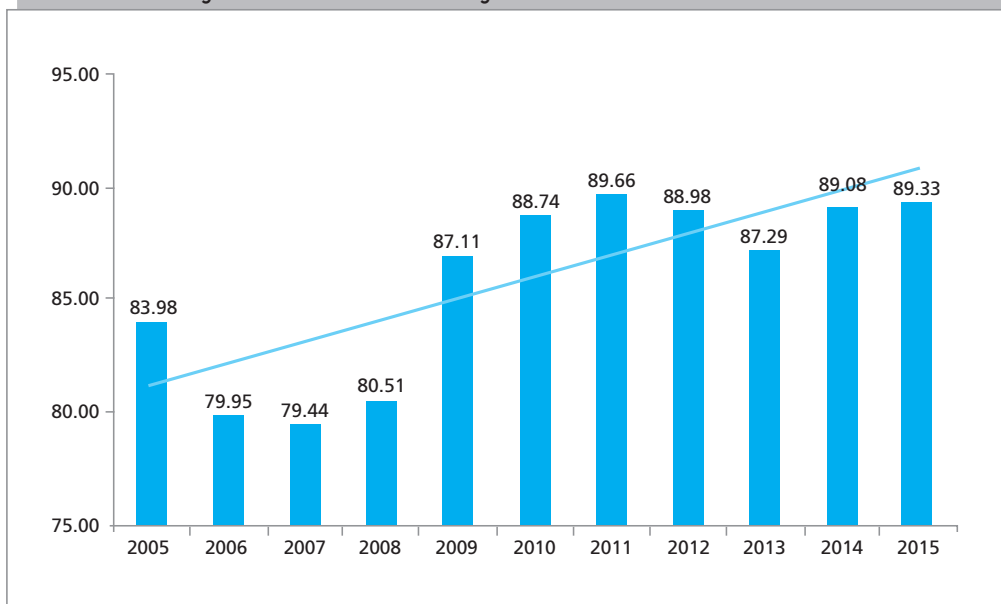
3.4.1. National Research Council for Economics, Humanities, and Social Sciences

In 1999, 43 research institutes run by separate government ministries were reorganized into 5 research councils under the Office of Prime Minister in order to better research management. In 2005,²⁴⁾ research councils were integrated into National Research Council for Economics, Humanities and Social Sciences (NRC) to strengthen the research function by streamlining administrative system and better management of research performance following the revised Act on the Establishment, Operations and Fostering of Government-funded Research institutions (2005). Nowadays, 23 national research institutes are affiliated to NRC, including the Korea Development, Korean Energy Economics Institute, Korea Institute of Public Finance, Korea Institute of Public Administration, Korea Research Institute for Human Settlements, Science and Technology Policy Institute, and so forth, which are related to almost all public policies. Its activities cover planning R&D directions, evaluating research institutes, supporting cooperative research, reviewing budget of affiliated institutes, and diffusing of research results. Among

24) <https://www.nrc.re.kr/eng/page.do?menuidx=608&bbscd=0>.

them, evaluation of the research institutes to improve research productivity and to promote continuous innovation activity is of concern for our study. According to the NRC (2017a), the NRC conducts evaluations of its affiliated 23 institutes annually in research and management areas. Performance indicators in research area are excellence of research plan including item finding and research ethics, excellence of research product including method and result, excellence of alternatives including the level of contribution toward real policy making; excellence of diffusion and satisfaction. Indicators in management area are leadership, smart management including organization and budget, and social responsibility. The final results are open to the public and used as a basis for giving incentives and disincentives. Excellent organizations and individuals are entitled to receive extra bonus and budget, and an official citation from PM, and so forth, while unsatisfactory ones have to submit improvement plans and have their budget cut for the next year. NRC (2017b) concludes that the evaluation system contributed to continuous improvement in time-series pattern of average points of excellence of alternatives, for example with a small range of fluctuation.

[Figure 2-12] Patterns of Average Point of Excellence of Alternatives

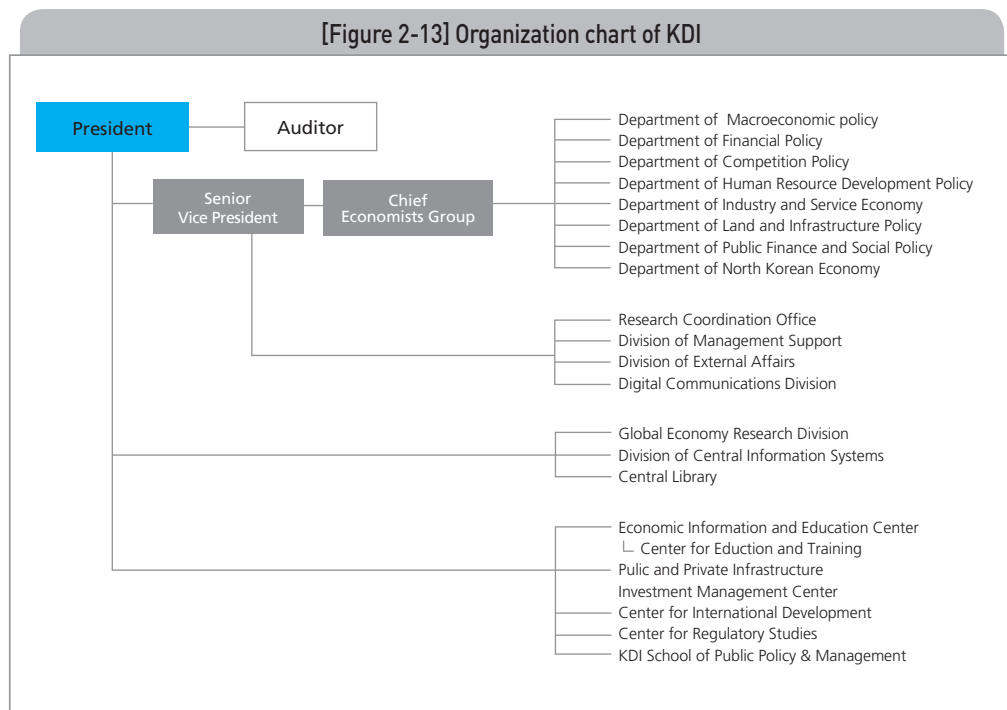


Source: NRC (2017b: 141).

3.4.2. Role of National Think Tank Featuring KDI

Among various national think tanks, the Korea Development Institute (KDI) is one of the foremost, founded in 1971 for economic policy development with a special aim to assist the government in formulating the 'Five-Year Economic Development

Plans', related rolling plans and yearly economic management plans. Over 4 decades, they conducted economic research projects to assess government policies and to give innovative insights for national development as a publicly funded and fully autonomous policy-oriented research organization. As seen in organization chart below, the KDI has implemented extensive research covering macroeconomics, public finance, competition, human resource development, industry and service economy, land and infrastructure, social policy, regulation policy, international development, and the North Korean economy.



Source: http://www.kdi.re.kr/kdi_eng/about/ab_organization.jsp.

It is widely known that in the early stage of KDI, Korean scholars working abroad were strongly invited to come back Korea and join KDI with secured positions and better treatment of income following the order of then President Park, and their research suggestions were actively adapted to national development plans.

After playing pivotal roles in formulating national development plan for economic prosperity in the 1970s, the KDI has evolved through the decades (KDI, 2016). During the 1980s, an era of rapid social and economic transition, addressed new challenges and helped guide Korea by policy recommendations focused on macroeconomic stabilization and liberalization, response to economic crisis, improving management of state-owned public corporations and strengthening

social safety net. In late 1990s, in the wake of financial crisis of East Asia, the KDI advocated fundamental changes in economy, finance, corporate, and public sector for economic recovery with series of researches focusing on usage of public funds, causes and consequences of economic crisis, economic restructuring and job creation. In 2000s, against the challenges of rapidly aging society and slowing economic growth, the KDI promoted sustainable and shared growth by developing long-term framework for structural reforms to strengthen fiscal capacity while responding to social welfare issues. Entering 2010s, after global financial crisis, the KDI has been provoking issues to redefine the challenges now Korea facing and to find innovative way of reform to promote social cohesion and sustainable growth through paradigm shift towards an advanced economy.

It is noteworthy that the KDI launched the Knowledge Sharing Program in 2004 with the support of the Ministry of Economy and Finance as a program of ODA. KDI has been cooperating with 55 countries under the scheme from all over the world based on the needs of partner countries to provide consultation and capacity building with the actual and practical experience of themselves.

4. Implications and Policy Suggestions

4.1. Compare and Contrast

From above analysis and field interviews with relevant experts of Guatemala, common or different features according to individual, organizational, policy, and institutional aspects are identified as follows. It should be mentioned that it is not about better or worse case since both of them are social construct from their unique environment.

For individual dimension, Guatemalan civil service system is quite vulnerable since Guatemalan government applies spoils system to a large number of posts in practice although it has Civil Service Law Decree 1748 saying that 'The workers of the public administration have to be guaranteed against dismissals that are not based on a legal cause. Also, they must be subject to adequate norms of discipline and receive fair economic and social benefits (Article 3).' Corruption and incompetence of public sector is an obstacle for potential applicants to enter public realm as well. To the contrary, in spite of bitter and sweet aspects, the job career path as a civil servant is regarded as quite stable in Korea. Thus talented young people willingly apply for jobs in government which leads to contribute to a competent government bureaucracy.

In organizational aspect, although the SEGEPLAN is affiliated to the President directly, it seems have no superior status in both political and managerial terms than the other ministries particularly since it lacks professional expertise of economic analysis. OPC of Korea is widely acknowledged for its prestige in both political and managerial aspects with its own expertise and theory-based backup information from variety of national think tanks.

From policy orientation aspect, due to its instable bureaucratic and political system, consistency of policy seems not guaranteed. To make matters worse, the feedback function from performance evaluation and policy coordination is not secured by the SEGEPLAN. In Korean cases, long-term policies are pushed forward particularly for public infrastructure investment, such as airport, road or high-speed railways. Presidential agendas are carried out with strong initiative and managed through ex post performance management and ex ante policy coordination.

Regarding institutional arrangement, de jure regulation is one thing and de facto practice in another in many cases in Guatemala. For example, asking competitive bidding for government procurement hinders government agencies from spending their given budget; thus, spending ratio of budget shows an extremely low level. This kind of situation lets people take status quo-mind which leads to social fatalism and feeling of helplessness. Government agencies in Korea are usually under strong pressure for better achievements or customer satisfaction level, since punishment and reward as a form of increased/decreased budget and organization size or practical reputation are expected according to the results. Also, need for government innovation has been always in full swing among presidential leadership and people as a driving force which moves Korean society forward and forward for better future. These issues are summarized in table below.

〈Table 2-5〉 Compare & Contrast Results

Factors	Guatemala (SEGEPLAN)	Korea (OPC)	Caveats
Individual	<ul style="list-style-type: none"> • Instable Status of Civil Servants • Not Good Reputation of Public Sector 	<ul style="list-style-type: none"> • Stable Status • Preferred Job Career among Younger Generation 	<ul style="list-style-type: none"> • Easy-going and Complacent Attitude of Civil Servants • Bizarre Situation of Overheated Preference to Public Jobs
Organization	<ul style="list-style-type: none"> • Non Superior Status • Lack of Information for Better Policy Making 	<ul style="list-style-type: none"> • Political and Technocratic Expertise Widely Accepted • With the Help of National Think Tank 	<ul style="list-style-type: none"> • Elitism Particularly among Those from HCSEE • Less Independence Due to the Appointment of Head through Favoritism
Policy	<ul style="list-style-type: none"> • Inconsistency • Less Feedback and Coordination 	<ul style="list-style-type: none"> • Managing National Agenda • Feedback through Performance Management and Coordination 	<ul style="list-style-type: none"> • Mega-size National Project without Objection Proved Futile Later • Perfunctory Evaluation and Superficial Coordination Due to De jure Power of OPC
Institution	<ul style="list-style-type: none"> • Difference Between De jure vs. De facto • Status Quo Atmosphere 		<ul style="list-style-type: none"> • Legal Panacea (Frequent Revision, Gap between Law and Reality, Tyranny of Lawmakers, etc.) • Endless Past Liquidation of Previous Regime

Source: Author.

4.2. Policy Suggestions

Based on above analysis, final recommendations are drawn for the SEGEPLAN to be capable authority of national strategic planning and implementation by enhancing its capacity through effective institutionalization. Some of them are to be achieved by the SEGEPLAN itself, and some of them are to be applied to whole government sector by the initiative of the SEGEPLAN.

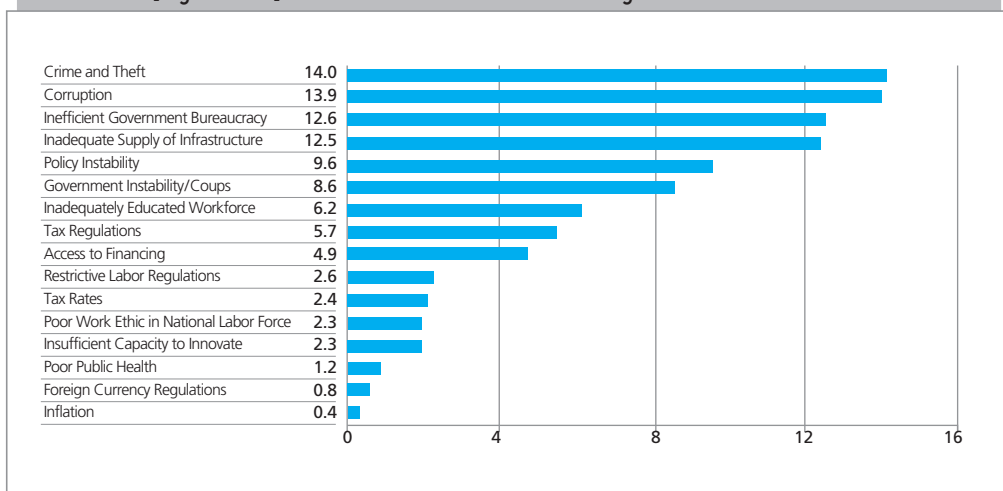
4.2.1. Individual Dimension

MORE MERIT AND EVALUATION SYSTEMS SHOULD BE APPLIED TO SECURE PROFESSIONAL STABILITY AND INTEGRITY OF CIVIL SERVANTS

Most advanced countries take career civil service system based on merit to prevent problems of spoils system, namely inconsistency of public policy, vulnerability towards political power, or lower level of professional expertise. Another problem of unstable job position is the possibility of corruption during the process of trafficking in government positions or private rent seeking. As Sullivan (2011) suspects, misuse of removing civil servants who worked for previous government may aggravate corruption, since it may give them kind of indulgence during their incumbency.

According to WEF (2017), corruption and inefficient government are ranked high among most problematic factors of Guatemala in doing business, as seen in the below.

[Figure 2-14] Most Problematic Factors for Doing Business in Guatemala



Source: WEF (2017: 132).

To overcome these problems, secured status by introducing wide range of merit system should be guaranteed at least for those in charge of national strategic planning. Compared to other ministries, civil servants in the SEGEPLAN seem to have better stability in their positions. The State Public Officials Act (2016) guarantees status of civil servants, as “No public official shall be suspended from service, demoted, or dismissed from service against his/her will unless he/she is sentenced to a penalty, is issued disciplinary disposition or is subject to a reason prescribed by this Act (chapter 8 Guarantee of Status, Article 68 Measures on Status against Will).” This should be firmly applied to relevant ranking and position in the SEGEPLAN by, e.g. making an official and legal contract of life-time tenure specifying the exact day of retirement.

Furthermore, the SEGEPLAN needs to initiate applying a wide range of career systems to other ministries by, e.g., agreement to designate some positions related to the national strategic plan as to be filled with civil servants of with life-time tenure. In addition, for successful application of merit system, performance evaluating system should be developed to put the right person in the right position by their achievement and not by their political orientation. In return for giving a stable job position, the government shall ask civil servants higher level of anti-corruption and integrity for clean Guatemala. By this way, introducing merit system could contribute to both better capability and clean ethics of government.

PROFESSIONAL EXPERTISE SHOULD BE DEVELOPED MORE BY ADVANCED HUMAN RESOURCE MANAGEMENT

Interviewees of private sector commonly pointed out latent lack of expertise particularly as an economic analyst. Like Higher Civil Service Entrance Examination (HCSEE) in Korea, differentiated recruiting system is to be developed to select competent expert with specified qualification to give potential applicants incentives to apply for the job in the SEGEPLAN. Inviting private experts with academic degree or professional career is also needed by giving them extra favor in terms of higher payment or job security as a civil servant. The SCS system of Korea may be benchmarked as another source of finding competent person from other ministries.

After recruiting appropriate persons, training through ongoing education should be followed and the records of achievement at some level should be required as fundamental condition for a promotion or making a long-term employment contract. Sending civil servants abroad for academic degree like Korea is worthwhile to consider.

4.2.2. Organizational Dimension

ENFORCING PRACTICAL LEADERSHIP IS NEEDED

Enhanced de facto leadership of the SEGEPLAN may come from both political and practical aspects. For political superiority, e.g. giving authority and leading role to the SEGEPLAN as a chief authority to deal with performance management and policy coordination like OGPC for higher prestige among ministries is necessary. Or, following UK case of Joined-up Government that established Office of Deputy Prime Minister (ODPM) as an independent central ministry led by then deputy PM John Prescott to deal with inter-ministerial issues across individual ministries (Mulgan, 2005), it might be thought that appointing vice president as a secretary of the SEGEPLAN. For practical superiority, adding another office to deal with data collection and information management which are essential for evidence-based

policy making is needed. With relation to Department of Statistics Guatemala²⁵⁾ (Instituto Nacional de Estadística Guatemala) and national think tanks (introduced in the next section), this office shall concentrate on finding evidence of policy impact on socioeconomic aspects through quantitative and qualitative researches. This organization change could help enhance professional expertise of the SEGEPLAN as an economic analyst. As another way of enhancing capability, inviting higher-level civil servants from other ministries to the SEGEPLAN to co-work together like OPC is needed. This kind of dispatch service helps better policy coordination in advance through the real knowledge of street level and thus contributes to enhance professional capacity of the SEGEPLAN. Making dispatch service more attractive for competent civil servants from other ministries by, e.g., giving a chance to be promoted after successful completion of their duty is necessary.

ESTABLISHING MORE NATIONAL THINK TANKS IS NEEDED

For better strategic development planning and implementation, scientific policy analysis and evaluation based on practical evidence and relevant data are essential. Lack of information is a severe obstacle for policy making in Guatemala, where even census is not surveyed on regular base. To help the SEGEPLAN achieve better strategic planning and evaluation, establishing national think tanks funded by public but autonomous like KDI in Korea is crucial, particularly to drive macro-economic policies with long-term perspectives. They are to be equipped with analytic function and professionals with high quality of expertise in academic or professional career to guide and assist civil servants lacking technical knowledge. In addition, they need to be independent from political power to have their own voice and to advise government based on professional expertise instead of partisan interest.

4.2.3. Policy Dimension

LONG-TERM POLICY PLANNING AND IMPLEMENTATION SYSTEM IS NEEDED PARTICULARLY FOR BETTER INFRASTRUCTURE

When lots of administrative posts are shifted following the change of political regime, it is quite difficult to establish long-term plan and review the performance of them with consistent direction, particularly for supplying physical infrastructure such as road or railways which needs long-term investment and implementation. According to IMF (2017), level of investment for public infrastructure is one of the lowest in Latin American countries, as seen in the figure below.

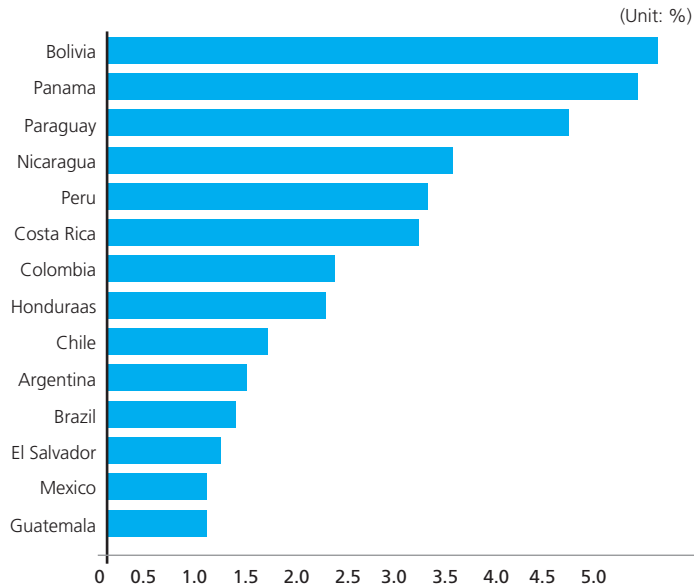
25) In Korea, Statistics Korea, a central government organization for statistics has been established in 1948 as a Bureau of Statistics, Government Information Agency. It is in charge of prompting services of overall planning and coordination of national statistics, establishment of statistical standards, production and distribution of various economic and social statistics, processing & management of statistical information and provision of various statistical data. (<http://kostat.go.kr/portal/eng/aboutUs/2/1/index.static>).

[Figure 2-15] Level of Investment for Infrastructure

At the Bottom

Public infrastructure investment in Guatemala is one of the lowest in Latin America.

(Public infrastructure investment, percent of GDP, 2013)



Source: IMF (2017: 1).

As Guatemala suffers from severe lack of infrastructure, long-term plan for better infrastructure needs to be developed and managed by the SEGEPLAN to review the process by securing annual budget and monitoring the spending with the help of Ministry of Public Finance regardless of personnel changes of those in charge of relevant ministries.

Furthermore, another procurement and bidding system is needed to overcome the ironic situation that clearer procurement and bidding system by introducing compulsory open bidding results in extremely lower level of annual budget spending of ministries as civil servants in charge feel burden and reluctance to execute budget for fear of uncovering corruption or having no chance of private rent seeking. It is worth considering establishing a specialized public organization like Public Procurement Service in Korea, who executes all the procurement or contract for construction projects of public sector on behalf of government agencies for the product or service of value over KRW 100,000,000 (USD 93,331 approximately), not to let civil servants of each ministry who are vulnerable to private interest handle the project themselves. PPS in Korea purchases and supplies goods amounting to an annual volume of KRW 35 trillion (USD 33 billion), which is 46% of total

public purchases, and its contract volume stands at KRW 16 trillion (USD 15billion; approximately 39% of the entire public works).²⁶⁾ PPS also reviews designs of construction projects and provides construction management services for public institutions which lack professional engineers.

PERFORMANCE MANAGEMENT AND POLICY COORDINATION FOR INNOVATION POLICY FOR SOCIAL COHESION WITH CIVIL SOCIETY ARE NEEDED

Although socioeconomic problems prohibiting Guatemala from modernization and economic development and remedies to cure them are well addressed, it is hard to find initiator in public sector to suggest detailed national agenda and push them forward. As possible solutions stretch across social standing, initiating innovation agenda inevitably provoke social conflict particularly between the haves and have-nots; it is further more so when the haves do want status quo instead of social change which might be unfavorable for them. Such situation gives less motivation to lead or initiate innovation policies.

From the old theories of Development Administration, initial stage of development shall be effectively dominated by public sector since there is no equal counterpart with ability in private sector. Thus innovation movement towards efficient government and clean society should be initiated by the SEGEPLAN. As a supplement to Katun, the SEGEPLAN needs to develop more sophisticated and practical policy tools and make it come true with the role of performance management and policy coordination to drive other ministries towards desired goals like the OGPC in Korea. Furthermore, the SEGEPLAN needs to take a role of conflict manager for innovation policies to contribute to social cohesion rather than social disruption. For successful execution of duty, more participation from civil society is crucial since social problem is so complicated that government alone cannot solve them.

26) http://www.pps.go.kr/eng/jsp/about/pps_role.eng.

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2017/18 Knowledge Sharing Program with Guatemala:
Improving Linkage between Public Policy
and Budget Planning Cycle

Chapter 3

Institutionalization of Coordinating and Allocating Mechanism of Public Money

1. Introduction
2. Research Design
3. Analysis of Guatemalan Case
4. Korean Experiences
5. Comparison and Recommendations

Institutionalization of Coordinating and Allocating Mechanism of Public Money

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Summary

This chapter is the third part of the project within the 2017/18 KSP with Guatemala, which is conducted under the title “Improving Linkage between Public Policy and Budget Planning Cycle.” The main purpose of this study is to provide the Guatemalan government with useful and hands-on recommendations for better institutional linkage between planning and budgeting. This chapter focuses on the budget process and structure to allow for the values and orientations of Guatemala’s National Development Plans.

This chapter tries to provide an overall picture of the conceptual framework of planning, budgeting, and policymaking to recommend institutional tools to contribute to the integration of planning and budgeting. Unlike Chapter 1, this chapter reviews Korea’s experience after 2000 when there were major fiscal and administrative reforms. Korea has experienced dramatic changes during the democratization era in the 1980s and 90s, and after 2000 it had quite different new forms of fiscal administration. Thus, Chapter 1 explains the linkage between planning and budgeting of the developmental state until the 1980s and this chapter focuses on Korea’s new model of fiscal administration after fiscal reform in the early 2000s.

First, this study tries to identify problems during the budget-making process.

Keywords: Fiscal Governance, Functional Analysis, Functional Linkage, Medium-term Expenditure Framework, Financial Management Information System

This author concludes that there is underinvestment in the SOC and infrastructure based on the examination of the size and composition of the government's budget. Public funds are spent on welfare expenditure and transfers are generally accepted as government consumption; this implies that public money is not allocated for economic and social development and not based on the values and orientations of National Development Plans. In addition, there is a tendency for public money to be allocated to public investment and SOC is not well spent, as scheduled in the budget. Less than the half of the money allocated for public investment is spent, which implies that SOC projects are not implemented as scheduled and planned.

Second, this study tries to develop the conceptual framework to explain and analyze the functional and dysfunctional mechanism of planning, budgeting, and budget implementation based on previous academic literature. Combining the main functions, sub-functions, and institutions between functions, this part tries to construct the structure of public administration and the policy process and identify the location and inter-relationships among planning, budgeting, policy making, and implementation. This work is heavily reliant on academic enterprises focusing on fiscal governance and budget systems.

Third, this chapter examines budgeting and budget process emphasizing the key elements of the above conceptual framework. After that, this study tries to identify the main weaknesses in the budgeting and budget process in Guatemala. By comparing the practice of the Guatemalan government's budgeting and planning and the ideal structure and process of budgeting and planning, this part tries to determine the gap between them and identify the absence of functions, sub-functions, and institutional tools for the proper functioning of the public administration system.

Fourth, this study reviews the Korea's budget system and fiscal governance by applying the same conceptual framework and analyzing the strengths and weaknesses of the Korean fiscal governance and budget system. As above, this chapter considers the fiscal governance after Y2K and fiscal reform as the model case of fiscal reform, as touted by the international community. This part explains both the strength of the Korean system after Y2K and accounts frankly for weaknesses and obstacles.

Fifth, this study naturally compares and contrasts Guatemala's and Korea's fiscal governance and budget systems. The two countries' practices of fiscal governance and budget systems will be reviewed from the same vantage point. Comparing and contrasting shows that there are weaknesses in both countries' institutional coherence and that each country has tasks and reform agendas. Guatemala lacks institutional linkages between planning and budgeting functions.

Meanwhile, there are loops between presidential agendas and budgeting as various forms of informal mechanisms that are dictated by the political leadership for budget allocation in Korea. For budgeting and budget-making, the central budget agency that is responsible for both the planning and budgeting functions plays a very important leadership role by taking the lead and wielding its power in integrative ways. The central budget agency monitors and dictates the budget process to reflect the demands from society in the medium-term time horizon. The official institutional mechanism is the National Fiscal Management Plan (NFMP) through which presidential agendas and annual budgets are aligned. The presidential office and central budget agency work very closely together to make plans, draft budgets, and produce harmony between NFMP and annual budgets. There are other informal and unofficial interactions between the presidential office and central budget agency and between the offices of planning and budgeting.

Finally, based on the systematic comparison between Korea and Guatemala, this study will draw implications for institutional reform agenda and ideal policy recommendations. This study will then propose feasible and realistic institutional reform agendas and road maps for good budget governance. These will strengthen the role of the Secretariat of Planning and Programming of the Presidency (SEGEPLAN) during budget-making, improve the planning and formats of plans, the institutionalization of the Medium-term Expenditure Framework (MTEF), institutionalize the functions of the public expenditure management system, sophisticate the ITC infrastructure for the public expenditure management system, and balance the institutions for cooperative games among actors.

1. Introduction

1.1. Problem Identification

Guatemala has undergone drastic changes since its transition era. There is a need to better articulate long-term strategies to raise growth and Guatemala tried to make national development plans. In August 2014, Guatemala published K'atun, Nuestra Guatemala 2030 as an overarching national economic and social development plan. During its drafting period, the Secretariat of Planning and Programming of the Presidency (SEGEPLAN) was working as a central planning agency that was responsible for drafting, developing, and transmitting the national plan.

Potential growth in Guatemala is low in the region due to both low productivity and low human and physical capital, while poverty and inequality are high (AN). Actions are necessary on several fronts to spur growth and reduce social disparity, including raising government spending on security, the judicial system,

infrastructure, education, health, and social assistance, which will in turn require raising government revenues.

The previous century of international development experience has taught us that the success and failure of national development plans depend on the institutional support of public finance and policy subsystems that do the real work in the economy and society. Even when developing countries successfully make valid and pertinent plans that well target each country's social problems, they often cannot make real social changes. The main culprits behind this are the weak institutional linkage among planning, budgeting, and policymaking and implementation.

Guatemala has undergone several reforms of its sound fiscal management system; it has both good practices and vulnerabilities. The World Bank (2013: 87) identified several weaknesses in Guatemala's public financial management practices; for example, Guatemala weaknesses apparently include considerable variation in expenditures composition from original budget, a high level of arrears that cannot be confirmed accurately and opportunely, budget classification that is not fully aligned to the international standards on functional classification that would be critical for tracking spending by purpose, and incomplete reporting on budget execution. In particular, scholars and international organizations point out that there is a critical problem regarding weak linkages between planning and budgeting, which works as a major barrier to the sound allocation of public money in Guatemala.

Fiscal and economic statistics show the above shortcomings and other important things (Table 3-1). First, Guatemala's key economic and fiscal indicators show that there is room for improvement in revenue and public expenditure for economic and social development. Compared to other developing countries, the real GDP growth rate is around the regional average and modest.

〈Table 3-1〉 Guatemala's Fiscal and Economic Statistics

	2009	2010	2011	2012	2013	2014	2015	2016
Real GDP Growth Rate (%)	0.5	2.9	4.2	3.0	3.5	3.5	3.6	3.6
Revenues and Grants (% of GDP)	11.1	11.2	11.6	11.7	11.7	11.9	11.9	11.9
Tax Revenue (% of GDP)	10.3	10.4	10.9	10.9	11.0	11.1	11.2	11.2
Expenditure (% of GDP)	12.8	13.0	12.9	12.5	12.3	12.3	12.3	12.2
Primary Balance (% of GDP)	-1.7	-1.8	-1.3	-0.9	-0.6	-0.5	-0.4	-0.2
Central Government Debt (% of GDP)	23.0	24.5	23.9	24.5	24.9	25.7	26.8	27.7

Source: Summary of World Bank(2014: 6), World Bank(2013: 23), IMF(2016: 4-5).

Revenues and grants, indicated as % of GDP, are < 12% which is low compared to other rapidly developing countries. This implies that the government underinvests in SOC and infrastructure. Behind this backdrop, Guatemala launched comprehensive tax reform in 2012 and aimed to both increase the tax base and heighten the tax rate. Thus, as <Table 3-2> shows, the amount of tax revenue increased by 7.5 percent in 2016–2017, among which direct taxes increased 5.6% and indirect taxes increased 8.6%.

<Table 3-2> Comparison of Tax Revenue for the Central Administration

Description	(Unit: Millions of USD)			
	September		Differences	
	2016	2017	Absolute	Relating
Total	5,343.1	5,743.5	400.4	7.5
Direct Taxes	2,018.8	2,132.2	113.4	5.6
Income Tax	1,611.2	1,683.0	71.7	4.5
Tax on Land and Buildings	2.2	3.4	1.2	55.1
Commercial and Agricultural Companies	0.1	0.8	0.7	570.1
Extraordinary and Temporary Taxes for Supporting Peace Agreements	0.1	3.4	3.2	2,642.8
Tax of Solidarity	405.1	441.6	36.5	9.0
Indirect Taxes	3,324.3	3,611.2	286.9	8.6
Value-Added Tax	2,386.2	2,607.1	220.9	9.3
Domestic	1,179.7	1,323.4	143.7	12.2
Imports	1,206.6	1,283.7	77.2	6.4
Import Tariff	224.5	239.2	14.8	6.6
Petroleum Distribution and Derivatives Tax	317.8	333.1	15.3	4.8
Revenue Stamps	36.4	54.5	18.1	49.6
Vehicle Circulation Tax	98.0	107.0	9.0	9.2
First-time Registration of Vehicles Specific Tax	92.5	92.0	-0.5	-0.6
Oil Royalties and Shared Hydrocarbons Tax	15.9	21.3	5.5	34.3
Exit Tax	28.2	30.9	2.8	9.9
Alcoholic Beverage Sales Tax	73.7	76.3	2.6	3.5
Tobacco Tax	38.2	37.0	-1.2	-3.1
Cement Distribution	12.3	11.8	-0.4	-3.6

〈Table 3-2〉 Continued

(Unit: Millions of USD)				
Description	September		Differences	
	2016	2017	Absolute	Relating
Other Indirect Taxes	0.6	0.8	0.2	44.7
VAT Credits	203.4	225.2	21.8	10.7
Export Self-certifications Credits	46.7	52.2	5.5	11.7
Tax Credits and Self-certifications	250.1	277.3	27.3	10.9

Note: 1) Exchange rate 2017: 7.34427 for \$1.00 USD

2) Exchange rate 2016: 7.52067 for \$1.00 USD

Source: SICOIN, MoPF.

On the expenditure side, there are atypical phenomena of budgetary implementation and execution. First, it seems that there is an unbalance between productive government investment and consumption. The portion of the Ministries concerning public investment, energy, and the economy is not large and a larger portion of budget goes to welfare, health, etc.; education and human capital investment is the biggest functional area. Considering the standard public finance studies, it seems that the composition of Guatemala's budget is not skewed toward economic development.

In addition, there is a fluctuation of execution rates in accordance with the budget's organizational classification. The overall execution rate was < 70% in 2017 and about 73% in 2016. Ministries with a large proportion of entitlement expenditure have a higher level of execution rate and ministries with discretionary policies have very low levels of execution rate. For example, the Ministry of Social Development had only a 49.3% execution rate in 2016 and 25.3% in 2017. The Ministry of Communications, Infrastructure, and Housing had only 34.2% in 2016 and 37.6% in 2017.

〈Table 3-3〉 Budgetary Implementation of Expenditure by Entities for October 2016–2017

(Unit: Millions of USD)

INSTITUTION	2016			2017		
	EXISTING	ACCRUAL	% OF EXECUTION	EXISTING	ACCRUAL	% OF EXECUTION
Expenses	9,498.01	6,888.52	72.53	10,570.52	7,009.69	66.31
Ministry of Social Development	134.87	66.50	49.30	125.69	31.80	25.30
Ministry of Communications, Infrastructure, and Housing	541.74	185.36	34.22	563.53	211.67	37.56
Ministry of Culture and Sports	59.97	30.57	50.97	77.05	33.94	44.05
Ministry of Environment and Natural Resources	19.00	13.16	69.26	20.69	11.03	53.33
Ministry of Agriculture, Livestock and Food	168.68	107.35	63.65	187.90	100.39	53.43
Secretaries and Other Units of the Executive	157.00	107.57	68.51	184.79	103.83	56.19
Ministry of Public Finance	43.18	28.58	66.20	47.44	26.96	56.84
Ministry of Foreign Affairs	55.90	40.25	72.00	63.65	38.00	59.69
Ministry of Public Health and Social Welfare	823.71	598.57	72.67	939.24	567.91	60.47
Ministry of the Interior	608.76	414.46	68.08	725.87	443.89	61.15
Attorney General of the Nation	10.68	7.02	65.73	14.61	9.09	62.27
Ministry of Energy and Mines	10.14	6.83	67.34	10.60	6.95	65.60
Ministry of Education	1,719.07	1,341.92	78.06	1,897.95	1,280.91	67.49
Ministry of Economy	43.61	23.75	54.45	93.28	63.42	67.98
Ministry of Labor and Social Welfare	86.14	66.77	77.51	90.68	62.18	68.56
Ministry of National Defense	282.31	210.69	74.63	284.06	199.68	70.29
Published Debt Services	1,471.27	1,169.44	79.49	1,585.95	1,127.01	71.06
Obligations of the State Treasury Office	3,231.86	2,449.05	75.78	3,627.51	2,668.74	73.57
Presidency of the Republic	30.13	20.68	68.62	30.03	22.29	74.21

Source: SICOIN, MoPF.

This is an interesting phenomenon in the sense that it is against common knowledge in the public administration, which assumes that public organizations tend to increase the size of their budget and spend all the public money in hand to send the signal that they are performing well and doing their best. A larger budget means more power and authority, and spending all their money as planned means that the organization is working well.

1.2. Literature Review

There have been reports and policy proposals for the Guatemalan public financial management system. They have different angles and focus on the reform agenda.

The World Bank's (2013) public expenditure review examined the whole structure and the process of public expenditure in Guatemala. The World Bank completed a Public Expenditure Review in 2013 along with a database on expenditures at the municipal level. The resultant report argued that floating debt, alternative spending processes, weak links between planning and budget, fiscal risks, and unstructured governmental accounting systems are major weak points.

Another report by the World Bank (2014) examined institutional reform agenda for Guatemala. Among many proposals, this report discussed the merits of strategic planning for investment and the National Development Plan by SEGEPLAN and results-based budgeting. The Guatemalan government's program was built around five strategic pillars: democratic security and justice, competitive economic development, productive and social infrastructure for development, social inclusion, and sustainable rural development. National Development Plan is made of these pillars and needs to be supported by financial allocation.

IMF (2016) argued that fiscal policy should be oriented toward the supply side and social objectives. Government transfer and public investment need to increase to spur growth and reduce poverty. Furthermore, there is a need to articulate a long-term strategy for raising the growth rate. IMF (2016) argued that raising the level, improving the efficiency and composition of public spending, and raising its transparency are critical for achieving social and structural objectives that help raise growth and make it more inclusive. In contrast, the Guatemalan government's spending shows problems regarding the level, efficiency, and transparency.

There are studies on the transparency of the Guatemalan public financial management system. Based on the code of good practice on fiscal transparency module, IMF (2006) argued that there are shortcomings in the legal and administrative framework for budget management. This report also pointed out that the mechanisms for coordinating and managing the budget and

extrabudgetary activities are inadequately defined. In particular, according to this report, budget documents do not include statements of medium-term fiscal policy objectives, and are not analyses of fiscal sustainability. The control mechanism is less clear and the accounting procedures and ground rules for internal control are inadequately applied.

The recent report is in a similar vein. In 2015, the International Budget Partnership (IBP) published a report on the transparency and openness of budgeting titled the Open Budget Survey. According to the open budget index by IBP, Guatemala was categorized into the group of countries that provide limited budget information and whose scores have been decreasing from 2012 onward.

Besides these official documents, this author with other consultants of these projects met with professionals and academics in Guatemala. This literature allows us a glimpse of the major reform agenda for Guatemala's fiscal administration. Meanwhile, these studies have limitations; due to the studies' scope where scholars mainly focus on the budgeting and surrounding conditions for the budget process, these studies do not seriously consider the functional linkage and complementarity between budgeting and other important functions within government. While proposals from these studies for institutions and rules within budgeting process are valuable in themselves, their utility remains limited because there is less consideration of policy or institutional reform proposal on the linkage or complementarity of the main administrative functions within the larger framework of public administration or public policy process. The World Bank (2013) touched on the issue of fragmentation of planning and budgeting as one of many reform agenda; However this report's focus was still a bit narrow when investigating the alignment of functions and institutions through the budgeting process.

Against this backdrop, this report has tried to identify the root cause of the problems in Guatemala's fiscal administration practices and provide reform agenda as identified through analysis structured around the larger framework of public administration including major functions, sub-functions, and the linkages among these sub-functions. By applying the comparative case study method, this report proposes the case of Korea as a reference for the institutional reform agenda.

2. Research Design

2.1. Theoretical Background

There is a need to better articulate institutional reform proposals based on Guatemala's budgeting theories and practices. For this, this study relies on three bodies of knowledge to establish a conceptual framework for analysis.

First, this study has tried to apply the concept of budget systems and fiscal governance, which have recently gained currency in academia.

The "budget system" concept as first proposed by Schick (1969) emphasized the importance of budgeting systems analysis. According to his analysis, studies of budgeting paid more attention to processes than the budget system's whole picture. Following his idea, Lynch (1989) applied the concept of system theory to the budget-making process.

Recently, scholars have been using the terminology of budget governance instead of budget system, meaning the system of functions, actors, decisions and processes that surround budgeting (Diamond, 2002, 2004). The budget system is composed of three major functions: planning, budgeting, and policymaking. In advanced democracies, the budget system's main components are the functions of planning, medium-term fiscal planning, presidential agenda-setting, and policymaking. The structure of the budget system and elements of functions and actors depend on the countries' political background, legal traditions, and institutional path.

Granted, although the budget system or governance are defined by the political structure; the budget system has institutional autonomy from political influence. Budgeting is under the canopy of public administration and the institutional framework has legal foundations, so there are fewer political interventions.

We can argue that the structure of the budget systems and roles of functions within it can be designated based on each country's social needs. For example, we can design an effective budget system by identifying the more necessary functions and supporting institutions for a country. Generally, we can argue that during a developmental era, countries need strong planning and coordination functions for optimal budget allocation.

Reviewing the budget system in various countries helps us identify centralized, decentralized, and multi-polar budget systems. Each type has different implications for the allocation and coordination of public money in development, and designating institutions for the desirable allocation of public money implies that

budget allocation functions are closely linked with the function of planning, policymaking, and even policy implementation.

Fiscal governance is a related concept; some scholars apply the neologism “fiscal governance” to describe and analyze the wider scope of functions that surround budgeting and fiscal policy processes. Hallerberg (2004) identified the underlying budgetary and political institutions around fiscal policymaking and conceptualized it as fiscal governance. This study includes important decision-makers such as political parties for analyzing fiscal policies around European countries. Similarly, Lee (2003) applied this concept to the UK and Canada. Recently, Warren *et al.* (2017) reviewed the governance of fiscal policy in the European commission and proposed reform agendas. In this literature, the main elements of fiscal governance are fiscal institutions, fiscal rules, and political decision making on fiscal policies by important political actors and decision makers. The main focuses of these studies are political actors, fiscal rules, and institutions rather than elements within the public administration system and policy processes.

Second, this study relies on literature about public expenditure management (PEM) and public financial management (PFM) reform, which are strongly advocated by international organizations such as the World Bank and IMF. This work evolved from an emphasis on investment efficiency in the eighties to a wider recognition of institutions and governance building. The PEM approach stresses the need to understand the rules of the game that govern budget formulation and execution, and the way that institutions influence choice and the government’s achievement of objectives (Schick, 1998a).

Based on this concept, the international community developed the PEFA Framework to improve the impact of reform initiatives. The PEFA framework provides an analytic framework that covers the entire financial management cycle. According to the PEFA framework, a good PFM system is one of the necessary enabling elements for desirable fiscal and budgetary outcomes and includes aggregate fiscal discipline, the strategic allocation of resources, and efficient service delivery. Here, the strategic allocation of resources refers to allocation based on planning and executing the budget in line with government priorities that aim to achieve policy objectives. This also means the policy-based fiscal strategy and budgeting. When this is institutionalized, the fiscal strategy and budget are prepared with due regard to government fiscal policies, strategic plans, and adequate macroeconomic and fiscal projections. The budget is implemented within a system of effective standards, processes, and internal controls to ensure that resources are obtained and used as intended. The PEFA framework identifies seven elements for good financial management and provides 28 indicators matched to each element. This study partially imports and simplifies the framework by

considering utility in the analysis of this study's research objects.

Third, this study applies academic literature on functional analysis and functional linkage. Functional analysis is a methodology for analyzing a system's mission and performance requirements and decomposing them into discrete tasks or activities (Cole, 1998). This methodology was developed in the systems analysis and design and imported to the political systems framework. According to Cole (1998), functions and sub-functions are actions a system must perform in response to its environment to achieve the mission or goals it is given. The objective of functional analysis is to define the set of functions that must be included in the system design to satisfy user needs.

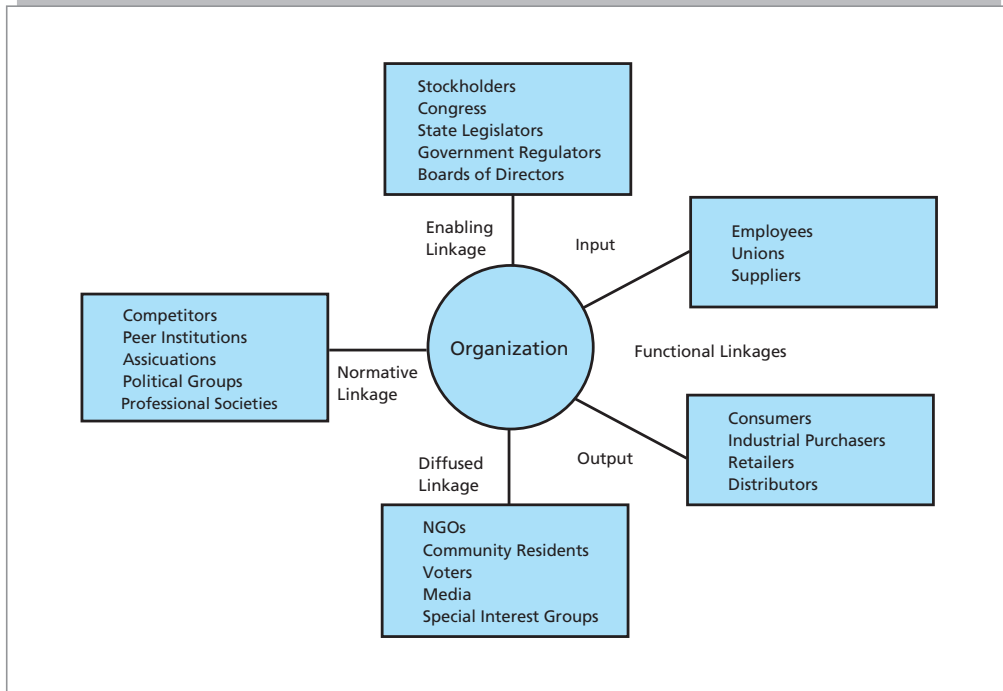
Function analysis has been a widely used method and technique in business and public administration discipline (Lyden, 1975; Hunt, 1979). When applied, all functions are identified and categorized so that a framework can be developed to maximize efficiency and productivity in the core functions of public administration. The important steps in identifying and locating functions are: first, examine and categorize the current functions and related activities into clearly defined outputs; second, define and quantify the activities carried out and the resources to produce each output; third, review organizational structures and systems to best serve the redefined functions.¹⁾

After identification, functions should be located within public administration and their relationships should be examined. In this stage, analysts need to explore how functions are connected or interrelated with one another. By examining how one function impacts the others, researcher can draw arrows to indicate the direction of order and flow of information. Through this, analysts can determine the pattern of how sub-functions work through an organization or within big umbrella functions.

The sub-functions should be linked within the large structure and process of the public administration function and they should be aligned by sturdy institutional support. This study understands the types of linkage among sub-functions using Grunig and Hunt's (1984) theoretical framework to explain the organization's relations with outside actors. According to Grunig and Hunt (1984), organizations have to build systematic linkages with other actors. These are normative linkages, enabling linkages, diffused linkages, and functional linkages. Considering that organizations are reifications of functions in political and public administration, this author tries to develop lists of linkage types.

1) Functional approach is well summarized and criticized in Jun (2006).

[Figure 3-1] Grunig and Hult's Organizational Linkage Model



Source: Grunig and Hult(1984: 141).

Adapting the concepts in Grunig and Hult's Organizational Linkage Model (1984) lets us identify normative linkages, functional linkages, and political linkages through the political mandates of enabling actors, voters, and political actors. In short, there are normative linkages, functional linkages, and political linkages. In addition, it would be natural to assume that institutions can work as media between two organizations and functions. In summary, this study assumes that linkages can be of diverse forms such as normative/ideational linkages, structural linkages, functional linkages, institutional linkages, and political linkages.

First, there could be normative and ideational linkage that can connect two organizations' on-the-job activities such as when political stakeholders can define two organizations' missions and visions to direct two organizations orientation of works and business processes. Core values provide a basis for developing a vision, and this vision provides a strong link between planning and budgeting.

Second, organizations can develop linkages with other organizations through a structural medium. Governments can reorganize their organizational structure and resign the discretions and duties of organizational leadership. Typically, governments can permit the overlapping of organizational domains and the duplication of organizations' decision-making power. Re-organization inevitably results in the

repositioning of functions and functional linkages.

Third, functional linkage means that functions are connected seamlessly to other functions. When organizations in government work, they need to reflect the results of other organizations' roles and functions. Functions need to support other functions with knowledge and resources as the outputs and inputs of each function.

Fourth, institutions are media and frameworks that can connect other functions and organizations at the same time. Intermediary institutions can work as a tool to reflect both the functions and works of organizations. Larger institutions can define the rules of engagement between organizations as the actors and functions of organizations.

2.2. Conceptual Framework

From a functionalist perspective, public administration consists of (scientific) methods and management tools that are comparable to functions such as budgeting, accounting, planning, system analysis, the allocation of organizational resources, and more recently performance management.

The conceptual framework in this study takes the enumeration of traditionally identified public administration functions into consideration. Based on the discussion above and the literature, this study develops the following conceptual framework to analyze Guatemala's and Korea's budget systems. The main elements of the conceptual framework are the functions, sub-functions, and institutions that link these functions. This conceptual framework emphasizes the institutional linkage between policies and budgeting by stipulating that there are three main activities and sub-functions under public administration functions and public policy functions. This work relies on the process of the function analysis methodology by Cole (1998: 358–361): identification, definition, hierarchical structuration, sequence, relationship, quantification, and assignment.

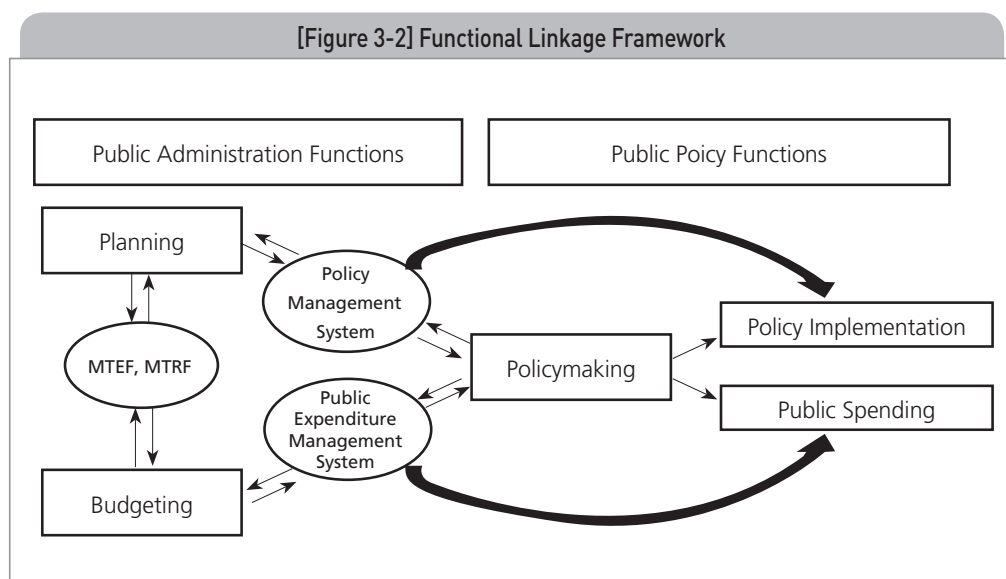
First, the government should develop a strategic vision and goals to guide public policies and fiscal administration. In generic terminology, this sub-function can be called planning even when it does not produce official documents and directives that are approved by a political power.

Second, there should be institutional design for budgeting and budget governance. The budget system or governance is the set of principles, organizations, rules, and procedures that govern the budgetary process of all agencies and entities that make up the public sector, while the budget process is the set of logical stages in which principles, standards, and procedures are used. Budget governance

gives different power and authority among actors within budgeting and creates opportunities for cooperation among actors. Sub-functions and structures can overlap according to the support of institutions.

Third, public policy functions are divided into policymaking and policy implementation. By definition, the policy implementation sub-function is the other side of spending public money.

This paper applies these discussions to the three functions of planning, budgeting and policymaking, and implementation to produce the following system of functions, sub-functions, and institutions between functions. This is summarized in [Figure 3-2].



Source: Author.

Typically, long-term planning and annual budgeting need to be connected by the medium-term budgetary or expenditure framework. The multi-year budget constitutes a budgetary instrument and institution, is part of the formulation stage, containing the public expenditure programmed for more than one fiscal year. This instrument allows setting medium-term budgetary requirements (typically, three–five years), facilitating the timely provision of services for achieving results that are established in favor of the citizens, in the frame of reference for programmer budgeting by results. The multiannual budget is a strategic policy instrument of government expenditure and the responsibility of public institutions when making decisions regarding the allocation and use of resources in the medium term. This

institutional mechanism connects long-term ideal values to short-term tangible projects in financial documents.

The institutional linkage between planning, policymaking, and implementation can be conceptualized as policy management system. The policy management system can be an ideational linkage that connects futuristic national visions and values to practical programs and policies as an institutional linkage that evaluates and provides feedback about the performance of public policies in accordance with the goals of plans and social needs.

The institutional linkage between budgeting and policymaking and implementation can be conceptualized as public expenditure management system. Here, the focus is on the financial and economic performance in accordance with the cost-benefit of projects and programs. Monitoring and tracking the implementation rate of projects is the basic performance indicator.

Here, the effective allocation and coordination mechanism refers to the budgeting system or governance under the larger functional alignments of planning, budgeting, and policymaking/implementation as supported by the function of the medium-term expenditure framework MTEF, the public expenditure management system, and other institutional and organizational linkages. MTEF and public expenditure management systems are the most important institutional and policy tools and media between important functions in each country. They link the main functions within public administration and produce the effective allocation and coordination of public money for social goals.

2.3. Research Method

This research attempts to identify problems and apply the above-mentioned conceptual framework behind the less-efficient function of fiscal management in Guatemala. The purpose of this study is to propose a feasible institutional framework analogous to that of Korea based on identifying the cause of these problems. Korea experienced similar problems and upgraded its institutional framework for better functioning budget governance after the 2000s. This study will apply the theoretical framework to the analysis of both countries' budget systems and governance and draw implications for better budget governance in both countries.

The research will apply document analysis, interviews, and surveys, and the author will critically review the content of official documents and conduct interviews with public officials, think tank researchers, and civic groups that advocate public management in Guatemala.

2.4. Organization of the Paper

The body of this study is made up of three parts; first, the author reviews and explains the current situation of budgeting in Guatemala based on the above theoretical framework. Second, the author will explain the budgeting and institutional framework of budget governance in Korea. Based on this analysis, the third part will compare the two countries' budget governance and derive implications and institutional reform proposals.

Considering these past experiences of developing countries and Guatemala's current institutional alignment, this study tries to propose an institutional framework for the allocation and coordination mechanism of public money for development. Based on the Korean experience, this study tries to propose reform measures regarding planning, budgeting, and policymaking in Guatemala.

3. Analysis of Guatemalan Case

3.1. Background and Conceptual Framework

One common issue in previous studies is the weak linkage between national strategic plans and the allocation of public money. There is a need to better articulate long-term strategies to increase growth and make it more inclusive. Structural reforms should support higher and more inclusive growth. Increasing the size and efficiency of social assistance programs and raising public expenditures on education, infrastructure, and security will be important to continue building human and physical capital.

Second, overall budget execution remains low on the expenditure side, as mentioned earlier. As shown in the following table, the total expenditure in October 2017 reached 66.31%, which is still low compared to 72.53% in 2016 for the same period. With respect to the current expenditure, which corresponds to salaries and goods and services purchased for the provision of goods and services, 63.19% of this has been spent compared to 70.77% in 2016.

This implies that there is systematic discrepancy between current expenses and capital expenses. For direct investment, capital transfer, and financial investment, an organization should incorporate both short-term decisions and medium-term forecast and integrate both annual budgeting and financial plans. Guatemala's spending path strongly implies a disconnection between planning and budgeting agencies and the disintegration of planning and budgeting functions.

〈Table 3-4〉 Execution of Expenditure Tax for October 2016–2017

(Unit: Millions of USD)

INSTITUTION	2016			2017		
	EXISTING	ACCRUAL	% OF EXECUTION	EXISTING	ACCRUAL	% OF EXECUTION
EXPENSES	9,498.01	6,888.52	72.53	10,570.52	7,009.59	66.31
Current Expenses	7,348.29	5,526.19	75.20	8,098.43	5,564.20	68.71
Consumption Expenses	4,186.64	2,962.70	70.77	4,581.14	2,895.01	63.19
Rent Payments	1,031.88	842.51	81.65	1,070.70	781.56	72.99
Social Security Benefits	606.04	478.12	78.89	683.77	536.17	78.41
Current Transfers	1,523.73	1,242.85	81.57	1,762.81	1,351.46	76.67
Capital Expenses	1,724.84	1,047.44	60.73	1,969.26	1,111.34	56.43
Real direct Investment	372.53	81.07	21.76	524.30	113.63	21.67
Capital Transfers	1,344.86	966.38	71.86	1,438.02	995.29	69.21
Financial Investment	7.45	0.00	-	6.94	2.42	34.86
Financial Applications	424.89	314.89	74.11	502.82	334.05	66.44
Debt Repayment and Decrease of Other Liabilities	424.89	314.89	74.11	502.82	334.05	66.44

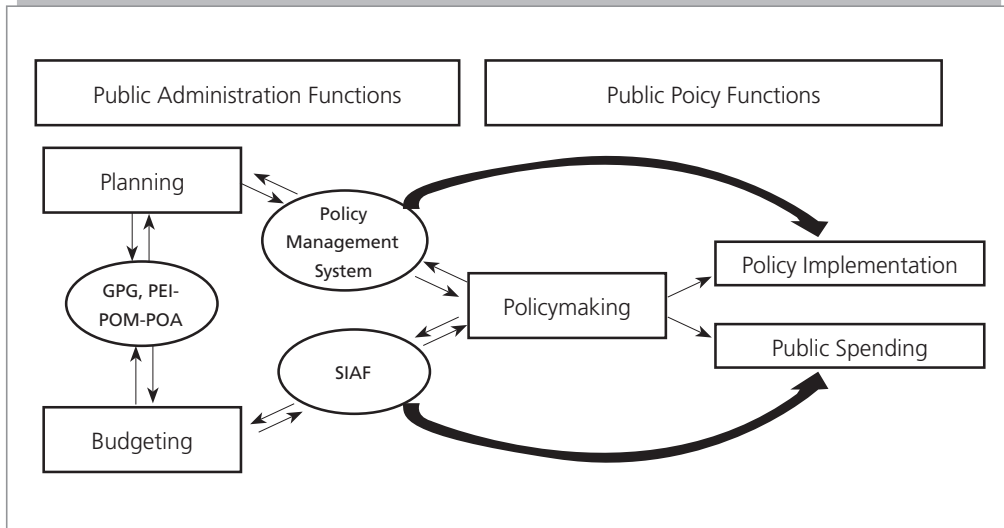
Note: 1) Exchange 2017: 7.4996 for \$1.00 USD

2) Exchange 2016: 7.34331 for \$1.00 USD

Source: SICOIN, MoPF.

Understanding why these phenomena persist requires analyzing Guatemala's budget allocation mechanism.

[Figure 3-3] Conceptual Framework for Guatemala's Case



Source: Author.

3.2. Planning

At the first stage of the budget, the entities defined the policies and objectives they expected to meet in the fiscal year while establishing the necessary interventions to comply with the same (MoPF, SEGEPLAN, 2017).

The public budget is the expression of the State's annual plans and is elaborated to take care of the framework of the strategy of economic and social development. This is defined as the link between plans and budget (Article 8, Organic Budget Law), so the SEGEPLAN, in coordination with the Ministry of Public Finance, will promptly provide methodological elements that allow for the effective articulation of policies, plans, and budgets (Article 16, Regulation of the Organic Budget Law).

Prior to the start of the planning stage, the Executive Organism assesses the compliance of the annual plans and national policies and the country's development (Article 20, Organic Budget Law). The SEGEPLAN shall submit to the Ministry of Public Finance—no later than February 28 each year—the assessment report for the General Policy of the Government. Based on the results obtained in the evaluation, the Ministry of Public Finance, in coordination with the SEGEPLAN propose budgetary policies and general guidelines for the formulation of the draft General Budget of Revenue and Expenses of the State for the corresponding fiscal year (Article 23, Regulation of the Organic Budget Law).

3.2.1. National Development Plan: K'atun, Our Guatemala 2032

The National Development Plan: K'atun, Our Guatemala 2032 sets a path that allows the country and government to have a referential framework for future national development that takes into account the social, economic, and environmental priorities that are institutional and territorial.

For the government, the plan is an instrument that can direct and organize public sector activities and define priorities, goals, results and guidelines, which complements the management by results that have been implemented in recent years. For this, determine five axes inside which are defined goals and guidelines to follow:

Axis 1: Urban and Rural Guatemala: Define the development of rural areas, sustainable urban development, and local sustainable territorial development and resilience as priorities.

Axis 2: State As a Guarantor of Human Rights and Development Driver: Through increased political, legal, technical, administrative, and financial capabilities, the State should create democratic governance to respond to the challenges that arise in development.

Axis 3: Wellness for people: This aims to eradicate social exclusion, discrimination, and inequality between individuals in urban and rural areas.

Axis 4: Wealth for all: This promotes the revitalization of current productive economic activities with the aim of increasing sources of employment and thus reducing poverty and inequality in the population gap.

Axis 5: Natural Resources Today and for the Future: This seeks to ensure adaptation to climate change and to mitigate the risks that arise from this natural phenomenon; in addition, management guidelines are established.

3.2.2. General Policy of the Government 2016-2020

The government of Guatemala defines its general policy on the axes, priorities, results, goals, and guidelines that established in the K'atun. The General Policy of the Government consists of five axes and 29 goals to be achieved by 2019; these are guidelines to the actions of the public sector.

<Table 3-5> The General Policy of Government Targets 2016–2020

AXIS	INDICATOR	BASELINE	GOAL
State Modernization and Zero Tolerance for Corruption	By 2019, chronic malnutrition will have been reduced by 10 percentage points in children under two years old with priority for indigenous children in rural areas.	41.7%	31.7%
	In 2019, the undernourished population will decline by one percentage point.	15.6%	14.6%
Food Security and Nutrition, Overall Health, and Quality Education	In 2019, the child mortality rate will decrease by 10 points per thousand live births.	35 Deaths Per 1,000 Live Births (ENSMI 2014/2015)	25 Deaths Per 1,000 Live Births (2019)
	In 2019, maternal mortality will reduce by 20 points, with priority on indigenous women and rural areas.	114 Deaths Per 100,000 Live Births (2013, MSPAS)	93 Deaths Per 100,000 Live Births (2019)
	In 2019, the coverage in primary education will increase by 6 percentage points.	82% (2014, Ministry of Education)	88% (2019)
	In 2019, pre-primary education coverage will have increased by 12 percentage points.	47.3% (2014, Ministry of Education)	59.3% (2019)
	In 2019, the primary completion rate will have increased to 7.1 percentage points.	71.7% (2013, Ministry of Education)	78.8% (2019)
	In 2019, the gap between urban and rural populations (0.087) in the human development index will have halved.	0.174 (2011, United Nations)	0.087 (2019)
	In 2019, the Human Development Index will have reduced the gap between groups of indigenous/non indigenous population by half.	0.146 (2011, NN. UU.)	0.073 (2019)
Development of SMEs, Tourism, and Housing Construction	In 2019, the loan portfolio of the banking system for smaller business groups will increase by 4 percentage points.	9.89 (2015, SIB)	13.89 (2019)
	In 2019, the micro-credit portfolio will increase by 3 percentage points.	1.67% (2015, SIB)	4.67% (2019)
	In 2019, informality in the employment rate will reduce progressively.	65.8% (2014, INE)	
	In 2019, the underemployment rate will progressively decrease	11.7% (2014, INE)	
	In 2019, the unemployment rate was gradually reduced.	2.9% (2014, INE)	

〈Table 3-5〉 Continued

AXIS	INDICATOR	BASELINE	GOAL
Development of SMEs, Tourism, and Housing Construction	In 2019, the proportion of the employed population living in extreme poverty will progressively decrease.	20.1% (2014, INE)	
	In 2019, the proportion of women in non-agricultural wage employment will increase progressively.	37.9% (2014, INE)	
	In 2019, the position of country tourism competitiveness index will increase by 10 positions	Position 80 (2015, World Economic Forum).	70 (2019)
	In 2019 the housing deficit will fall by 4%	1.6 Million Homes (2015, CIV)	Reduce the Deficit to 1.5 Million Homes (2019)
Citizen Security	In 2019, the rate of crimes committed against people due to their heritage will fall by 9 points	97% (2015, Mingob)	88% (2019)
	In 2019, the homicide rate will drop by 6 points	29.5% (2015, Mingob)	23.5% (2019)
Environment and Natural Resource	In 2019, the forest coverage will stand at 33.7% of the national territory	33.7% (2012, GIMBOT)	33.7% (2019)
	Create a Water Law that focuses on integrated water resource management		
	By 2019, the loss of human life caused by hydro-meteorological events will have decreased	Hurricane Mitch (1998) 268 Deaths [18]; Tropical Stan (2005) Claimed 670 Lives [19]; Agatha (2010) Caused 160 Deaths; Tropical Depression 12E (2011) Caused 30 Deaths [20]; Landslides by Rains Took 280 Lives	
	In 2019, the share of renewable energy in the energy matrix will have increased by 5 percentage points	64.94% (2014, MEM)	69.4% (2019)
Fighting Overall Poverty and Extreme Poverty	In 2019, extreme poverty will decrease by 5.3 percentage points.	23.4% (2014, INE)	18.1% (2019)
	In 2019, there will be a 5.6 percentage point reduction in overall poverty.	59.3% (2014, INE)	53.71% (2019)
	In 2019, the Gini Coefficient will be below 0.50	0.565 (2010, United Nations)	< 0.50 (2019)

Source: General Policy of the Government 2016-2020.

3.2.3. General Policy Guidelines

General policy guidelines are formulated by the SEGEPLAN, the entities of the public sector should take into account in the budget formulation process, the most relevant parts being as follow:

- All public institutions must follow instructions and coordinate their work within the framework of the Cabinet Government and the national system of Urban and Rural Development Councils.
- In coordination with SEGEPLAN, institutions of Government continue implementing its policies, its institutional and operational plans and budget structures, according to the priorities of the General Policy of Government and of the National Plan of Development: K'atun, Our Guatemala 2032.
- Each institution must establish annual and global goals for the period of Government, pursuant to the General Policy of Government and the National Development Plan: K'atun, Our Guatemala 2032.
- Entities must establish and harmonize the results of development with national priorities.
- Institutions should ensure that the budget responds to the priorities defined in the MOPs and AOPs, at departmental, municipal, and institutional levels.
- Incorporate in the multi-year plan and annual operating plans the programming of the investment of new projects and drag projects.

3.3. Budget System and Governance

In Guatemala, the basic law governing budgeting and fiscal administration is "Organic Budget Law," and the legal framework elements on which the budget process is based are as follow:

- Political Constitution of the Republic
- Organic Budget Law
- Regulation of the Organic Budget Law
- Municipal Code
- Regulations Issued by the Ministry

During the stage of formulating, the Executive Organism prepares the budget proposal to be presented to the Congress of the Republic (MoPF, SEGEPLAN, 2017).

Mandatorily and annually the agencies, decentralized entities and autonomous will send their budgets to the Executive Organism and the Congress of the Republic for their knowledge and integration to the General budget (Article 237, Constitution of the Republic).

To formulate institutional budget drafts, the highest authorities of each institution are advised by the Planning Units, which exist in each institution, in terms of policies, plans, programs, and projects in the context of the planning and budgeting by results (Article 3, Regulation of the Organic Budget Law). Some of the functions of the Planning Units are: participate jointly with the Financial Management Unit, in the formulation of the preliminary annual draft budget of the institutional, in the aspects related to the implementation of the ISP and with the programmatic structure of the budget, in the context of planning and budget for results (Article 4, Regulation of the Organic Budget Law).

In order to standardize the process of planning and formulation of the General budget of Revenue and Expenditure of the State for each fiscal year, the Technique Direction of the Budget from the Ministry of Public Finance, in coordination with the Sub-secretariat of Planning and Ordering of the Territory and Public Investment from SEGEPLAN, will elaborate a strategy to enable the public institutions in terms of the criteria and instruments of planning and programming this strategy for 2018, was implemented between February and August of 2017.

3.4. Budget Process

The stages of the budget process are planning, formulation, presentation, approval, implementation, monitoring, evaluation, settlement and accountability of the budget of the public sector, ensuring the quality of public expenditure and timely accountability, transparency, efficiency, effectiveness, and economic rationality.

3.4.1. Budget Formulation

During the stage of formulating, the executive body prepares a budget proposal to be presented to the Congress of the Republic (MoPF, SEGEPLAN, 2017). Agencies, decentralized entities, and the autonomous send their budgets mandatorily and annually to the Executive Body and the Congress of the Republic for their knowledge and integration into the general budget (Article 237, Constitution of the Republic).

To formulate institutional blueprints, the highest authorities of each institution are advised by the planning units in terms of policies, plans, programs, and projects in the context of the planning and budgeting by results (Article 3, Regulation of the Organic Budget Law). Among the functions of the planning units, which exist in each public institution, these units participate jointly with the financial management unit, in the formulation of the preliminary draft budget of the annual institutional aspects related to the implementation of the ISP and with the programmatic structure of the

budget, in the context of planning and budget for results (Article 4, Regulation of the Organic Budget Law).

In order to standardize the process of planning and formulation of the general budget of revenue and expenditure of the State for each fiscal year, the Technical Budget Directorate of the Ministry of Public Finance, in coordination with the Undersecretary of Planning and Territorial Planning of Secretariat of Planning and Programming of the Presidency, prepared a strategy that allowed them to transfer the planning and programming criteria instruments to all the public institutions.

The strategic planning and formulation of the budget for 2018, implemented between February and August of 2017, had the following content:

Presentation

1. Objectives
2. General framework for the programming of the planning and budget formulation process
 - 2.1. Continuity in the Implementation of Management by Results in the Institutions of the Public Sector in Guatemala
 - 2.2. National Development Plan: K'atun, Our Guatemala 2032
 - 2.3. General Government 2016–2020 policy
 - 2.4. Open Government
 - 2.5. General Policy Guidelines
 - 2.6. The Alliance for the Prosperity of the North Triangle Plan
 - 2.7. Public Policies of Chixoy
 - 2.8. Orientations of Thematic Classifiers
 - 2.9. Institutional Strategic Plan (ISP)
 - 2.10. Multi-year Operational Plan (MOP)
 - 2.11. Annual Operating Plan (AOP)
 - 2.12. Multi-year Budget
3. Stages of the budget process
4. The management by results as a link between Plan–Budget
5. Legal basis, and conceptual planning and budget process
6. Actors of the budget formulation process
7. Estimated schedule of activities
8. Glossary of abbreviations and acronyms
9. Links of interest

At this stage of development, it is necessary to have rules that guide the estimate of revenues and the allocation of resources. These standards must be met by all institutions of the Central Administration, decentralized organs, and autonomous

public enterprises.

Each year, technical standards are designed for the formulation, which are based on the “Theory of the Budget by Programs” and the “Guide Conceptual Planning and Budgeting by Results for the Public Sector of Guatemala.” These standards are developed jointly between the SEGEPLAN and the Ministry of Public Finance. The standards are divided into six sections:

1. Medium-term macroeconomic framework
2. Strategic and operational planning by results
3. Budgeting for results
4. Budget income
5. Budget expenditures
6. Assessment of the current situation of the program that implements the institution

3.4.2. Budget Presentation

The Ministry of Public Finance is responsible (Article 21, Organic Budget Law) to integrate all the institutional budget blueprints that institutions should have sent before July 15 (Article 24. Regulation of the Organic Budget Law), no later than April 30, the SEGEPLAN receives strategic plans and annual operating plans of all the organizations and institutions of the State.

When the Ministry of Public Finance has integrated the preliminary draft budget, the President of the Republic submits it to the Congress of the Republic (Article 183, Constitution Policy) no later than September two each year (article 23, Organic Budget Law). The draft of the General Budget of Revenue and Expenditure of the State that the President presented to Congress contains at least the following (Article 26, Regulation of the Organic Budget Law):

- A. Statement of grounds
- B. The following classifications:
 1. Economic income
 2. Economic expenditure
 3. institutional by object of expenditure
 4. Institutional purpose and function
 5. Regional institutional
 - 6 Regional and purpose
 7. Counting of savings, investment, and financing

3.4.3. Budget Approval

The process begins with the discussion of the draft budget, on the Finance Commission of the Congress of the Republic, and subsequently passed to the plenary for discussion (MoPF, SEGEPLAN, 2017). The Congress of the Republic must approve, modify or disapprove the draft General Budget of Revenue and Expenditure of the State no later than the 2 December each year (Article 171, Political Constitution of the Republic); if not approved, the budget of the previous year shall be applicable again, which may be modified or adjusted by the Congress (Article 24, Organic Budget Law).

3.4.4. Budget Execution

Budget execution is the realization of progress in the achievement of the goals and objectives of the institutions, through the production of goods and services provided by entities to the population (MoPF, SEGEPLAN, 2017).

The implementation of the budget of income shall be governed by the laws and regulations, as well as the rules and procedures established by the Ministry of Public Finance. The legal framework for the implementation of the budget is as follows:

- Budget Classifications to the Public Sector of Guatemala Manual, 5th. Edition (Ministerial agreement numbers 291-2012 and 473-2014 of the Ministry of Public Finance)
- Manual of Administrative Procedures for the Registration of Disbursements and Execution of Resources Not Reimbursable from External Donations, (Ministerial agreement number 523-2014 of the Ministry of Public Finance)
- Manual Programming of the Budget Execution for the Entities of the Central Administration, (Ministerial agreement number 214-2004)
- Manual of budget changes for the Central administration bodies, (Ministerial agreement number 216-2004)
- Management by Results in Guatemala, Conceptual Guide
- National Development Plan: K'atun, Our Guatemala 2032
- The Alliance for the Prosperity of the North Triangle Plan
- General Government Policy

3.4.5. Budget Monitoring and Evaluation

Budget Monitoring and Evaluation involves checking the fulfillment of the objectives of the formulation. In addition, it facilitates regulation and operation of feedback for public institutions, in terms of the management of resources (MoPF, SEGEPLAN, 2017).

In order to centralize information on the implementation of their respective budgets, the Units of Financial Administration, in conjunction with the Planning Units of each entity, (Article 38, Regulation of the Organic Budget Law), must do the following:

- a) Determine the units of measure for quantifying the terminal and intermediate production
- b) Support the creation and operation of centers of measurement and management in the units responsible for the implementation of the programmatic categories
- c) Set an agenda of measuring immediate and intermediate results indicators with criteria of relevance and clarity
- d) Indicators should be defined within the framework of the logic model for the strategic intervention in order to demonstrate progress on the chain of results
- e) Produce management reports that must be submitted to the MoPF and SEGEPLAN

3.5. Functional Linkage between Planning and Budgeting

3.5.1. Medium-Term Macroeconomic Framework in Guatemala

First, the Public Finance Technical Committee will know and will validate the multiannual macroeconomic framework for 2018–2022, which includes estimates of economic growth, inflation and other relevant variables, and medium-term revenue (5 years), documented by the Central Bank of Guatemala and the Superintendence of Tax Administration. Second, for multi-year budget formulation, each institution is obliged to formulate preliminary multiyear draft budget for 2018–2022, which is established at the analytical level and must be framed in the analysis of the following documents:

- National Development Plan: K’atun, Our Guatemala 2032
- General Policy of Government, 2016–2020
- General Policy Guidelines
- Medium-term Institutional Strategic Plan (ISP)
- Multi-year Operational Plan (MOP)
- Annual Operating Plan (AOP)
- Diagnostic of Program to Assess the Current Situation

3.5.2. Medium-Term Plans in Guatemala

3.5.2.1. Medium-Term Institutional Strategic Plan (ISP)

The Medium-Term Institutional Strategic Plan (ISP) gives the route to follow for the established period (medium term) that prioritizes issues relevant to the proper and/or delegated competencies and which will contribute to achieving the results of development according to the National Development Plan. It is expressed through the ISP, which seeks to contribute to the achievement on the change of living conditions of the population. Therefore, it turns into the document of municipal management.

The ISP is a planning instrument that must derive from the National Plan of Development and guide the institutional actions identifying priorities aimed at the country's development. It defines the vision of the expected change in the living conditions of the population. It is developed with respect to a medium- or long-term horizon.

3.5.2.2. Multi-year Operational Plan

The Multi-year Operational Plan (MOP) programs municipal actions and projects, as well as the allocation of resources, based on the prioritization established in the ISP for the next five years.

The programming and allocation of resources for the products (goods and services) and interventions is done per year, for which different criteria must be taken into account according to the nature of institution: the type of goods and services provided, and time required to contribute to or increase the benefit of certain goods or services.

The MOP is derived from the ISP and orients what the institutions will do over a period of at least three years. This management tool links the strategic framework between the ISP with the annual operational planning of the institution, thereby materializing the strategic programs of Government. The MOP presents results expected based on production goals.

The MOP has two basic characteristics:

- It is indicative, since it serves as a guide to the medium-term institutional policy
- It operates as the frame of reference of the annual operational plan to support the fulfillment of the strategic results

The minimum content of the MOP is as follows:

- The definition of strategic and institutional results in the criteria guiding the action of the entities
- The definition of the goals of products and by-products for the achievement of results

- The analysis of the chain of results and indicators
- The cost of goods and services offered by the institution to the population
- Articulation of the Annual Operating Plans (AOPs) with the multiyear budget

The elaboration of the MOP is based on five basic steps:

- Validation of the strategic framework and results to achieve, in accordance with the strategic plan formulated
- Identification of products (goods and services) and goals required for the achievement of the result
- Cost, schedule, and budget of the goods and services to be delivered within the framework of the multiannual budget
- Identification of the production network
- System of monitoring at the level of product, effect, and result designed

3.5.2.3. Annual Operating Plan(AOP)

The AOP is an instrument of operative management that set out the programming of institutional products (goods and/or services) of proper competences or interventions that respond to the delegated, derived competencies of the multi-annual planning and programming and that will be carried out during the fiscal period of a year. The AOP is the instrument of operational management that reflects the details of the products and services that the institution is scheduled to perform for a year and that facilitates the monitoring of the processes required for the production of goods and services, which are concatenated with the budget in budget categories. It is the specific tool of operational management of strategic and multi-year planning that expresses the strategic results of the institution in an institutional short-term action plan.

Within the context of the Management by Results in the AOP, the following can be found:

- The description of the products (goods and/or services) and activities that the institution is scheduled deliver to the population.
- Annual goals of management, allowing identification and measurement of the costs of products and services, both individually and at a general level.
- The annual programming of the delivery of goods and services by cost center of the institution.
- The annual programming of the costs of the delivery of goods and services by cost center of the institution.

The process of formulation of the AOP consists of four basic steps:

- Validate the strategic framework and results identified in the MOP.
- Review and annual programming of products (goods and services), activities

- and goals.
- Quarterly schedule of cost of goods and services.
 - Identify annual indicators (inputs, products).

The Monitoring System at the level of the AOP focuses on the measurement of a limited number of indicators that focus on the causal chain, covering mainly the measurement of inputs and products.

3.5.3. Situation Analysis for Medium-Term Plans in Guatemala

For multi-year formulation, each entity must make a diagnosis by program to evaluate the current situation in which it operates to meet the demand of goods and services of the population, functionality, and impact, with the purpose of proposing improvements to the reduction of gaps in social indicators. Diagnosis must include at least ten years, or since the beginning of the program implementation, and contain as a minimum the following:

- a) Analysis of their existing programs
- b) Estimate of the target population by year
- c) Population benefited per year
- d) Population not served by year
- e) Financial execution per year
- f) Analysis of the structure of wages and personnel
- g) Tendency of expenditure on human resources
- h) Number of posts by budget line
- i) Analysis by type of expenditure
- j) Implementation at the geographical level
- k) Relationship between the expenditure of human resources and services delivered to the population
- l) Financial weight of the program with respect to the institutional budget
- m) Indicate if the program is linked to a result strategic country (RSC), General Policy of Government (GPG) goal of sustainable development (GSD) and institutional outcome objectives
- n) Information related to the achievement of targets for the year
- o) Comparative table between the financial and physical execution

Because of the diagnosis, the institutions must fill out a technical sheet to be presented in the summary of the program baseline and the goal to achieve in the period 2018–2022. In April of each year, the Technical Budget Directorate of the Ministry of Public Finance will send the technical sheet to all the institutions.

The formulation of the preliminary institutional multiyear budget draft will not

be done with incrementalism criteria; it must be done within the framework of efficiency in public spending and to achieve the results and goals proposed.

3.6. Functional Linkage between Budgeting and Budget Execution

3.6.1. Tracking and Monitoring for Budget Execution

According to Article 237 of the Constitution, agencies, decentralized entities, and the autonomous will have budgets and proprietary funds when the law dictates it. The law may establish other cases of dependencies of the Executive whose funds should be given in sentence form to ensure its efficiency. Failure to comply with this provision is punishable, and officials under whose direction work units are personally responsible for compliance.

In Regulation of the Organic Budget Law, Article 38, public institutions focus their strategic actions towards the achievement of results. Based on these results, products that must be provided and the needs of financing shall be determined.

The citizenry and the achievement of its priorities is the fundamental principle and the articulator axis of management by results of the public budget.

Units of financial administration, in conjunction with the units of each entity planning, shall provide centralized information on the implementation of their respective budgets. To this end, they shall:

- a) Determine, in collaboration with the units responsible for the implementation of each of the programmatic categories, the units of measurement to quantify terminal and intermediate production, which is structured according to basic principles of causality based on evidence and according to the expected results, with adherence to technical standards for the effect issued the technical budget address
- b) Support the creation and operation of centers of measurement and management in the units responsible for the implementation of programmatic categories that they deem relevant and whose production is of a volume or specificity that makes the measurement convenient. This measurement will be structured according to the planned outputs in order that the management of financial resources, the supply of materials and supplies, and other supplies, to achieve the goals and results expected by the population. The highest authority of each of the selected units will be responsible for the operation and the data which they supply these centers
- c) Establish an agenda of measuring indicators of immediate and intermediate

- results with criteria of relevance, clarity, and relevance
- d) Indicators must be defined in the logic model for the strategic intervention framework in order to demonstrate progress on the results chain
 - e) Management reports:
 - i. Report to the direction technique of the budget, within the first 15 days of the months of May, September, and January, for the semester immediately prior to these dates, on the management of the products provided on the basis of the results presets, including advancement programs, subprograms and projects, as well as financial assistance and the revenue collected as analytical and properly encoded in formats and as instructional methodologies that such addresses provided; and,
 - ii. With regard to the investment budget, units of financial administration must submit to the technical direction of the budget and the SEGEPLAN, in the first 10 days of each month, the report for the month immediately preceding, indicating the physical and financial progress of projects. When they apply, the report on the management of the planned outputs will be forwarded to the technical direction of the budget.
 - f) The budgetary assessment shall be based on the provision of the established strategic products and depending on the results achieved, including the efficiency of the institutional financial and physical execution. Public institutions without exception will undergo processes of budget evaluation and management for results to be determined by the governing body being made to facilitate such processes.

3.6.2. Budgeting for Results

As part of the standard budgetary methodology, the formulation of the budget should be based on results in accordance with the management system (Siges). Institutions must observe strategic planning in congruence with the Conceptual Planning and Budget by Results for the Public Sector of Guatemala (First edition, January 2013).

The correct definition of institutional results, products, by-products, goals, and indicator classifiers of the formulation of budget by results and the strategic framework is the responsibility of each institution.

Consider that the formulation that takes place will be taken as basis for the implementation by 2018 results, and for decentralized and autonomous entities, must be in accordance with the issues raised in the institutional plan of implementation for Budget by Results modules.

The SEGEPLAN and the MoPF, through the technical budget address (DTP), will

provide technical advice to institutions.

In order to make progress in the achievement of results that contribute to improving the living conditions of the population and its environment, public institutions must link to them according to their competence.

Institutions with the support of the SEGEPLAN and the MoPF, through the Technical Budget Directorate of the Ministry of Public Finance, should review the results, as well as the interventions that respond to the general policy of Government (the general policy guidelines).

Institutions must document the studies made, the design of the logic model for the strategy of agreement to Conceptual Planning and Budget Guide for Results for the Public Sector of Guatemala and evidence justifying the interventions defined for the achievement of the results, which must be attached on the item in the management system (Siges) card. In addition, they must elucidate the analysis that has been determined based on the monitoring and evaluation of the work carried out.

The drafting of the results must indicate the location that institutions want to change in the citizen (who), the population or the middle socio-economic and environment aspects that will undergo the change (who), the sense of the situation before modification defined (change: increase, decrease, keep, or delete) and finally specify the time expected to be necessary to make the change and the magnitude of it. The above should be assigned according to the studies carried out.

In terms of the drafting of the products and by-products, institutions must specify the good or service that contributes to the achievement of the results (as), this should contain features or the same specifications that differ it from others and indicate the population that will be delivered (who).

All by-products must have materials (consumer goods, machinery and equipment) and services required to achieve the same; also human resources must be associated with corresponding by-products.

Institutions shall formulate (verifiable and quantifiable) indicators in accordance with the planned results, which must be relevant, clear, specific, and understandable, considering specific sources of information and allow institutions to measure the degree of compliance with them, to the effect that the citizens can verify and interpret each component of the indicator. Based on the foregoing, indicators of outcome and product will be recorded in the system of accounting integrated (Sicoín).

The institutions should be scheduled in the products and by-products, the targets according to cost, so they have consistency with the financial allocation. In addition, they shall not include products and by-products not significant according to its reason to be, cost, or production network.

Institutions for creation of cost centers must take into account their main features, which are implied in the following definition:

The cost center is the administrative unit, which is selected for its technical capacity, infrastructure, and human resource, which carries out the production process for the delivery of the goods or services. There are institutions for which, by their nature of being, the delivery of goods and services also create points of attention, as in the case of a temporary activity which is located in a park or church, among others, to deliver a good or service. It should be understood that these points are not considered cost centers, because these are locations at which the production process is generated.

3.6.3. Public Management Information System

In late 2015, Congress approved programs to strengthen the transparency of Guatemala's procurement practices. The new bill created an information management system titled "Guatecompras" to provide transparent information on procurement transactions. The new bill on procurement forbids government contracts with state officials and sponsors of political parties. It also improves the technical capacity of government's awarding committees, and sets up penalties for collusion or noncompetitive practices in supplying the government.

Regarding the budget and expenditure information system, since 1995, Guatemala has upgraded its public financial management system, and the Guatemala government now has reliable, timely, and detailed financial information at all levels through the adoption of modern information and communication technology (ICT) systems. The SIAF, which is made up of several systems, has cut costs and changed business practices by providing relevant financial information to the decision-makers.

4. Korean Experiences

4.1. Background and Conceptual Framework

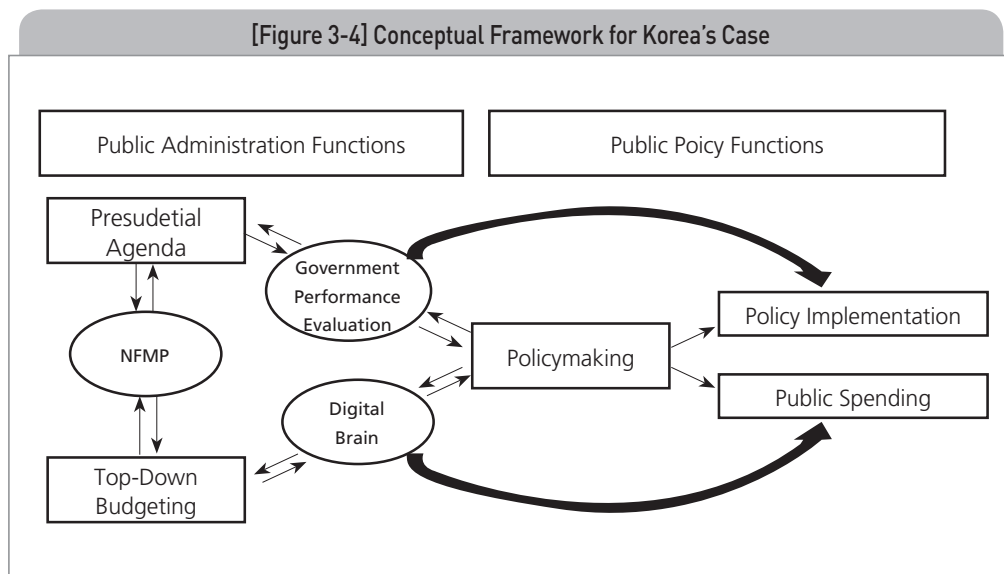
During its developmental era, Korea had division of work and close coordination by presidential office between planning and budgeting offices. The Economic

Planning Board (EPB), which was close to presidents, played an important role during policymaking, and the Ministry of Public Finance managed public money under the direction of the deputy prime minister.

In 2004, the Korean government began to implement significant budgetary reforms. These are institutionalization of an NFMP, top-down budgeting, a performance management system, and an accrual accounting system. These reform programs were aided by a digital information system (D-Brain), which enabled the public servants to access budget information with relative ease. The structure of the national budget was changed from a line-item based budget to program-based budget. In addition, Korea introduced institutions with performance orientation such as Performance Management System and Self-Assessment of Fiscal Program.

These reforms, so called “Three plus One” reforms, redefined the functions of planning and budgeting and provided effective tools for public fiscal administration. D-Brain supported institutional change by providing data and information needed for functional redesign.

The National Finance Act in 2007 is the legal foundation for these reforms and an outcome of innovative efforts for a full-scale change in fiscal strategy and management. This act stipulates the articles regarding legal support for four fiscal reforms (top-down decision approach (total amount allocation, autonomous decision), national financial management plan, autonomous evaluation of fiscal projects, program item system, and D-brain system).



Source: Author.

4.2. Presidential Agenda and National Vision

In Korea, there are no longer Economic Development Plans any more, as in the developmental era. However, as every political community has the managerial functions of planning and budgeting, in Korea, there is a generic function of planning in different forms and contexts. In Korea, a new president and administration provide long-term national vision and medium-term presidential agendas. These are developed during the campaign trail, and main political parties actively participate and align with the presidential candidates. Through the political process, presidential pledges are transforming themselves into the more realistic presidential agendas and vision of the next administration. A current president and ruling party leadership need to implement these agendas with practical and concrete policy ideas and execute them through new social and economic policies and programs. After 4 or 5 years, there is a general election or presidential election to evaluate the capability of the incumbent administration and party leadership. This is a typical political process in mature democracies.

The main challenges in the presidential offices are how to realize the presidential agendas into a feasible programs and projects and how to direct and monitor these policy programs effectively. For this, presidential office needs the link and coordination mechanism between these presidential agendas and budgeting.

4.3. Budget System and Governance

There are two things worth mentioning regarding budget governance of Korea. The first definitional element of budget governance is that Korea brings the managerial functions of planning and budgeting under the same roof of the central budget agency (Ministry of Economy and Finance: MOEF). The Government Organization Act assigns the authority for planning and budgeting to the central budget agency when it reorganizes the functions within government in 2008. The purpose of reorganization is to enhance the efficiency of coordination and the effectiveness of planning and budgeting. The Budget Office in the MOEF now carries out functions such as reviewing the budget documents of implementing ministries and agencies, drafting administration's omnibus budget proposal, submitting the budget proposal with other important annexes to the National Assembly.

The second definitional characteristic is that Korea has had a top-down mechanism for drafting budgeting from 2004. In Korea, the top-down budgeting system was introduced to give each ministry or agency more flexibility and autonomy as well as accountability for its own budget. The Ministry of Public Finance sets the aggregate volume of the budget, based on macroeconomic and revenue outlooks, then assigns budget ceilings to each budget, which generally falls on each

ministry's or agency's policy area. In the top-down system, the Budget Office sets the ceiling for the total amount that a spending ministry can use without comprehensive review. The spending ministry can decide how much to spend on specific programs or projects within the ceiling.

After institutionalization of the top-down budgeting system, the budgetary process was divided into two steps. In the first stage, the MOEF sets overall ceilings by sector, and in the second stage, line ministries allocate the budget for programs in detail within the ceilings. Under this framework, the NFMP and budget are connected more effectively with each other through the mediation of functional ceilings authorized by the cabinet. The traditional bottom-up budgeting system allows the Budget Office of the MOEF to inspect and decide the budget of each program.

It is generally accepted that in practice the MOEF still often intervenes in the ministries' own budgets. However, the orientation, mission, and expected role have gradually changed. It is alleged that introduction of the top-down budgeting contributed to the division of labor within budget governance and significantly improved the efficiency of the budget process.

However, line ministries reduced the amount of budget request and changed their orientation regarding public resource allocations toward performance and the value-for money principle.

4.4. Budget Process

In the same vein as Guatemala, the stages of the budget process in Korea are formulation, presentation, approval, implementation, monitoring, evaluation, settlement, and auditing.

The Korean Constitution assigns exclusive budget preparation authority to the executive branch. By the end of February, each ministry submits the fiscal plans of its major programs, and the MOEF prepares a rough estimate of the budgetary demand for spending, which is summarized in the Guidelines for Budget Draft. This draft is sent to the ministries by the end of March. In it, the MOEF sets the aggregate volume of the budget, based on macroeconomic and revenue outlooks, then assign budgets to each program sector by April 30. This guideline includes forecasts on the macroeconomic indexes, the aggregate decision of budget allocation, and a manual for the preparation of the budget requests of each ministry. The ministry in charge of each program reviews the proposed budget and submits its budget requirement to the Ministry of Public Finance by June 30. Ministries observe budget ceilings and prepare the budget requirements made up of programs based on the budget analysis.

The MOEF reviews the ministries' budget request and is fully authorized to allocate funds in public spending that line ministries request. The MOEF screens projects with professionals such as academicians and researchers, and allocates funds to the programs that line ministries requested. The budget for projects is ultimately determined by the MOEF, which has overriding power over line ministries.

Through this process, the main criteria for budget analysis and program evaluation are based on the plans and strategies stipulated in the NFMP and in line with presidential agendas. Thus, the MOEF reviews the programs in the budget request with overall orientation of the NFMP and priorities of government.

At the same time, this creates the policy environments in which line ministries try to develop new projects and programs more scientifically by applying evidence-based methods. Line ministries are relying on the peer-review evaluations when they self-examine the validity and contents of new programs, and this results in the continuous improvement of the quality of projects and programs. In this way, the Korean government has decreased the perverse incentives for the moral hazard that allows line ministries to request many projects without valid reasons and often inflating the total amount required, anticipating substantial cuts by the MOEF.

After MOEF aggregates each ministry's opinion and finalizes the budget bill, it submits budget documents to the National Assembly. When the budget bill is submitted by October 2, the National Assembly's deliberations begin. In the first plenary session after its submission, the speaker refers this to relevant standing expert committees. Each of the 16 committees processes the bill following a standard procedure: speech by the government, general debate, reference to the subcommittee, debate, and resolution. Final resolutions of the committees are reported to the Special Committee on Budget and Accounts. The special committee runs the budget bill through the examination procedure again, but only to form final amendments; the bill is usually passed in the plenary session as it is.

4.5. Functional Linkage between Presidential Agenda and Budgeting

4.5.1. Organizational Linkage

In Korea, the central budget agency also has the authority to develop the strategy for future fiscal challenges. The Government Organization Act assigns the authority for planning and budgeting to the MOEF. This organization structure was institutionalized in 2008 by consolidating the former Ministry of Finance and Economy and Ministry of Planning and Budgeting. The Ministry of Finance and Economy played an important role of macro-economic policies and programming.

On the other hand, the Ministry of Planning and Budgeting drafted budgets based on the strategies. After consolidation, planning and budgeting could be combined with the macro-economic forecasting and programming by the head of organization, who is also given the title and authority of Vice Minister, coordinating important economic policies.

Thus, there has been organizational linkage between planning and budgeting bureaus within the MOEF. That is, the central budget agency in Korea has been given both planning and budgeting functions within its organizational domain. Merging these two functions under one agency shaped the intrastate power balance such that the MOEF played leadership role during whole policy process. The central budget agency has been an important strategic actor during the developing process. The MOEF, as a strategic agency in Korea, has decisively influenced the national agenda and budget allocation.

Merging two functions gave MOEF a strong power base through which it influences the policy implementation of line ministries through budget approval power. The MOEF facilitates the policy implementation, controls policy formulation process, and commands financial resources. Through active coordination, the agency strengthens policy coherence among line ministries.

Secondly, the MOEF has enjoyed superministerial status through the authorities given to the head of ministry. The ministry is headed by a deputy prime minister, given a mandate of summing up of public policies, designing plans, and structural reforms. In this way, in Korea, planning function and budgeting function have been integrated by organizational structure.

4.5.2. National Fiscal Management Plan (NFMP)

In Korea, functional linkage among planning, budgeting and policy implementation have been institutionally supported by Nation Fiscal Management Plan. Until the 1990s, the form of institutional linkage between planning and budgeting is National Economic Development Plan (NEDP). After the 2000s, the NFMP was institutionalized and replaced the NEDP's role between planning and budgeting.

The NFMP comprises rolling-based MTEFs; that is, NFMP is updated annually and flexible, but tends to make frequent corrections according to the stakeholders. There is cynicism that the NFMP is just justification of the president's policy orientation and the MOEF's budget policy. In Korea, while the NFMP contains the presidential agenda and describes how financial resources will be supported and allocated accordingly, it allows annual change and corrections, and naturally is

not considered seriously, which limits the utility of MTEFs. Some scholars argue for the transformation of rolling-based MTEFs into fixed-term MTEFs, the latter being expected to work as a medium to form the financial plans feasible and respected by all the stakeholders in policy and budget processes.

However, it is undeniable that NFMP is one of important institutional linkage between presidential agendas and budget allocation under the medium-term expenditure framework (MTEF), which have presidential agenda and goals at the center. After the financial crisis of 1997, there were increasing and renewed demand for a new midterm plans. In response, Korea tried to add a medium-term perspective for the budgeting system. The Roh Moo-hyun administration introduced the NFMP, which was institutionalized in 2004 as an MTEF.

The NFMP, Korean style Mid-Term Expenditure Framework, is a five-year rolling plan. NFMP is a plan to set forward estimates that serve as the baseline of budgetary resources allocation.

The NFMP is a basic plan representing the aggregate plan for fiscal management, a five-year fiscal management plan presenting the national policy vision and direction as well as sectoral expenditure programs in the medium-term perspective. It thus enables national policy visions to be actualized into sectoral investment plans.

NFMP was introduced as a tool to orient budget negotiations from short-term resource allocation to larger and longer plans and policy changes.

The NFMP is a rolling plan that is subject to adjustment each year. It permits wide participation, including NGOs and experts, from the initial state of formulation and is submitted to the National Assembly for budget deliberation.

The NFMP is scheduled to be formulated from February to June. The draft of the NFMP is made through several processes starting from macro forecasting and long-term fiscal planning, setting fiscal targets, drafting major areas of the budget, and setting sectoral and ministerial ceilings. During the process, public hearings are convened to discuss the macro budgetary policy, local finance, and individual functional budgets such as the welfare budget, etc.

NFMP performs the function of linkage and medium between planning and budgeting. First, it strengthens the economic stabilization function of the national budget by coping with the economic cycle in a five-year span, not a single year span. Secondly, it enhances the connectivity between national priority and budget. Any changes in national priority should be reflected in the NFMP, and thereby budgetary resources can be reallocated. Any changes not reflected in the NFMP have difficulty

in getting more budgetary resources. Thirdly, line ministries can forecast the baseline amount of budgetary resources in a foreseeable future. Therefore, they can set their own plans and strategies for a policy they are in charge of. This will enhance the performance of policies and implementations.

The NFMP includes forecast of social and economic states and change from five-year time framework. Main components include (1) a total expenditure ceiling, (2) sectoral and ministerial resource allocation plans, (3) national policy directions, and (4) a medium-term fiscal management outlook. This plan is revised and updated every year to ensure linkage with the annual budget. It contains the national vision, strategic plans, and national priorities. First, the NFMP provides basic policy directions, principles, and strategies orchestrating programs in each policy areas. Second, in terms of specific plans for each policy area and related multi-year resource allocation, NFMP provides plans and policies in 12 sectors of economy and society: R&D, industries, SOC, agriculture etc., health and social welfare, education, culture etc., environment, national defense, unification and foreign affairs, public safety, and public administration. The NFMP has a longer time horizon, of 5 years, and imposes a constraint on annual expenditure and line ministries bid for resources during budgeting process; as a result, it aligns the 5-year plans with annual budgets.

Thus, the NFMP encourages line ministries to allocate annual resources according to a mid-term time horizon. Line ministries became more cautious when they drafted ministerial plans or initiated new programs to align them with the NFMP. On the other hand, drafting the NFMP opened a new forum for discussion and participation by professionals for developing strategies for coordination and allocation of public money.

4.5.3. Macro-Budgetary Fiscal Forecast

Macroeconomic projections are crucial component of the MTEF because economic and fiscal forecasts establish the fiscal framework under which policy changes and new programs and projects are introduced and financial resources are allocated.

In Korea, there are two official macro-budgetary fiscal forecasts. One is carried out by the MOEF and published as economic outlooks. The other is done by the National Assembly Budget Office (NABO), which belongs to the National Assembly.

At the stage of budget proposal preparation, usually in December, previous year before a new fiscal year, the MOEF, which is in charge of budget preparation, internally confirms its economic outlook for the budget year with the help of government think tanks such as the Korea Development Institute, Korea Institute of

Public Finance. The MOEF submits budget proposals and fiscal management plans based on the economic growth outlook as the premise for revenue forecasts.

The MOEF does not in practice monopolize the production of the outlook. There is a second, independent, economic outlook generated by a nonpartisan and independent institution of the NABO. For the purpose of supporting standing committees' deliberations, the NABO releases an economic outlook and national revenue analysis report including evidence for the outlook and a comparison with that of MOEF.

Since the NABO began its own outlooks, generally speaking, there have been fewer projection errors between observed and real economic values as a consequence of organizational competition. Before the NABO started to produce its own economic and fiscal forecast in 2004, it is alleged that there was optimistic bias in the economic growth rate and revenue increases. It is generally accepted that the systematic error in the fiscal forecast decreased in part because of the organizational competition between MOEF and NABO.

4.6. Functional Linkage between Budgeting and Budget Execution

4.6.1. Budget Format and Structure

Korea is using the budget classification format based on the programs plus traditional line item format as an important element. The MOEF introduced a program budget format in 2007 and is updating the usage of this format responding to the managerial administrative needs. A program typically consists of many projects that share the same policy goals and are interrelated. Supported by the D-Brain system, the program is the basic unit for systematically classifying and managing budget execution and program's performance.

The program budget format has important advantages for effective and efficient budget execution. First, this budget classification format improves the fiscal transparency by reorganizing many related projects under a program. In the program budget format, the projects with the same policy goals are listed in one category—that is, a program—which allows one to identify them easily in a large budget book. Therefore, decision-makers and citizens have a clearer view over government activities, for they can focus on the ways and means of accomplishing a public program.

Second, the program budget format allows presidential offices and political leaders to monitor presidential agendas and high-level officials' performance. In

the policy management system, projects are usually managed by mid-level officers, but programs are in general managed by higher-level officers. The program budget format allows others to monitor their performance and in this way increases accountability of higher-level officers.

4.6.2. Budgeting for Results and Performance Goal Management System

Budgeting for results and performance management is an essential part of budgeting and budget execution in Korea.

One of the first elements of performance management in Korea is the Performance Goal Management System (PGMS). This system measures the performance of each line ministry using quantitative indicators or indexes according to the performance plan. Usually, the soundness of the evaluation will depend on the reliability and validity of performance indicators or indexes. The Korean government spent much time to develop and validate indicators with the help of researchers, public officers, and even experts in business administration.

The MOEF submits a final performance evaluation report, titled “Performance Plan and Performance Report,” to the National Assembly. By examining this document, citizens and representatives can review the performance and budget of administrative units such as ministries and agencies. This loop from administration to National Assembly and back is a rather loose feedback device to integrate budget and performance management.

The Second element of result-based budgeting in Korea is Self-Assessment of Fiscal Programs (SAFP), which was modeled on the administrative practice of Program Assessment Rating Tools (PART) in the US federal government. The MOEF, with the help of academician and professionals, evaluates performance of fiscal projects and gives grades to each program or project. If one program is evaluated as unsatisfactory, the MOEF cuts the size of its budget. This gives strong incentives for line ministries and agencies to design the programs based on the results and enhancing programs’ performance.

Institutionalization of the performance management system has a direct effect in connecting budget and performance in the sense that this works as a negative incentive system to make spending ministries more concerned about their performance. Elements of the performance management system such as performance plans, performance reports, and program budgeting are a solid foundation to improve quality of programs and performance orientation of projects of line ministries.

4.6.3. Micro-Budget Analysis and Preliminary Feasibility Test

Large-scale construction projects and R&D programs need to be designed and evaluated from multi-year time horizons. These projects can be run more efficiently when funding is approved as a multi-year spending program. In Korea, these are categorized as continued expenses and need to pass the feasibility test by proposing ministries and MOEF. Special carry-over is allowed for funds of these projects when the National Assembly authorizes it. For mega-projects, there could be irregularities during the budget execution period and planned expenditure could not be disbursed during the fiscal year. Implementing ministries and agencies can deal with these problems with prior authorization and special carry-overs. In this way, ministries deal with risks of large medium-term or long-term public investment projects.

4.6.4. Digital Brain for Tracking and Monitoring of Budget Execution

The Korean government introduced the accrual accounting system, and now producing fiscal statistics based on accounting principles. This allows citizens and decision-makers to check and monitor cost-effectiveness of a program or project based on the valid economic principle. In this way, the basis of performance measurement and costs monitoring is founded. To use fiscal statistics produced by the accrual accounting system in a timely way, Korea developed the Digital Budget and Accounting System (D-Brain) in 2005.

The main purpose of D-Brain is to enable accrual accounting system and to produce machine-readable fiscal statistics for the Korean budgeting system. This system allows the MOEF to monitor and track spending and execution schedules and paths of each line ministry. This system is based on the simplified budget classification structure, which is in program budget format.

D-Brain is considered an institutional tool to improve transparency and to integrate fiscal information into the policy management system, contributing to policy formation and implementation. D-Brain works both as a public expenditure management tool and policy management system, for it can track the spending schedule of each public programs and monitor the transactions of line ministries.

Through D-Brain, Korea institutionalized the program budget system and accrual based accounting. D-Brain supports the integration of the general government's finance, including financial activities of central and local governments, public organization, and state-owned enterprises. It helps to systematically share government finance management information.

First, Digital Brain helps to enhance budget transparency because this system produces fiscal statistics in real-time and allows others to monitor and track spending path of projects. In the past, the budget is considered an annual process, and fiscal statistics were not reported frequently and were not transferred and accumulated to the database. With D-Brain, a database of diverse fiscal statistics can be accumulated and used for longer-term strategic plans and visions.

Second, D-Brain supports performance management by increasing accountability of ministries. It is basically the management information system to produce value information for strategic decision-making. D-Brain contains both budget-based fiscal statistics and accounting-based fiscal statistics. It can produce many forms of fiscal statistics in real time, which can be used as performance indicators. D-Brain plays an important function of a digital accounting system, facilitating performance management of programs in the public sector. It also tried to monitor the spending schedule and control effective policy implementation of line ministries.

Third, D-brain reduces national treasury waste. Public officials can monitor the progress of projects and policy implementation through checking budget spending. It supplies accurate financial information and support the public official's managerial decisions. This is possible because in D-Brain all payments are processed electronically and automatic processing and accounting.

5. Comparison and Recommendations

5.1. Comparison

Budgets should be based on the plans, whether they are official or unofficial, which respond to the social and economic needs and allocate financial resources to the line ministries in accordance therewith. The budget itself is a very important tool to mediate the interaction between the central budget agency and line ministries, which are focused on policymaking and implementations.

After 2000, through the fiscal reforms, Korea upgraded its fiscal governance and made basic financial functions more closely connected and integrated. There was drastic change in the institutional framework for planning, macro-budgeting, and the public expenditure management system. Before the reform, these functions work relatively disparately. The Korean government promoted infrastructure for the purposes of fiscal reform by using ICT. Now, with the support of D-Brain, the three functions are closely connected.

Most importantly, Korea has the managerial functions of planning and budgeting covered by the same roof of the central budget agency (MOEF). The central budget agency is in charge of developing national strategy and managing the budgeting and budget execution at the same time. It tracks and monitors the result of projects by implementing ministries and reports findings to the presidential office.

Guatemala, on the other hand, separates them under independent organizations. SEGEPLAN and the MoPF discuss the content of policies and finance during budget formulation process. However, the MoPF has power to draft the budget, and plans are not considered seriously. During the consultation stage, there is no integration between planning and budgeting functions.

National-level plans have less normative value to guide the design of policies and financial support. The bottom-up approach in the budgeting process aggravates this problem. There is no systematic public information management system to support the policymaking and financial decisions.

〈Table 3-6〉 Comparison between Korea and Guatemala

		Korea	Guatemala
Planning		Presidential Mandates, Presidential Agendas by Presidential Office SDGs Sectoral Plans by Departments	K'atun 2032 Departments' Plans by SEGEPLAN
Budget Governance		Organizational Integration of Planning and Budgeting Balance of Power among Players Of Distributed Functions Cooperative Games	Domination of Central Budget Agency (Ministry of Public Finance) Distance between Planning and Budgeting Bodies
Budget Process		Top-Down budgeting Sequential Cooperative Games between MOEF and Line Ministries	Bottom-Up Budgeting Non-cooperative Games between Ministry of Public Finance and Line Ministries
Institutional Linkage between Planning and Budgeting	MTEF	National Fiscal Management Plan Integration of National Fiscal Management Plan and Budgeting through Organizational Process in Ministry of Public Finance	Informal Communication through Technical Commission during Budget Formulation Process
Institutional Linkage between Budgeting and Policies	Public Expenditure Management System	Active Monitoring and Control by D-Brain and Line Ministries	SIAF Guatecompras for Procurement
Policymaking		Direction of Presidential Office Managed by Prime Ministerial Office Line Ministries	Direction of Presidential Office Line Ministries
Policy Implementation		Active Monitoring and Control by Ministers, Prime Minister	Weak Monitoring by SEGEPLAN

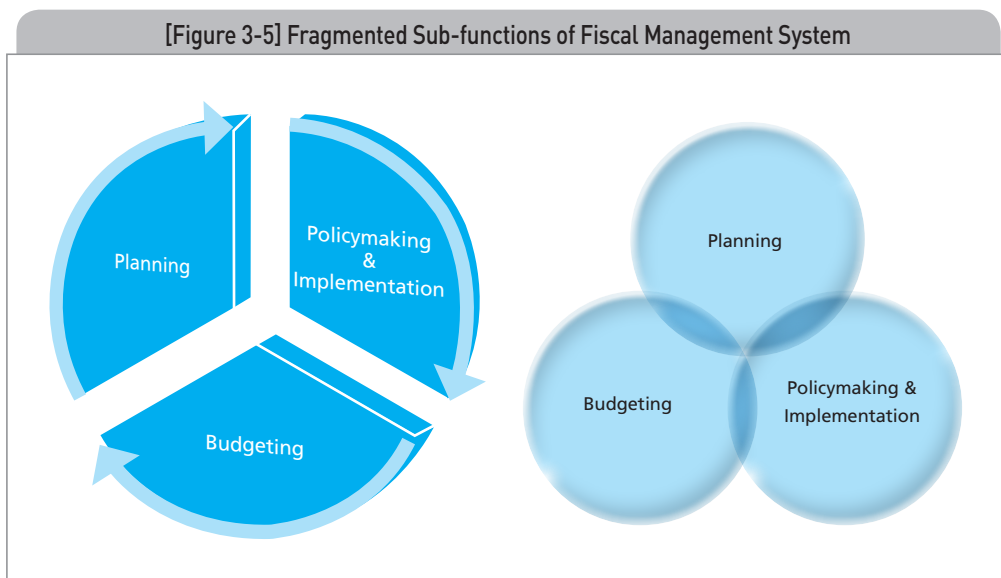
Source: Author.

5.2. Recommendations

5.2.1. Guiding Principles for Reform

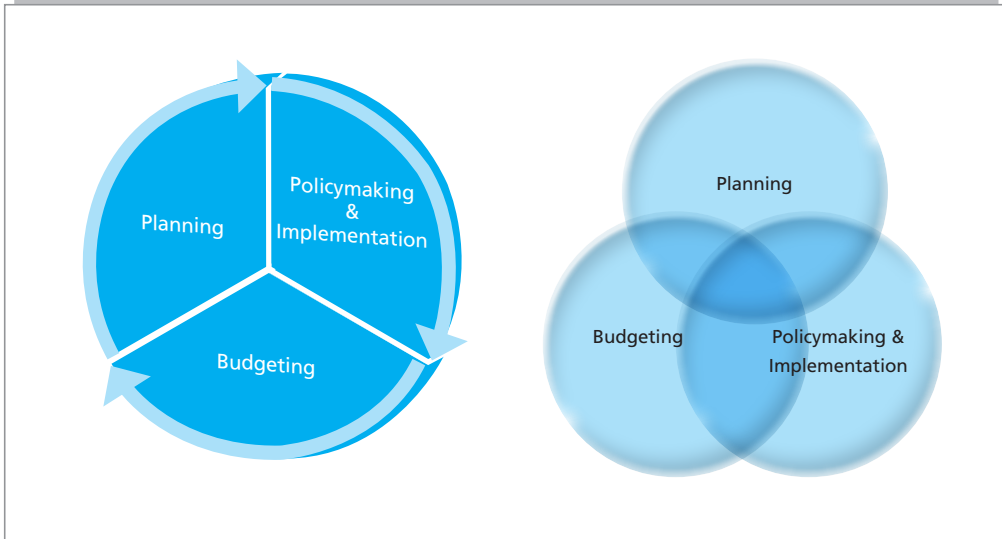
Based on the systematic comparison between Korea and Guatemala, this study tries to draw implications for institutional reform agenda and recommendations. The essence of the recommendations is that three sub-functions should be linked and aligned and, if possible, integrated by sound institutional mechanism. As mentioned in the theoretical background part, the realistic linkage can have diverse forms such as organizational linkage, functional linkage, institutional linkage, political linkage, etc. Choice of the level and forms of linkage should depend on the country's political and constitutional context and historical backgrounds.

In principle, the reform should be the institutional change from a fragmented fiscal management system to an integrated fiscal management system (Figures 3-5 and 3-6).



Source: Author.

[Figure 3-6] Integrated Sub-functions of Fiscal Management System



Source: Author.

Governments can combine and streamline the line of command by reorganizing parts of organizations. However, consolidating departments requires the support from political power from outside governmental organizations, which it would be very hard to mobilize. Instead, installment of new institutional mechanisms into the public administration and policy process will offer more realistic alternative solutions. Thus, reforms agendas associated with the institutional advancements would be preferred solutions for Guatemala.

Within the conceptual framework, theoretically, there could be three linkages among sub-functions of planning, budgeting, and policymaking. First, long-term planning and annual budgeting need to be connected by the medium-term budgetary or expenditure framework. A medium-term expenditure framework instrument allows setting of the medium-term budgetary requirements, facilitating the provision of services for achieving results directed by political leadership. This is an institutional mechanism to connect the presidential office's long-term national visions with the short-term programs and projects in financial documents.

The second institutional linkage between planning and policymaking and implementation is the policy management system. A policy management system can work to monitor and control departments' commitments and actions to achieve futuristic national visions through practical programs and policies.

The third institutional linkage between budgeting and policymaking and implementation requires an effective public expenditure management system. As

the Korean case shows, organization with the function of budgeting needs to have sufficient political and administrative power to direct and command implementing departments.

Considering the Korean cases and institutional linkages, this study will propose the following recommendations. These recommendations are still tentative and with reservation and will be modified after consultation with Guatemalan officials:

- Functional linkage should be pursued by strengthening the role of SEGEPLAN during budget-making, and strengthening the functions of SEGEPLAN for public expenditure management system.
- For institutional linkage, Guatemala should conduct institutional changes like improving the planning and formats of plans, institutionalization of MTEF, and sophistication of ITC infrastructure for the public expenditure management system.
- Regarding organizational linkage, reorganizations aside, this study recommends the redesign of rules of interactions among organizations. Because organizations are, in part, the reification of functions, changing the rule of interaction may result in different types of interactions and, as a result, cooperative games among actors.

5.2.2. Strengthening the Role of SEGEPLAN during Budget-making Process

There should be a functional linkage between planning and budgeting to produce the allocation mechanism within a public administration system. Having a strong functional linkage requires enveloping of decision-making of actors responsible for the functions.

In the context of the Guatemalan case, one of the reform agenda points would be a functional linkage between planning and budgeting decision-making during the budget process.

When SEGEPLAN and the MoPF work together to draft the budget, the committee's discussion is one medium to combine both organizational opinions. SEGEPLAN can have a louder voice during this stage and be supported by a legal framework. For example, there could be division of work such that SEGEPLAN can decide the aggregates of budgets and the MoPF decides the details of programs and projects. For this role, SEGEPLAN needs to upgrade its organizational capacity and hire more professionals as budget and policy analysts.

This is an application of the concept of top-down Budgeting. SEGEPLAN drafts plans and leads the fiscal decision-making regarding aggregate fiscal discipline

and functional allocation of the budget. This will entail the effective control of the budget totals. MoPF can focus on allocative efficiency through its capacity to establish priorities within the budget and to distribute resources on the basis of government's priorities and program effectiveness.

The new institutional framework under which there is the division of work between SEGEPLAN and MoPF should resemble that of U.S. Congressional Budgeting. In U.S., the Budget Committees in both houses have decision-making power regarding the aggregate budget size and deficit, etc., and each legislative and appropriations committees decide the amount of money allocated for each program. There are formal rules governing the interactions between the budget and appropriations committees. Guatemalan government can benchmark the roles and rules of top-down budgeting in the U.S. Congress.

5.2.3. Institutionalization of Function of SEGEPLAN for MTEF and the Medium-term Plans

A key institution to strengthening the links between policy, planning, and budgeting is an effective forum at the center of government and associated institutional mechanisms that facilitate the making and enforcement of strategic resource-allocation decisions. According to the research community, the medium-term expenditure framework is the most important institutional tool to achieve this goal.

In general, the main objectives in the medium-term budgetary framework are as follow:

- Strengthen fiscal discipline and macroeconomic equilibrium
- Provide budgetary and financial certainty to government units
- Provide financial sustainability to the achievement of the final results
- Frame the election policy and spending based on the actual capacity of funding by the state
- Improve the bonding plan-budget and focus the efforts of budgeting and management in the achievement of results
- Improve accountability

Among these functions, it needs to be emphasized that MTEF works as a forum for integrating the plans and budgeting in accordance with the national priorities. This forum needs to be located at the center of government to make strategic decisions on the basis of budget realities. Through the process of drafting an MTEF, organizations responsible for planning and budgeting can work together and produce plans and budgets aligned with the same principles and norms. Thus, past and present MTEFs give a sense of direction to the planning and budgeting body.

According to the literature, there are conditions in which an MTEF works as an effective tool for coordination of policies, programs, and financial resources. The World Bank (1998: 31–60) summarizes conditions where MTEFs can facilitate and support strategic resource allocation. Countries need to satisfy conditions such as able forecasting capabilities, sequence from aggregate decision to programme level decisions, and effective mode of communications between core executive and line ministries.

In addition, there are different forms of MTEFs. Rolling-based MTEFs are flexible, but tend to undergo frequent corrections according to the stakeholders, and as a result sacrifices the authority to ensure the compliance of the Ministry of Public Finance and line ministries. On the other hand, pre-fixed strong MTEFs are stable and effective foundations giving direction to the micro-level program-design decisions, but they are hard to make where there is not a culture that respects the consensus among political parties. In Korea, scholars argue for the transformation of rolling-based MTEFs into fixed-term MTEFs because the latter are expected to work as a medium to form the financial plans feasible and respected by all the stakeholders in policy and budget processes. In Korea, while the NFMP contains the presidential agenda and describes how financial resources will be supported and allocated for them, it allows annual change and corrections, and naturally is not considered seriously, which limits the utility of MTEFs.

In a right form and compatible with the other fiscal institutions of one country, the MTEF, as an effective decision-making forum, not only can produce fiscally sound resource allocation decisions, but also can ensure that those decisions have legitimacy to the budget implementation ministries. In most countries, this strategic decision-making is made in the MTEF as a forum.

In this regard, the MTEF is the platform where SEGEPLAN and Ministry of Public Finance can work together to produce the system of projects according the values and visions of the country. Through MTEF, SEGEPLAN and Ministry of Public Finance can agree on the medium-term allocation of public fund. The presidential office, SEGEPLAN, and the Ministry of Public Finance should work together through the whole process of drafting the MTEF with citizens' and relevant stakeholders' participation. Technically, the Guatemalan government can consider both rolling-based and fixed-term MTEFs; however, it is recommended that, at first, Guatemala adopts gradual approach and institutionalizes the rolling-based MTEFs.

5.2.4. Installing the Function of Economic and Fiscal Forecast within SEGEPLAN

The MTEF is based on the two types of knowledge – economic and fiscal forecasts

and medium-term expenditure plans. Economic and fiscal forecasts need to be done by multiple actors to guarantee reliability. Organizational competition will produce better forecasts.

By installing the function of economic fiscal forecasting within SEGEPLAN, SEGEPLAN can work together with the Ministry of Public Finance. By increasing organizational capability, SEGEPLAN can draft medium-term financial plans. Through the production process of MTEF, SEGEPLAN will have a stake and could transform the national vision into the medium-term financial plans.

Currently, according to the Guatemalan government's website, the Ministry of Public Finance formulates the fiscal and financial policy of the short, medium, and long terms according to the economic and social policy of the government.²⁾ It can be assumed that these functions are based on its work on the forecasting of the social and economic conditions.

On the contrary, it looks as though SEGEPLAN as a planning body is not utilizing economic and fiscal forecasts. Installing and strengthening the economic and fiscal forecasting function will complement SEGEPLAN's planning capability and, consequently, contribute to producing better-quality plans.

It is granted that it is difficult to equip the planning and core executive agencies with the capacities to forecast and predict economic and fiscal conditions. Even in Korea, there are reform proposals regarding the institutional framework behind this function. In advanced countries, independent fiscal councils or national think tanks are playing an important role in this. The Guatemalan government needs to benchmark this and/or hire professionals to cope with this function.

5.2.5. Developing and Strengthening of Public Expenditure Management System

Distance between budgeting and budget execution is one of the serious problems in Guatemala. There is a need for a closely-knit connection between the tracking and monitoring body and the implementing departments. The SEGEPLAN and Ministry of Public Finance can play an important role as a part of the public expenditure management system.

The SEGEPLAN, as a main body of planning, can develop an independent performance evaluation system to evaluate implementing departments and agencies as a main organizational unit or the projects and programs as a main unit. Utilizing the legitimacy given by the presidency, the SEGEPLAN can review the performance

2) <http://www.minfin.gob.gt/index.php/acerca-del-ministerio/2012-07-19-22-10-24>.

of programs and projects with the criterion based on the social needs. On the other hand, the Ministry of Public Finance can examine the programs and projects based on economic values such as costs and benefits.

For a new performance and public expenditure management system, the presidential office can add the spending path and performance of programs as one of most important evaluation criterion. Institutionalization of these systems will install the incentive system to reward or punish each ministry's spending and policy implementation efforts.

5.2.6. Advancing of ICT Infrastructure for Public Expenditure Management System

The Korean case shows that a decision-supporting system is one of the success factors behind fiscal reform. A public financial management system can provide information for strategic decision-making by the planning and budgeting body. A decision-supporting system, such as a public financial management information system, can contain both past performance and ongoing financial spending schedule.

Since 1995, Guatemala has upgraded its public financial management system, and the Guatemalan government now has a reliable public financial information system. Through this, the Ministry of Public Finance can monitor line ministries' spending schedule.

Despite the available IFMS tools, it remains difficult to track specific government expenditures, since all the income and expenses contemplated in the budget are classified based on the Government Finance Statistics Manual adopted in 2010. This manual conforms to the Manual of Statistics 2001 public finances of the IMF, which aims to provide an appropriate conceptual and accounting framework for analyzing and evaluating fiscal policy, through basic concepts, classifications, and definitions based on economic principles, considered by the IMF as universally valid.

The Government Finance Statistics Manual recognizes that there is a great difference between countries in terms of their governmental and economic structure, and this implies that some sections of the manual may not be relevant for all countries. From the above, it follows that all government expenditures to implement public policies must conform to an accounting classification that does not allow the creation of coherent nomenclature to the set of current public policies; therefore, specific monitoring of government expenditures is difficult to support situations or priority population groups.

The SEGEPLAN need to upgrade the public financial information system (SIAP) so as to produce program-level spending and implementation performance and information on program evaluation. The SEGEPLAN and the Ministry of Public Finance can allocate the financial resources according to the evaluation of performances of the departments and the strategic vision of the country. Thereby, government can reorient its bureaucratic culture, and can now formulate, execute, and account for results-focused budgets at the program level and aggregate public expenditure level.

5.2.7. Reform of Budget Governance and Process: Balancing the Institutions for Cooperative Games among Organizations

To overcome the fragmentation of the sub-functions, we need to have rules to produce combination and balancing among sub-functions. Rules influence the interactions among players and actors, so that sub-functions are done. Therefore, we need to design rules and institutions for cooperative games among actors within public administration and policy the system.

There is need for players to get better payoff when they cooperate instead of betray and pursue their own interests at the cost of others'. If the presidential office controls sub-functions, and distributes the payoff when actors cooperate and work for the goodwill of the society, players will work together.

The presidential office needs to develop the incentive system to reward the cooperation among actors. In particular, it needs to finalize the contents of MTEF and coordinate the possible inter-organizational conflicts between planning and budgeting bodies. The presidential office should reward cooperative actions and punish non-cooperative strategies of actors within public administration and policy processes.

The presidential office can play a leadership role for coordinating the functions and organizational interests. In general, planning and budgeting bodies have different goals, group identity, sense of direction, interests, and organizational culture. There is a tendency that the planning body has a visionary and futuristic perspective, while the budgeting body and treasury have values of fiscal conservatism. The presidential office needs to design the institutional framework that nurtures each actor's motivation for cooperation and an incentive system to reward the cooperation. Accordingly, it is recommendable to develop a legal and institutional framework that reward actors through monetary and non-monetary incentives in public administration on the individual level and organizational level.

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