



KRIHS Policy Brief

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Measures to ensure efficient implementation of state-subsidized road transport projects through state-municipality cooperation

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1. A state-subsidized project is a project carried out by a non-state party and financially supported by the state under the Act on the Budgeting and Management of Subsidies. To ensure the efficiency of fiscal management, these projects are subject to state-subsidized project operation assessments and budgetary program self-assessments.

2. Currently, the actual execution rates of project budgets for state-subsidized road transport projects remain low due to insufficiencies of municipal budgets, which may lead to cutbacks in budgets for the following year.

- Regional development projects implemented by the Ministry of Land, Transport and Infrastructure under Article 9 of the Special Act on Balanced National Development.
- Where the state has contributed state funds upon request, municipalities often fail to contribute matching funds due to the lack of local finance.

3. In response to decentralization and autonomy in municipal budget programs and to ensure efficiency of state and municipal fiscal management, measures to ensure cooperative, efficient management of state-subsidized road transport projects are needed.

- Need to develop phased management measures for planning, project implementation, project management and operation.



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Policy proposals

1 (Planning) Coordinate and check the planning stage of national plans and introduce a system to sign a project implementation agreement with the municipality in the municipal opinion collection and project confirmation stages to ensure streamlined project implementation.

2 (Project execution) Develop constant monitoring systems including establishing a system to manage how state-subsidized projects are implemented and their effects after completion.

3 (Project management and operation)

After completion, continue checking consistency between the project design and plans and the actual implementation and develop initiatives including guidelines for follow-up assessment of state-subsidized projects.