Department of Macroeconomic Policy

The Department of Macroeconomic Policy analyzes and reports on economic trends and prospects of the Korean economy, and on developments in the global economy. Its responsibilities include modelling macroeconomic forecasts, publishing research papers on macroeconomic issues such as growth, inflation, finance and employment, and producing appropriate policy recommendations for the medium and long-term.

Research Highlights in 2016

Research Publications

- Analysis and Forecast of Macroeconomic Trends
  - KDI Macroeconomic Outlook, Semi-annual Bulletin
  - KDI Monthly Economic Trends, Monthly Bulletin
- Enhancing Korea’s Dynamism: The Role of Financial Policy on Vitalizing Firm’s Entry and Exit
- A Study on Policy Improvement Measures According to Structural Changes in the Korean Rental Housing Market
- Aging and Household Debt: Analysis Based on Long-term Micro Data
- Impact of the National Pension on Household Savings and Asset Portfolio Choice: By Income Quintile and Financial Debt Size
- A Welfare Analysis of Sustainable Pension Reforms
- Macroeconomic Implications of Policy Distortions toward Firms
- Analysis of Real Estate-related Trends
- Impact of the Global Investment Slowdown on Korea’s Value-added Creation
- Analysis of Macroeconomic Impact of Sustainable Pension Reforms
- A Study on Improving the Differential Premium System
- Responding to the OECD’s Review and Assessment of the Korean Economy

Major Research Projects in 2017

- Analysis and Forecast of Macroeconomic Trends
- Recent Relationship between Business Cycles and Investment and the Implications: Focusing on Residential Investment
- Empirical Analysis of Household Inequality in Korea
- International Inflation Synchronization and the Implications
- Economic Dynamism of Korea: Focusing on the Economic Concentration of Business Groups
- Analysis of Real Estate-related Trends
- Long-term Forecast of Macroeconomic Trends
- Analysis of the Impact of Fiscal Expenditure on Employment, GDP Components and Other Economic Indicators
Department of Financial Policy

The Department of Financial Policy is responsible for monitoring and analyzing trends in the domestic and international financial market. It also conducts policy research and analysis of fundamental issues that impact the financial system including markets, institutions, governance, and regulation and supervision, to promote financial development and stability.

Research Highlights in 2016

Research Publications

Enhancing Korea’s Dynamism: The Role of Financial Policy on Vitalizing Firm’s Entry and Exit

Public Investment for Enhancing Productivity

Aging and Household Debt: Analysis Based on Long-term Micro Data

Enhancing Fiscal Sustainability through Strengthening Fiscal Accountability

Improving Risk Assessment and Relevant Systems; Domestic Financial Groups

A Study on Foreign Cases for Restructuring and Advancement of Major Industries

Financial Policy Forum

March 22
ELS Structure, Hedging Strategy and Impact on the Financial Market

Major Research Projects in 2017

Fintech as a Leading Financial Innovator

Analysis of the Effects of Introducing Non-recourse Mortgages on Household Optimal Behavior and Default Decisions

A Political Economic Study on the Financial Supervisory System in Korea
Department of Competition Policy

The Department of Competition Policy is tasked with addressing challenges in corporate governance, market structure, concentration of economic and market power, and the legal and regulatory environment, to advance policy recommendations that promote a fair and competitive economy. It also analyzes the regulation of public entities and quasi-public entities in regulated sectors.

Research Highlights in 2016

Research Publications

- Regulatory Reform in the Service Sector
  - Theory and Performance of Regulatory Reform
  - Regulation Types and Regulatory Reform Directions by Service Sector

- The Economic Effects of Expanding the Private Brand of Large Retail Chains

- Spending Review (SME Policy)

- A New Discipline for Inter-Corporate Shareholding

- A Study on Econometric Methodologies to Detect and Prove Cartels

- An Economic Analysis on the Sharing Economy: Benefits, Concerns and Policy Implications

- Bail-ins, Implementability and Policy Implications

- Measures for a Paradigm Shift in SME Policy and Reform of SME Support Projects

- 2016-2020 National Fiscal Management Plan: SMEs

- A Study on the Management of Public Procurement Records and Performance Evaluation System

Major Research Projects in 2017

- Enhancing the Vitality of the Corporate Sector through Fair Trade and SME Policy Streamlining
  - Enhancement of Collusion Proof by Economic Analysis
  - Improvement Plan for Restraining Unfair Internal Transactions
  - Improvement of Systems to Prevent Unfair Subcontracting
  - Suggestions for Enhancing SMEs’ Growth Incentive
  - Evaluation and Improvement of the Public Procurement System of SMEs
  - Evaluation and Improvement of SMEs’ Suitable Sector System

- The Need to Overhaul the Fiscal Management System from a Strategic Perspective

- A Plan for National Finance Operation (SME Policy)

- Market Mechanisms and Government Policy for the Platform Economy

- A Political Economic Study on the Financial Supervisory System in Korea
The Department of Human Resource Development Policy is engaged in education, labor market, and family policy issues. Major topics addressed are: job creation, unemployment insurance, project-based learning, civil service reform and family-friendly work system.

**Research Highlights in 2016**

**Research Publications**
- Business Growth Dynamism and Youth Jobs
- A Study on Civil Service Reform
- Relationship between Public Trust in Government, Economic Growth and Social Cohesion
- An Empirical Study on the Regulation of Maximum Duration of Fixed-Term Employment
- Educational Reform through Project-based Learning II
- PBL Adoption and Impact Evaluation for Active Economics Education in Middle School
- The Effect of Changes in Unemployment Insurance Policies on Labor Markets in Korea
- Determinants of Child Development in Korea and Policy Implications
- A Study on Expanding Social Safety Nets with More Labor-market-friendly Characteristics

**Conference**
- OECD National Skills Strategy for Korea: Active Learning Workshop on Enhancing Adult Skills through Lifelong Learning and Education (December 15)

**Major Research Projects in 2017**

- A Primer for Local Labor Market Job Creation Policy
- The Effects of Work-Family Balance Policies in Korea and the Policy Implications
- A Study on School Management
- Estimating the Effect of the Free Semester Program on Educational Outcome
- A Study on Mismatch Unemployment in Korea
- Long-term Effects of Youth Employment and Job Quality: Implications for Active Labor Market Policies
Department of Industry and Service Economy

The Department of Industry and Service Economy analyzes the challenges and opportunities of the 21st century economy in a rapidly shifting economic and industrial landscape, domestically and globally. The research focus is innovation and productivity growth, R&D, industrial structure and policy, and the SME and service sector growth.

Research Highlights in 2016

Research Publications

The Impact of Large Firm-specific Shocks on the Aggregate GDP and the Policy Implications
Changes in Korea’s Manufacturing Productivity: Role and Implications of Entry, Exit and Resource Redistribution
A Case Study for the Restructuring and Enhancement of Major Industries
Policy Combination against the Internal Transaction of Business Groups
The Service Economy

Conference

2016 International Forum on the 4th Industrial Revolution and the Future of Industry (December 1-2)

Major Research Projects in 2017

Entry Regulation, Employment and Productivity
Structural Changes in Korea’s Regional Industries: Focusing on Regional Industrial Cooperation Networks
The Productivity and Employment Impact of Labor Reallocation: Secular and Cyclical Trends and Policy Implications
Impact of International Trade on Firm’s Innovation and Business Portfolio
Assessing the Commercialization Policy of National Research and Development Projects in Korea: Focusing on the University Technology Transfer Units
Paradigm Changes in Japan’s Industrial Policy and the Implications
Department of Land and Infrastructure Policy

The Department of Land and Infrastructure Policy spurs national and regional development through enhanced environmental and land-based research activities. Research focus and policy issues include efficient public investment management activities, infrastructure investment, regional and urban studies and the environment.

Research Highlights in 2016

Research Publications

- Public Investment for Enhancing Productivity
- Supporting the Establishment of the 2016 National Fiscal Management Plan (Traffic)
- A Study on Improving the Efficiency of Railway Investment and the Operation System
- A Study on Policy Improvement Measures According to Structural Changes in the Korean Rental Housing Market
- A Study on the System to Establish and Evaluate the Fiscal Consolidation Plan (SOC Traffic)

Major Research Projects in 2017

- Decision Making under Deep Uncertainty for Transport Planning and Investments
- A Study on the Sustainability of the Korean Reverse Mortgage: Focusing on Housing Prices
- Impacts of and Strategies for Regional Industrial Restructuring
- An Analysis of the Intersectoral Conformity in Plan for the Transition into a Low-carbon Economy
- Supporting the Establishment of the 2017 National Fiscal Management Plan (Infrastructure and Housing)
- In-depth Evaluation of the Special Tax Treatment: Zero Rated VAT on High-speed Railway
- International Comparison and Analysis of PPP Performances
- (2016/17 KSP with Costa Rica) Development of National DB Center for Transport Planning
- (2016/17 KSP with Ethiopia) Establishment of Resilient and Inclusive Cities: Focusing on the Land Registration
Department of Public Finance and Social Policy

The Department of Public Finance and Social Policy addresses the social welfare and fiscal challenges, carefully balancing the need to strengthen the social safety net and to advocate fiscally efficient, sound, and sustainable policies, especially in light of Korea’s rapidly aging population. The research focus is fiscal expenditure management, health policy, social welfare, and social mobility.

Research Highlights in 2016

Research Publications

Enhancing Fiscal Sustainability through Strengthening Fiscal Accountability

Analysis on the Macroeconomic Effects of the Tax System Change: A General Equilibrium Approach

A Study on the Improvement of Long-term Care Hospital Utilization and Payment Systems

Supplemental Retirement Income Security in Korea

Evaluating Job Creating Programs in Korea

Actuarial Modelling of Public Pension Schemes

Major Research Projects in 2017

Government Budget and National Priorities

The Economic Effects of the Basic Pension on the Elderly

A Study on Building Automatic Adjustment Mechanisms of Public Pension Schemes

A Study on Measuring the Time Varying Fiscal Policy Effectiveness Based on the Business Cycle
Department of North Korean Economy

The Department of North Korean Economy was established to monitor and assess North Korean economy and to analyze the possible economic and social impact of unification. Its work also focuses on producing research and policy ideas for promoting economic cooperation between North and South Korea as part of greater efforts to lay the foundations for achieving peace and prosperity on the Korean peninsula.

Research Highlights in 2016

**Research Publications**

- **KDI Review of North Korean Economy, Monthly Bulletin**
- **Research Forum on the North Korean Economy:**
  - Trends and Analyses: 38 Papers
  - Research Forum on the North Korean Economy: 4 Proceedings
  - Economic Data: 16 Materials

- **Political Economy of the Changing International Order in East Asia: Issues and Challenges**
- **Assessment and Forecast of North Korea’s Recent Economic Policies**
- **Estimating the Early Impact of the Chinese Economic Sanction on North Korea**

**Research Forum on North Korean Economy**

- **April 8**
  - Presentation of Government-funded Research Institutes’ North Korean Study Results (co-hosted by KDI-KRIHS-MOU)
- **October 5**
  - Sanctions on and Changes in the North Korean Economy
- **November 16**
  - The New Administration in the US and the Korean Peninsula
- **December 15**
  - Grand Seminar for North Korean Study Experts: North Korean Economic Study and Statistics Data

**Major Research Projects in 2017**

- **North Korean Economy · Inter-Korean Economic Cooperation Trends, Operation of the Research Forum on North Korean Economy**
- **Transformation of the DPRK Economy and Economic Integration between the Two Koreas**
- **Macroeconomic Stabilization Plan for a United Korea**
Center for Regulatory Studies

The Center for Regulatory Studies examines government regulations and statutes and advocates new policies and reforms to improve the regulatory environment and strengthen public health and safety. It also assesses the cost and benefits of government regulations and conducts training workshops and consultations on regulatory issues.

Research Highlights in 2016

Korea’s Regulatory Reform: Evaluation and Challenges (joint research project with OECD)

Productivity Puzzle (joint research project with Brookings Institution)

Policy Agenda for Emerging ICT Convergence Sectors (in collaboration with the National Research Council for Economics, Humanities and Social Sciences)

A Study on Improving the Industrial Safety and Health System
  - Historical and political viewpoints to see what motivated major countries such as UK, US and Germany to establish a system for industrial safety and health
  - Examination of the current status and performance of Korea’s current industrial safety and health system

Establishment of the Administrative Regulation Database

Verification of RIA (Regulatory Impact Analysis)
  - The Center undertakes the verification of RIA in accordance with the plan to strengthen RIA and the Cost-In Cost-Out system (CICO).
  - RIA: 126 cases
  - The Center provides consulting and educational programs regarding cost benefit analysis to upgrade the quality of RIA.

e-RIA System Reorganization

Research Publications

Major Research Projects in 2017

Regulatory Reform Policy and Case Study for Emerging Industries
  (in collaboration with the National Research Council for Economics, Humanities and Social Sciences)

Research on Regulatory Policy

Developing Database on the Administrative Regulations

Enhancing RIA Process
Major Achievements in 2016

Economic Information and Education Center

The Economic Information and Education Center’s goal is to disseminate economic policy information and upgrade public economic knowledge. The center creates and delivers content on economic and public policy issues via traditional publications and the web for policymakers and the general public. It also develops and delivers educational content and programs for students and educators.

Specifications of the center

- Upload Policy Information on a Monthly Basis
- Provide Customized Policy Information
- Cumulative Users: 313,063
- Cumulative Page Views: 940,167
- Number of Users: 313,000
- Database of Experts: 796
- Monitoring Group for Economic Education: 570
- 254 from Academia, 144 from Research Institutes, 139 from Large-sized Companies, 151 from SMEs, and 108 from Financial Institutions
- DB Economic Online Portal: 108 Participants
- EBS Multimedia Resource Development: 108 Participants

Public Opinion Polls

- Number of Users: 313,000
- Survey on Economic Policy Direction: 120

Publications

- Monthly Magazine: 『Economic Bulletin』
  - Copies: 27,000
- Monthly Magazine: 『Narakyungje (National Economy)』
  - Copies: 2,250
- Literature: 『The Korean Miracle IV』: 1,600 Copies
  - English Edition of 『The Korean Miracle I』: 2,000 Copies
- Research on High School Economics Textbooks
  - 『A Study on the Quality Improvement of Economics Textbooks: Focusing on Writing a Good Textbook』

Public Opinion Surveys on Economic Policy

- Public Opinion Polls: 120
- Survey on Economic Policy Direction: 254

Economic Education Programs for Students

- 338 Middle School Students Participated in Free Semester PBL Programs
- 197 Middle School Students Participated in Economics Class for Students
- 217 Students in KDI Visiting Programs

Economic Education Programs for Teachers

- 331 Teachers Certified Online
- 203 Teachers Certified through Face-to-Face Workshops
- 183 Teachers Certified through Workshops for Social Studies Teachers in Secondary Schools
- 288 Students in Community Child Care Centers
- 139 Teachers from Large-sized Companies, 151 Teachers from SMEs, and 108 Teachers from Financial Institutions
- 212 Middle School Teachers
- 358 High School Teachers

Recording 60 Years of Korea’s Economic and Social Development

- 『The Korean Miracle IV』: 1,600 Copies
- 『THE KOREAN MIRACLE』 (English Edition of 『The Korean Miracle I』: 2,000 Copies

DB Economic Online Portal

- Upload Policy Information on a Monthly Basis
- Provide Customized Policy Information
- Cumulative Users: 313,063
- Cumulative Page Views: 940,167

Economic Literacy Programs

- 183 Participants in Local Communities
- 288 Students in Community Child Care Centers
- 331 Teachers Certified Online
- 203 Teachers Certified through Face-to-Face Workshops

Workshops for Central Government Officials and Journalists

- 108 Participants

Workshops for Social Studies Teachers in Secondary Schools

- 331 Teachers Certified Online
- 203 Teachers Certified through Face-to-Face Workshops

Workshops for Non-Social Studies Teachers in Primary and Secondary Schools

- 235 Participants

Workshops for Non-Social Studies Teachers in Primary and Secondary Schools

- 235 Participants
**Public and Private Infrastructure Investment Management Center**

The Public and Private Infrastructure Investment Management Center conducts feasibility studies on public investments and infrastructure projects, and provides consulting services to improve the efficiency of public expenditures and the implementation of publicly funded projects, as part of its mandate to promote greater fiscal accountability and efficiency.

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**Major Achievements in 2016**

**140 Evaluations on Public Investment Projects**

- 48 Preliminary Feasibility Studies
  - Estimated Cost Savings: 6.952 trillion KRW

- 68 Reassessment Studies of Feasibility
  - Estimated Cost Savings: 8.694 trillion KRW

- 15 Reassessment of Project Plan, etc.
  - Estimated Cost Savings: 66.9 billion KRW

- 9 Reassessment of Demand Forecast, etc.

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**Public Entity Project Evaluation**

- 16 Evaluations

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**Policy and Research Studies**

- 12 Evaluations
  - A Study on General Guidelines for Preliminary Feasibility Study of Special Taxation,
  - A Study on Detailed Guidelines on Competitive Dialogue,
  - etc.

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**Public-Private Partnership (PPP)**

- 15 Value-for-Money Tests
- 8 Reviews for Request for Proposals and Request for Alternate Proposals
- 14 Evaluation of Project Proposals, Assistance for Negotiation, Reviews for Concession Agreement
- 51 Review for Refinancing Gain Sharing and Amendment of Project Terms and Conditions, etc.
- 226 Q & A Reviews

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**Tax Expenditure Assessment**

- 1 Preliminary Feasibility Studies for Tax Exemption
- 6 In-depth Evaluation of Tax Exemption

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**Capacity Building Program and International Cooperation**

- 12 Training Program and Seminar for Central · Local Government Officials and Private Sector

- 17 Training Program and Seminar for Foreign Government Officials, Hosting and Participation in International Conferences, MDU

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**Major Research Projects in 2017**

- Issues Regarding Risks on the Public-Private Partnership (PPP) Project and Risk Sharing Schemes (BTO-risk sharing, BTO-adjusted)
Center for International Development

The Center for International Development engages in research, consultation, and knowledge-sharing activities including capacity and institution building with developing partner countries through the Knowledge Sharing Program (KSP). It also develops and delivers research-driven content on development issues and case studies based on the economic development experiences of Korea and other countries.

Major Achievements in 2016

KSP 27 KSP Partner Countries

Bangladesh, Bulgaria, Cambodia, Colombia, Costa Rica, Egypt, El Salvador, Ethiopia, Guatemala, Honduras, Hungary, Indonesia, Jordan, Kazakhstan, Kyrgyzstan, Laos, Mexico, Myanmar, Nicaragua, PASET¹, Romania, Tanzania, Thailand, UAE, Uzbekistan, Vietnam, Visegrad²

1) Partnerships for Skills in Applied Sciences, Engineering and Technology: Ethiopia, Rwanda, Senegal
2) Czech Republic, Hungary, Poland, Slovakia

4 KSP Capacity Building Projects

Ethiopia, Kuwait, Myanmar, Vietnam

MDI (Myanmar Development Institute) Project

Annual Report for MDI Project (’16)

MDI Progress Report to Joint Research

International DevelopmentExperts Forum

1st International Development Experts Forum (Science & Technology) (March 25)

2nd International Development Experts Forum (Labor & Education) (June 30)

Conferences

June 13-14
International Conference on More and Better Investment in Global Education

September 28
2016 KSP Dissemination Seminar

Research Publications

In-depth Study of Korea’s Development Experience: Openness and Economic Development

EU Knowledge Sharing Program Institution’s Implications on Korea’s International Development Strategies

Monthly Seminars by KDI-Korea Association of Development Policy

- Real-time Impact Evaluation of a Capacity Building Health Project in Lao PDR, Korea’s Development Model, Analysis of Foreign Cases of the Privately Supported Development Program, Budget Support ODA (February 17)
- Ways to Develop Korea’s Development Cooperation through Financial Cooperation (March 18)
- The Korean Government’s Implementation Strategy on SDGs (May 12)
- Determining Factors of Primary School Entrance in India, Analysis of the Export Promotion Effect on Korea’s Aid (October 14)
- Difference in the Performance of Development Projects through Partnerships, Evaluation Methodology for Development Projects (December 16)

International Development Cooperation Forum

- Ways to Enhance KSP Quality (January 29)
- Korean Government’s Strategy on SDGs (February 26)
- Research on the Partnership of Government-CSO in Development Cooperation (March 25)
- Ways of Vitalizing the Connection between EDCF and KSP (April 21)
- Selection of Strategic Development Partner Countries (April 29)
- Implications of Development Cooperation on the MDI Establishment (July 6)
- Korea’s Human Development Strategy, WB Partnership and its Performance (November 14)

Cooperation with International Organizations

- Global Facility on Growth for Development (GFGD) Project (WB Macroeconomics and Fiscal Management Global Practice)
- Partnerships for Skills in Applied Sciences, Engineering and Technology (PASET) Project (WB PASET Secretariat (Education Global Practice))
KDI School of Public Policy and Management

The KDI School of Public Policy and Management offers a unique research and learning environment that combines KDI’s vast institutional knowledge and experience in public policy with top-class faculty and diverse student body. It maintains a large global network of leading academic institutions and a diverse and growing network of alumni from around the world. Many of the school’s students go on to take leadership roles and make important contributions in their local communities and the world in various sectors ranging from government, NGOs, and the private sector.

Major Achievements in 2016

- **Enrollment**: 397 Students from 85 Countries
- **Graduating Class**: 312 Graduates from 69 Countries
  - Master’s Program: 309 Graduates (142 Koreans, 167 International)
  - Ph.D. Program: 3 Graduates (2 Koreans, 1 International)
- **GMP**: 89 GMP Students, 19 Partner Schools
  - 1+1 Program (One year at KDI School and an Additional Year Abroad at Partner Schools)
- **Degree Exchange Program with European Universities under the Korea-EU Educational Cooperation Program (ICI-ECP) Consortium**
- **Network of 4,114 Alumni in 128 Countries**: 31 Alumni Associations around the World
- **Impact Assessment of Development Cooperation Projects**
  - Joint Research Projects with the World Bank (3 Projects)
  - Became 3ie (International Initiative for Impact Evaluation) Associate Member
  - Joint Research with KOICA on Rural Development
- **Joint Project with the World Bank on Korea’s Development Experiences**
  - Joint Research on Digital Governance and e-Tax Administration
  - Case Study on Korea’s Development Experience in the Context of Science of Delivery
- **Global Leadership Program**
  - Knowledge Sharing with Policymakers from G20 Member Countries and Developing Countries
- **Developed 39 Short-term, Non-degree Training Courses with Partner Developing Countries**
  - Knowledge Sharing & Capacity Building
- **The Global Development Learning Network (GDLN)**
  - Live Video Conferences on Development Issues
- **K-Developedia, Online Database on Korea’s Development Experience**
  - Over 580,000 Users from 200 Countries
  - Opened the Comprehensive One-stop ‘Themes’ Page

Major Projects in 2017

- **Contract Department for K-water Employees**
- **IBK Scholarship**
Korea’s leading think tank