



September 2022

National Assembly Budget Office | Annual Report

2021 NABO Annual Report

NABO

NATIONAL ASSEMBLY BUDGET OFFICE



국회에산정책처
NATIONAL ASSEMBLY BUDGET OFFICE

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2021 NABO Annual Report

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Chapter

I

Introduction to the National Assembly Budget Office

- National Assembly Budget Office
- General Direction of Our Work
- Timeline
- Organization and Budget

National Assembly Budget Office



Legal Basis and Objective

Article 22-2 of the National Assembly Act

The National Assembly Budget Office (NABO) was established to research, analyze and assess matters related to the national budget, settlement of accounts, funds and fiscal management, as well as to provide support for parliamentary activities.



Research, analysis
and assessment of
national finances

Duty

Article 3 of the National Assembly Budget Office Act

The National Assembly Budget Office is a fiscal think-tank of the legislative body and performs the following functions:

- Research and analysis of the budget, settlement of accounts, fund management planning, and fund settlement
- Estimating the costs required for bills, such as legislative bills that involve budgetary or fund measures
- Analysis and forecasting of national fiscal management and the macroeconomic trends
- Analysis and assessment of major projects of the state, and analysis of mid- to long-term financial requirements
- Investigation and analysis of matters requested by National Assembly committees or National Assembly members

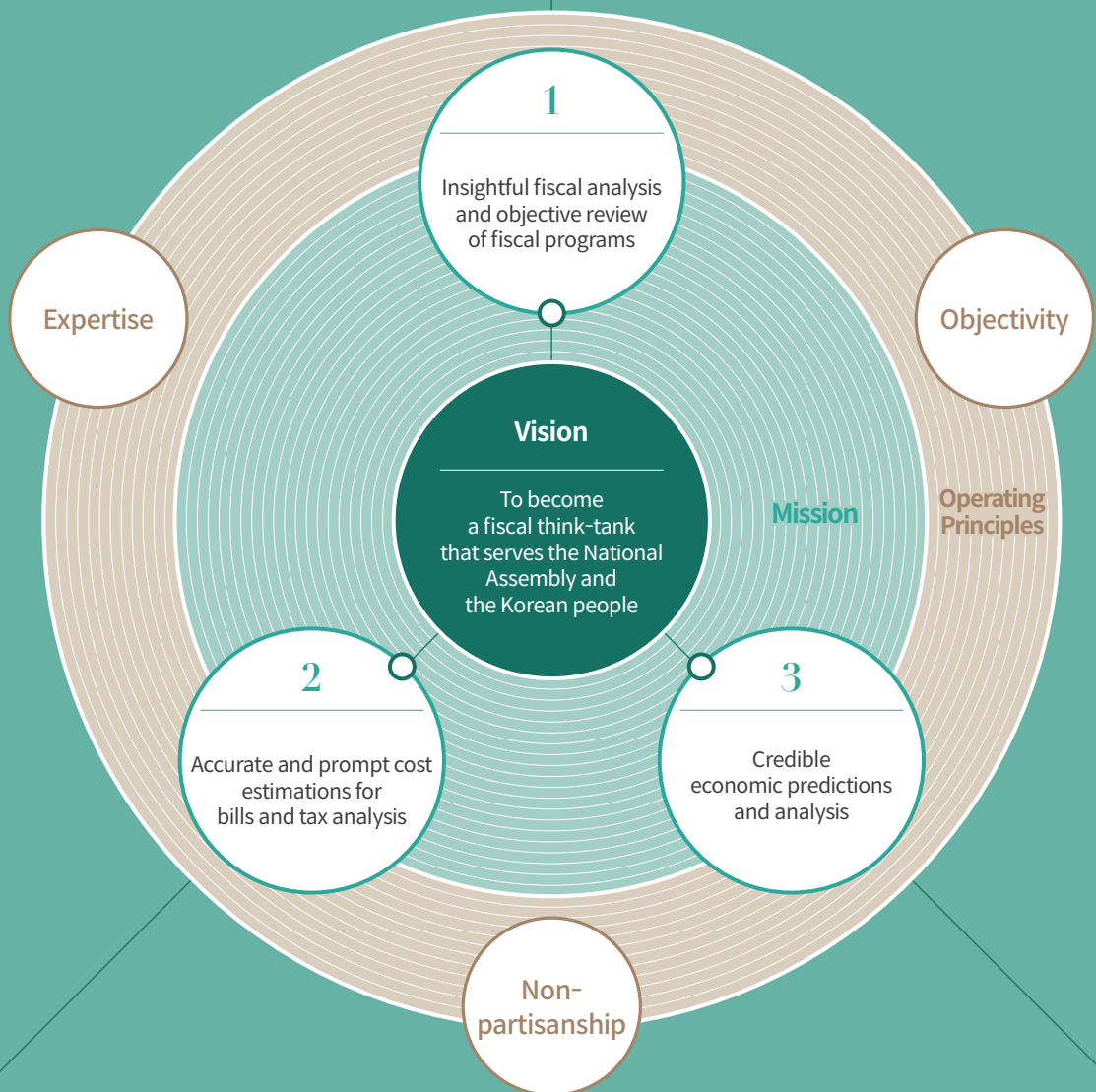


Fiscal think-tank of
the legislative body

Article 2 of the National Assembly Budget Office Act

Independence is respected when it comes to the duties of the National Assembly Budget Office.

General Direction of Our Work



Timeline

2003

October 2003

Establishment of NABO

Since its establishment in October 2003, NABO has been conducting analyses of budgets and settlements of accounts, thereby helping to solidify the expertise and effectiveness of budget and settlement deliberations, which are at the core of the National Assembly's financial authority.



2003

2004

2012

2015

2004

August 2004

Preparation of Macroeconomic Forecasts

Began to conduct independent economic forecasts at the parliamentary level in order to effectively analyze budget plans and monitor fiscal soundness.

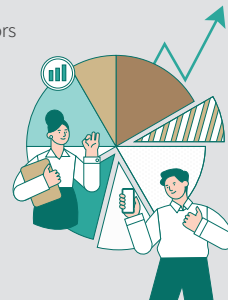


2012

June 2012

Preparation of Long-term Fiscal Forecasts

With 30+ years of forecasting indicators of overall fiscal performance, NABO was the first in Korea to analyze fiscal sustainability and intergenerational burden.



2015

March 2015

Integration of Cost Estimates for Bills under NABO

NABO is responsible for all cost estimates for parliamentary-proposed bills, and provides cost estimates for alternatives and revisions suggested by committees.

2018

September 2018

Launch of the NABOSTATS Service

Launched a fiscal and economic statistics system, NABOSTATS, to provide a single-window service for the fiscal and economic statistics required for legislative activity.

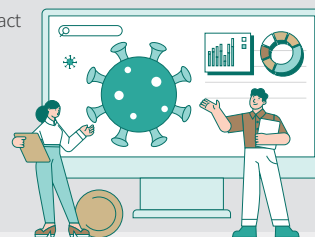


2020

August 2020

Publication of Structural Changes in the Korean Economy and Countermeasures

Confirmed changes in the economic structure of the Korean economy, and reviewed the impact of demographics, industrial structure, and climate change on the Korean economy and response strategies for sustainable growth.



2018

2019

2020

2020-2021

2019

November 2019

Preparation of Fiscal Forecasts for 8 Major Social Insurance Schemes

Conducted 10-year forecasts of the revenues, expenditures and size of national fiscal support for major social insurance schemes (i.e., National Pension Service, National Health Insurance), thereby reviewing the fiscal soundness and sustainability of the social insurance system.



2020-2021

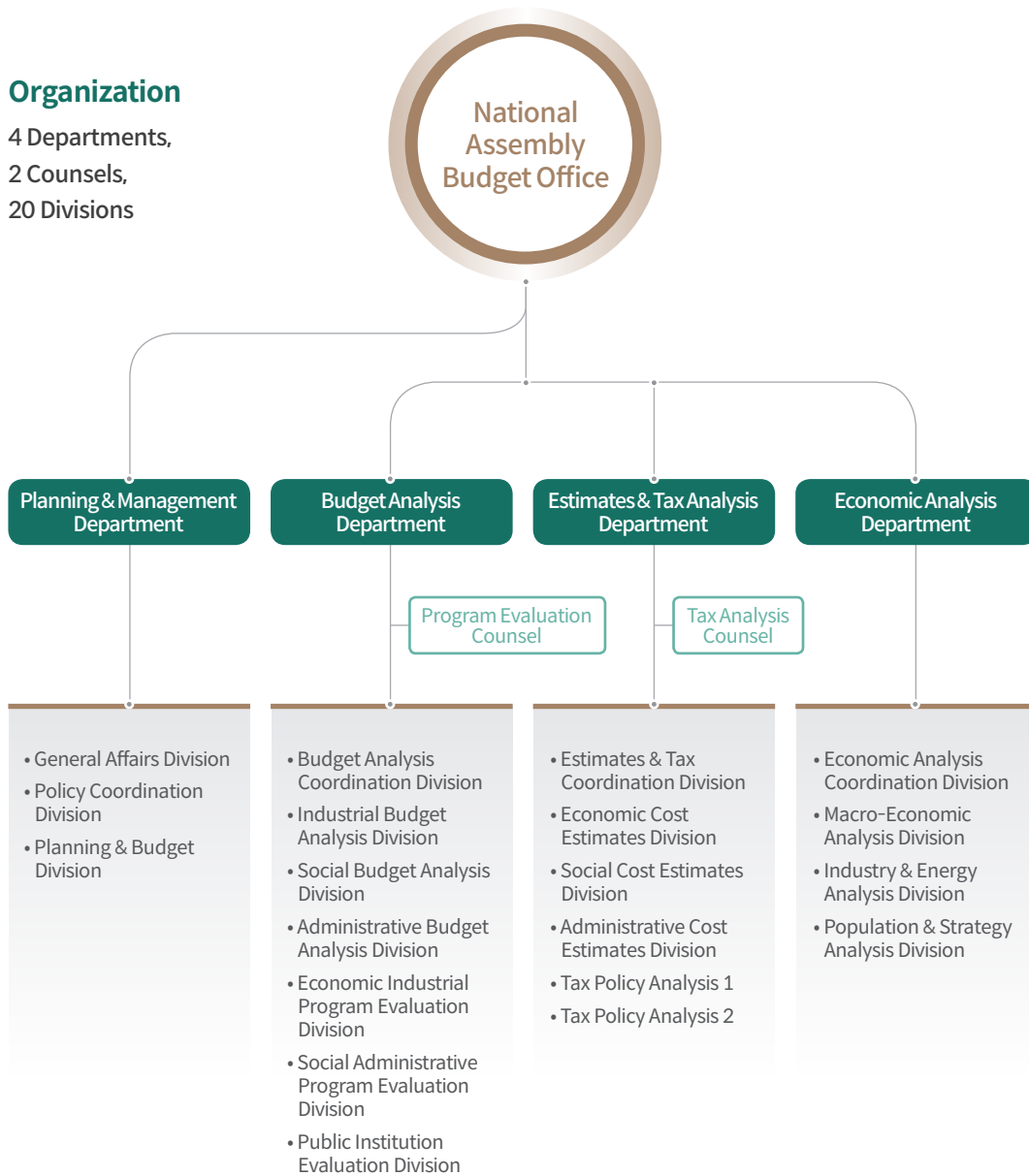
Support for 2020-2021 COVID-19 Response and Recovery

To support the COVID-19 response and economic recovery, conducted timely analyses of the supplementary budget bill (four supplementary budget bill analyses in 2020, and two in 2021).

Organization and Budget

Organization

4 Departments,
2 Counsels,
20 Divisions



Manpower



Research Section

111 persons

Administrative Support Section

24 persons

Positions above capacity

47 persons**Full capacity: 138**

(111 in the research section, 24 in the administrative support section)

Current number of employees: 130

As of December 31, 2021

(Unit: Number of employees)

Department	Full Capacity	Current Size	Gap
Office of the Chief	3	3	-
Planning & Management	24	24	-
Budget Analysis	51	49	△2
Estimates and Tax Analysis	38	33	△5
Economic Analysis	22	21	△1
Total	138	130	△8

Positions above capacity: 47

As of December 31, 2021

(Unit: Number of employees)

Category	Number	Comments
Fixed-term officials	8	Conduct tasks that require expertise or specific skills
Admin support staff	28	Support for administrative tasks
English editor	1	International cooperation affairs including interpretation and translation for international meetings, drafting English press statements, etc.
Research assistants (RA)	10	Data and information collection, general support
Total	47	

Budget



2021 Executed Amount

KRW **18.6** billion

As of December 31, 2021

(Unit: 1 million Korean won)

Category	2021 Budget (based on the main budget)	2021 Executed Amount
Labor costs	13,720	12,069
General costs	2,626	2,399
Main program costs	5,218	4,136
Total	21,564	18,604

Chapter

II

Major Achievements and Programs

- Grand Debate on the 2022 Budget Bill
- Grand Debate on the 2021 Tax Reform Proposals
- NABO Budget Policy Symposium
- 2021 Budget Policy Advisory Committee
- Preservation and Expansion of the International Cooperation Network
- NABO's Fiscal and Economic Statistics System (NABOSTATS)
- NABO News

Major Achievements of NABO in 2021

Number of reports published by NABO



114

Number of press statements



4,512

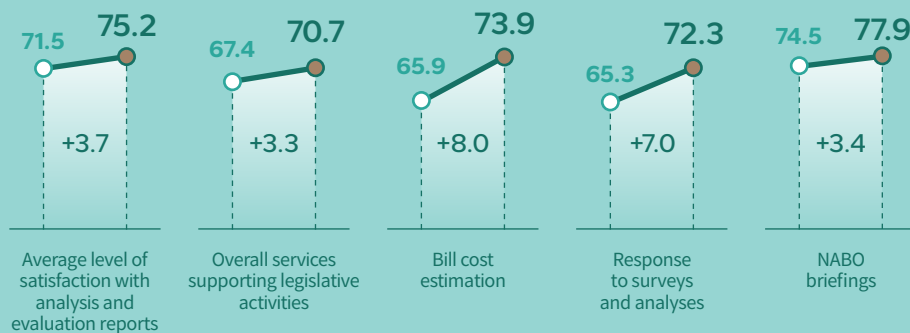
Survey of the degree of satisfaction regarding legislative activity support



Overall level of satisfaction increased by

3.3 points

○ 2020 ● 2021
(Unit: satisfaction level (points))



Including the above, the level of satisfaction increased in all categories including NABO's website, emailing service, and financial and economic statistics system, etc.

Grand Debate on the 2022 Budget Bill

NABO hosted the Grand Debate on the 2022 Budget Bill to discuss the key principles and direction for the National Assembly's examination of the budget plan for 2022, submitted by the government.

When 20 October 2021

Where Central Hall, 3rd floor of the NABO Building
(*Video conference without a live audience)

- NABO hosted the Grand Debate on the 2022 Budget Bill to explore the direction for the National Assembly's examination of the budget plan for 2022, submitted by the government. Before the commencement of the debate, Park Byeong-seug, Speaker of the National Assembly, delivered an opening speech, followed by congratulatory remarks from Lee Jong-bae, Chairman of the Special Committee on Budget and Accounts. The debate was moderated by University of Seoul Professor Won Yoon -hee.
- Deputy Minister Choi Sang-dae of the Budget Office at the Ministry of Economy and Finance explained how the budget bill would continue to support a full recovery from the crisis caused by the COVID-19 pandemic and promote inclusive coprosperity through support and compensation for small business owners. He added that the 2022 budget bill had been set at 604.4 trillion won, which marks an increase of 8.3 percent compared with the previous year. Song Byoung-choul, assistant chief for budget analysis at NABO elaborated on the necessity to strengthen fiscal soundness through efficient spending and increased revenue considering the accelerating increase in national debt. He also explained the outcome of the analysis of the budget plan, which included a provision to support small business owners in overcoming and recovering from management crises; a carbon-neutral economy; reinforcement of a multi-layered social safety net; and support for young people through such projects as the "Youth Ladder of Hope Package."
- Following the presentations, Yang Kyung-sook, member of the Democratic Party of Korea and also a member of the National Assembly's Special Committee on Budget and Accounts, Choi Hyung-du, member of the People Power Party, and Kang Eun-mi, member of the Justice Party, participated as panelists and discussed each political party's direction for examining the budget plan for 2022 as well as the major items to be examined. Additionally, Professor Kim Tae-il of Korea University and Professor Kim So-young of Seoul National University presented their views on such issues as national fiscal management and the role of national finance.



Grand Debate on the 2021 Tax Reform Proposals

NABO hosted the Grand Debate on the 2021 Tax Reform Proposals to discuss the direction for and major issues related to the National Assembly's examination of the tax revision bill submitted by the government and parliamentarians.

When 1 November 2021

Where Central Hall, 3rd floor of the NABO Building
(*Video conference without a live audience)

- NABO hosted the Grand Debate on the 2021 Tax Reform Proposals to discuss the direction of the National Assembly's examination of the tax revision bills submitted by the government and parliamentarians. The opening ceremony began with congratulatory remarks from Chairman Yoon Hu-duk of the Strategy and Finance Committee of the National Assembly, and the debate was hosted by President Sung Myung-jae of the Korean Association of Public Finance.
- Deputy Minister Kim Tae-ju of the Tax and Customs Department of the Ministry of Economy and Finance, who delivered the first presentation, explained the main features and contents of the 2021 tax revision bills, including the transition into a pacesetting economy and support for the economic recovery; the reinforcement of inclusivity and the foundation for co-existence and fairness; and the creation of a stable foundation for tax revenue and a taxpayer-friendly environment. Park Myung-ho, assistant chief for the Estimates and Tax Analysis Department of NABO, delivered the keynote speech in the second presentation. He commented that the tax revision bills of 2021 were focused on the expansion of tax support to encourage investment, and added that there was a need to prepare taxation policies for responding to changes in the socioeconomic structure, such as the new normal of the post-pandemic era, the aging of the population, and the low fertility rate.
- In the debate that followed the presentations, the Democratic Party of Korea Rep. Kim Young-jin (executive secretary of the National Assembly's Strategy and Finance Committee), the People Power Party Rep. Yoo Sung-kul (executive secretary of the National Assembly's Strategy and Finance Committee), and the Basic Income Party Rep. Yong Hye-in participated as panelists and discussed the direction for examining the tax revision bills as well as relevant key issues. In addition, Professor Park Hun of the University of Seoul and Professor Lee Young of Hanyang University attended as external experts on the tax revision bills and presented various ideas from their points of view.



NABO Budget Policy Symposium

At the Budget Policy Symposium, NABO discussed the desirable direction for fiscal management in the post-pandemic era.

When 13 July 2021

Where Yeouido Kensington
Hotel, Central Park
Room (15th floor)

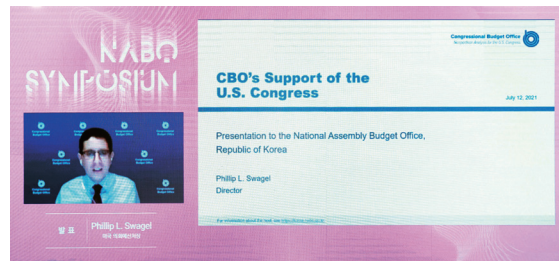
(*Video conference without
a live audience)

- NABO hosted the 2021 NABO Budget Policy Symposium under the topic “Budgeting after COVID-19, and the Role of the National Assembly.” The symposium was held to discuss the current status of budget management by major countries and relevant issues with various experts from home and abroad, for the purpose of seeking the proper direction for budget management in the post-pandemic era. The symposium was held in the form of an online video conference without any face-to-face audience, and only the moderator and some speakers were present at the venue. The attendees strictly complied with all COVID-19 prevention measures, such as body temperature checks, the use of hand sanitizer, and individual microphones.
- The symposium began with a congratulatory video speech given by Park Byeong-seug, speaker of the National Assembly, and Yoon Hu-deok, chairman of the Strategy and Finance Committee of the National Assembly, followed by an opening speech delivered by NABO Chief Lim Ik-sang. The symposium consisted of a keynote speech and two sessions. Professor Ha Yeon-seob of Yonsei University delivered the keynote speech and gave a presentation entitled “Changes in Public Finance and Desirable Budgeting Conditions in the Post COVID-19 Environment.” Afterwards, the first and the second sessions followed under the topics of “Country Case Studies on Fiscal Management and the Roles and Institutions of Parliamentary Systems in the Post COVID-19 Environment” and “The National Assembly’s Budget System and the Roles of NABO,” respectively.
- In the first session, the panelists discussed the current budget management status of various countries as well as major issues related to the role of the parliament. To begin with, Jón R. Blóndal, Head of Budgeting and Public Management of the OECD’s Directorate for Public Governance, gave a presentation entitled “(Re-)Establishing an Effective Role for Parliaments in the Budget Process,” and Director Philip L. Swagel of the U.S. Congressional Budget Office (CBO) spoke on the topic of “CBO’s Support



of the U.S. Congress.” Next, Professor Park Jhung-soo of Ewha Womans University delivered a speech, “Fiscal Management in Korea, the Role of the National Assembly, and Challenges for Improving the System,” and had a lively floor discussion with the moderator and the audience.

- In the second session, Professor Kim Tae-il of Korea University gave a presentation entitled “Fiscal Management Planning and the National Assembly’s Budget Deliberations,” followed by a presentation by Professor Liu Cheol of KDI School, “Cost Estimation of Bills and Budget Deliberation that Uses a Top-down Approach,” and another presentation by Park No-wook, Senior Fellow of the Korea Institute of Public Finance, entitled “Establishing and Managing an Efficient Fiscal Spending System.” At the end, there was a general discussion was led by Kook Kyung-bok, former chief of NABO, which was attended by panelists including Yang Kyung-sook, member of the Democratic Party of Korea, Hong Suk-joon, member of the People Power Party, Song Byoung-choul, assistant chief of budget analysis at NABO, Kang Seung-joon, deputy minister of fiscal affairs at the Ministry of Economy and Finance, and Park Bong-kwon, an editorialist at Maeil Business Newspaper.
- In addition, officials from institutions in the finance and economy sectors as well as researchers from various countries including Brazil, Japan, Australia, New Zealand, and Greece participated online, sharing useful information and networking with one another.



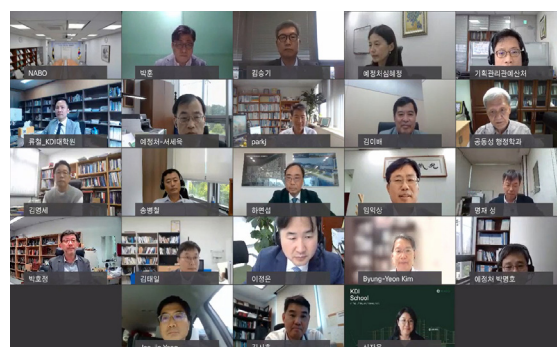
2021 Budget Policy Advisory Committee

The Budget Advisory Committee discusses the direction for the development of NABO as well as the desirable direction for fiscal management.

- NABO operates the Budget Policy Advisory Committee pursuant to the Bylaws of the Budget Policy Advisory Committee and Article 7 of the National Assembly Budget Office Act. In January, the committee gave written advice on various topics, and in February it hosted an advisory meeting on opinions and proposals related to the work carried out by NABO in 2021. In August, the 9th Budget Policy Advisory Committee was newly formed and hosted an advisory meeting about directions for the development of NABO and desirable fiscal management. In addition, the Committee carried out consultations on major fields of research through the subcommittees that have been formed for each sector (budget analysis, estimates and tax analysis, and economic analysis).

Operation of the Budget Policy Advisory Committee

Department	Agenda
All	<ul style="list-style-type: none"> Work or organizational improvements for NABO to faithfully perform its duties, including fiscal support activities <ul style="list-style-type: none"> Opinions or proposals regarding the tasks performed by NABO Directions for the development of NABO and advice on its role as an independent fiscal institution Recommendations and proposals for the policy research projects of each department Major topics regarding finance and the economy and related opinions Outlook for the global economy and the Korean economy for 2021, opinions on issues related to finance and the economy
Budget Analysis Department	<ul style="list-style-type: none"> Areas for improvements regarding the Budget and Settlement of Accounts Analysis Series and the Written Guide to the National Fiscal System Discussion on desirable fiscal management in consideration of changes in the fiscal environment such as demographic changes, changes in industrial structure, and climate change
Estimates and Tax Analysis Department	<ul style="list-style-type: none"> Consultation regarding the Mid-term Fiscal Outlook report
Economic Analysis Department	<ul style="list-style-type: none"> Discussion on the impacts of the key interest rate hike by the Bank of Korea on the Korean economy and its implications Opinions on recent economic conditions and prospects for the economy in 2022
Others	<ul style="list-style-type: none"> Opinions on the budget and policies (systems), etc., related to the committee members' major fields of study Opinions on the operation of the Advisory Committee



Preservation and Expansion of the International Cooperation Network

Annual Consultation with IMF's Mission Team

When 20 January 2021 **Where** Video conference



NABO held its annual consultation with the International Monetary Fund (IMF)'s mission team. NABO Chief Lim Ik-sang introduced NABO's major achievements in 2020, including its long-term fiscal outlook, and 2021, its mid-term economic outlook, and budget and settlement analysis reports including reports on four supplementary budget plans. He also mentioned that he is looking forward to enhancing bilateral cooperation between NABO and the IMF. The consultation session was attended by members of the IMF mission team, including Si Guo, economist of the IMF's Regional Office for Asia and the Pacific (OAP), as well as members of NABO, including Park Myung-ho, assistant chief of the Estimates and Tax Analysis Department, Baek Kyung-yeop, director of the Tax Analysis 2 Division, and other analysts. They discussed various topics including long-term fiscal prospects and fiscal rules.

Annual Consultation with AMRO's Mission Team

When 16 February 2021 **Where** Video conference

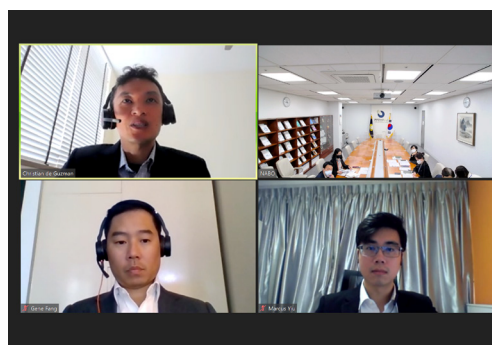


NABO held its annual consultation session with delegates from the ASEAN+3 Macroeconomic Research Office (AMRO) and discussed the current status of the Korean economy as well as related issues. Six members of the AMRO mission team, including Lead Economist Sumio Ishikawa, attended the video conference along with four members of NABO, Baek Kyung-yeop, director of the Tax Analysis 2 Department, and analysts Lee Kang-koo, Park Youn-seo, and Kim Yun-hee. They shared their views on various issues such as the policies required to prevent economic damage caused by COVID-19 and to support recovery, fiscal soundness, and long-term fiscal outlook.

Annual Consultation with the Mission Team of International Credit Rating Agency Moody's

When 26 March 2021 **Where** Video conference

NABO conducted its annual consultation with the international credit rating agency Moody's. The consultation was arranged at the request of the mission team of Moody's. Back in 2019, the mission team visited NABO and discussed the overall fiscal environment of Korea, including the country's fiscal policy and fiscal soundness. The video conference, held on 26 March 2021, was attended by members of the mission team, including Gene Fang, the associate managing director responsible for sovereign credit ratings in the Asia Pacific Group, and NABO's team of analysts led by Chun Yong-su, director of the Economic Industrial Program Evaluation Division. They had a thorough discussion on various issues, including fiscal sustainability in the post-pandemic era, the fiscal effects of the Korean New Deal, and the evaluation of the financial soundness of public institutions.



Signing of a Certificate of Mutual Cooperation with the OECD

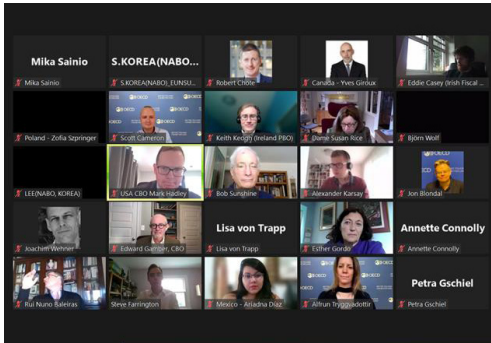
When 27 October 2021 **Where** Meeting Room 505, NABO Building

NABO and the Organisation for Economic Cooperation and Development (OECD) signed a certificate of mutual cooperation. Before signing the certificate, NABO Chief Lim Ik-sang and Jón R. Blöndal, head of the Budgeting and Public Expenditures Division at the OECD, updated each other on the tasks and work experiences of each institution. They also discussed the role of independent fiscal institutions (IFIs) and parliamentary budget offices (PBOs), and the formation of the Network of Asian Parliamentary Budget Officials. The contents of the certificate of mutual cooperation include joint research and information exchanges regarding areas of common interest; expansion of cooperative activities among researchers of both institutions; and efforts to establish the Network of Asian Parliamentary Budget Officials.



13th Annual Meeting of OECD PBOs and IFIs

When 5 November 2021 **Where** Video conference



NABO participated in the 13th annual meeting of OECD PBOs and independent fiscal institutions (IFIs). Attendees from the OECD included Mark Hadley, chairman of the OECD PBO Network and COO of the U.S. Congressional Budget Office (CBO), Jón R. Blöndal, head of Public Management and Budgeting Division, Public Governance Directorate, and Policy Analyst Scott Cameron. Approximately 130 members of IFIs and related institutions in the U.S., U.K., Canada, Spain, Portugal, Australia, Mexico, and Japan also participated. The video conference consisted of two sessions. In the first session, the attendees examined evaluation reports on IFIs in Ireland, Finland, and Latvia, and discussed the implications of those reports. During the second session, they had a thorough discussion on enhancing the accuracy of macroeconomic outlooks by IFI. At the meeting, attendees discussed measures to reinforce the independence and professionalism of IFIs and to enhance expertise related to their major activities, such as economic outlooks, thereby laying a foundation for effectively discussing major fiscal issues in preparation for the post-pandemic era.

Meeting with Delegates from the KRG Ministry of Finance and Economy

When 1 December 2021 **Where** Meeting Room 505, NABO Building



NABO held a meeting with delegates from the Ministry of Finance and Economy of the Kurdistan Regional Government (KRG). Seven members of the delegation, led by Sarwen Ismael Ahmed Galali, along with members of NABO, including Director Lee Sang-jun of the Planning and Budget Division and analysts Ahn Soo-ji and Park Sun-ah, had a thorough discussion on Korea's budget system, the role of NABO in the National Assembly's budgeting process, and the structure and finance of the National Health Insurance Service.

NABO's Fiscal and Economic Statistics System (NABOSTATS)

- NABO's Fiscal and Economic Statistics System (NABOSTATS, www.nabostats.go.kr) is a statistical information system through which NABO provides key statistical data and an analysis framework related to fiscal and economic statistics on national and local governments and public institutions that are required for legislation and deliberation on the budget and settlement of accounts. NABOSTATS contains fiscal and economic indicators that have been accumulated in the course of NABO's implementation of its tasks; information on each committee created through the arrangement and reorganization of useful statistical data by each standing committee; and statistical data regarding issues that were discussed in the course of the National Assembly's deliberation on budget bills and settlement of accounts.
- While it only consisted of 515 statistics at the time of its launch in 2018, NABOSTATS has since consistently expanded and improved the types of fiscal and economic indicators that it provides. As a result of these efforts, NABOSTATS provides 651 different statistics as of 2021. The scope of open-API-based automatic data collection is being expanded to allow for a rapid update of statistical data. The number of interlocked data items, which was just 99 in 2018, increased to 268 in 2021. Additionally, NOBOSTATS provides various visualization methods and analysis functions for the effective use of statistical data.



Types and Key Contents of the Statistics of NABOSTATS

Type of Statistics	Main Contents	Number of Statistics
Fiscal statistics	Statistics on tax revenue and expenditure, budget for each sector and type, budgeting process	66
Tax-related statistics	National taxes, local taxes, international taxes and special taxation	33
Local public finance statistics	Structure of local public finance, circumstances of local public finance for each region	13
Statistics on public institutions	Current designation status of public institutions, workforce and finance	14
Economic statistics	National accounts, industry and employment, international economy, consumer prices and currency	39
Demographic and social statistics	Population numbers and estimate, income distribution indices including the Gini coefficient	29
Committee-specific statistics	Fiscal status of each standing committee, statistics related to key policies	336
North Korea-related statistics	Economic cooperation and exchange between South Korea and North Korea, comparison of South Korea and North Korea, population and economy of North Korea, etc.	98
International statistics	Key economic indices of OECD member nations, etc.	18
Track record of the National Assembly's examination of budget bills and settlements of accounts	Track record of revisions to budgets, appendant opinions regarding budgets, request(s) for amendments of settlements and outcomes of countermeasures, etc.	5
Total		651

NABO News

Reporting of New Year Plans for 2021 to the Speaker of the National Assembly

When 25 January 2021 **Where** National Assembly Conference Room



NABO and other agencies of the National Assembly reported their new year plans to the Speaker of the National Assembly. For the year 2021, NABO set “leading the nation’s mid-to long-term agenda and supporting the establishment of future strategies,” “advancing support for legislative activities in the fiscal and economic sectors,” and “operating the organization in a future-oriented manner” as its missions and said that, as a cow taking a steadfast step in the year of the cow, it will consistently and faithfully support legislative activities.

NABO Report Reading Session

Session 1 From 30 March to 1 April **Session 2** From 14 April to 15 April **Session 3** 12 November



In order to support the legislative activities of the National Assembly in the fiscal sector, NABO hosted three briefing sessions, each entitled “NABO Report Reading Session,” for parliamentarians and parliamentary assistants as well as public officials who work for the National Assembly. In consideration of the COVID-19 situation, NABO received applications in advance and conducted the sessions in the form of video conferences. The topics for the first session were “Understanding National Finance,” “Major Fiscal Systems,” and “Public Institutions of Korea,” while the topics for the second session were “Outlook on the National Economy in 2021,” and “Population Estimation Depending on the Total Fertility Rate.” To support the deliberation of the budget bills for 2022, the third session was conducted with the topics of “Analysis of Total Amount of Finance,” and “Analysis of Key Policies, I to III.”

Celebration of the 18th Anniversary of the Establishment of NABO

When 19 October 2021 **Where** Virtual event

NABO held a virtual event to celebrate the 18th anniversary of its establishment. At the ceremony, joined by all of NABO's staff members, NABO Chief Lim Ik-sang delivered a commemorative speech, saying "Eighteen is the age of adulthood, and NABO will continue its effort to establish itself as the leading think tank." He added, "NABO will strongly support legislative activities and actively respond to the changing environment, while at the same time complying with the principles of expertise, non-partisanship, and objectivity."



NABO SNS Supporters: University (and Graduate School) Students

Duration From August to December 2021

NABO selected ten members of the NABO SNS Supporters. For four months, members of the group actively promoted NABO in a variety of ways by introducing NABO's major tasks and budget and settlement of account reports and also by hosting debates on the 2022 budget plan and 2021 tax revision bills. The students who completed their duties were presented with a certificate of completion issued by the NABO chief, and awards were given to the best student and the two second-best students.

국회예산정책처

2021 NABO SNS 대학(원)생 서포터즈 모집

모집기간 & 모집인원

2021. 6. 7(월) ~ 6. 20(일) (10명)

모집대상

재정 경제 분야에 관심이 높은 대학교(대학원) 재/휴학생
※선발 완료 후 재학증명서 제출

- 개인 SNS 계정 또는 재정 경제 관련 연구동아리 등 단체 계정을 운영하고 있는 자
- 월 2회 콘텐츠 기획 및 제작이 가능한 자
- 시간 또는 영상 촬영 편집, 일러스트 등 콘텐츠 제작에 능숙한 자
- 우대사항: 유서 경력사항(서포터즈, 기자단 등) 보유

활동기간

2021년 8월 ~ 12월(4개월)

지원방법

- 지원서 1부 이메일 접수 (pmopr@assembly.go.kr)
- ※ 지원서 양식은 NABO 홈페이지(www.nabo.go.kr)에서 다운로드
- 지원서 제출 및 파일 제목: 서포터즈 지원.이름 (예) 서포터즈 지원.김나보

활동내용

- 발대식 및 수료식 참석
- 월 1회 정기회의 참석(의정안)
- 월 2회 NABO 및 재정 경제 관련 콘텐츠 기획 및 제작(필수) 등

활동혜택

- 소정의 콘텐츠 제작비 지급
- 국회예산정책처장 명의의 위촉장 및 수료증 발급

선발방법 & 결과발표

- 서류심사
- 2021. 7. 23(금) 발표 (※변경가능)
- NABO 홈페이지 공지 및 선발자 개별통지

문의

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※활동기간 및 활동내용 등 구체적인 사항은 변동될 수 있음

Chapter



Key Research and Analysis Reports

- Guide to the National Fiscal System
- Analysis of Budget and Settlement of Accounts
- Analysis of Fiscal Programs
- Cost Estimation and Fiscal Outlook
- Tax Analysis and Research
- Current Economic Issues and Prospects

Major Achievements of NABO in 2021

Track Record of the National Assembly's Deliberation of Budget Bills and Settlement of Accounts which were Conducted Based on NABO's Reports

Settlement of Accounts



2020
Accounts
Settled

562

Average of the
Most Recent
5 Years

528

Budget Bills



2020
Budget
Bills

165

Average of the
Most Recent
5 Years

170

National Tax Revenue Forecast

(Unit: trillion won)



Error rate
(average of the most recent 5 years):



NABO

7.9%



Government

8.7%

Settlement of accounts
Government's budget plan NABO's forecast

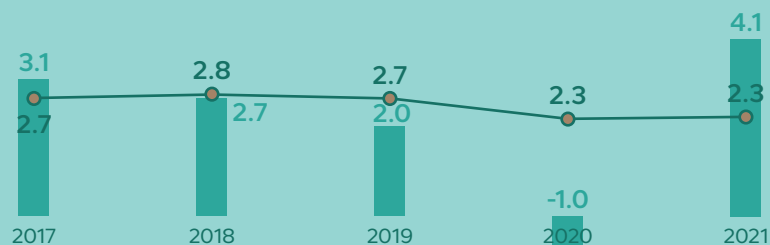


Economic Growth Rate Forecast

(Unit: %)



Actual economic growth rate NABO's forecast(as of September of the previous year)



Guide to the National Fiscal System

Public Finances of the Republic of Korea 2021

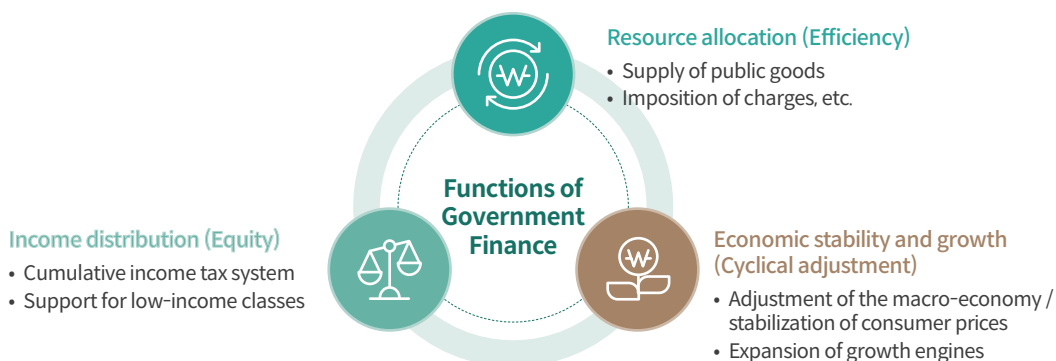
Published on 19 March 2021

Published by Budget Analysis Coordination Division, Budget Analysis Department



- In December 2020, the National Assembly examined and confirmed the budget for 2021 as 482.6 trillion won in total revenues and 558.0 trillion won in total expenditures. On 4 March 2021, two months after the implementation of the main budget and following the prolonged COVID-19 pandemic and quarantine measures, the government submitted the 1st Supplementary Budget Proposal for 2021 to provide support for people hit hard by the aftermath of the COVID-19 pandemic, create new jobs, and provide all citizens with free vaccinations. As a result, it is anticipated that government debt will reach 965.9 trillion won, which is 48.2% of the country's GDP. In terms of managed fiscal balance, the total deficit is expected to grow by 13.5 trillion won compared with the main budget of 2021. Meanwhile, according to the World Bank, it is expected that the global economy will not be able to recover to its pre-pandemic level this year because of the prolonged slowdown caused by COVID-19. Due to sluggish consumption and employment resulting from the COVID-19 pandemic and quarantine measures, it remains uncertain whether the Korean economy will be able to recover from the slump. Amid these economic uncertainties, the National Assembly, which is responsible for the examination of budgets and the settlement of accounts, must play a significant role in efficiently implementing public finances so as to recover from the economic slowdown caused by COVID-19 and secure future growth engines.
- To effectively support the National Assembly's examination of budgets and settlement of accounts by providing up-to-date fiscal information, NABO has been publishing the Public Finances of the Republic of Korea on an annual basis since 2004. Public Finances of the Republic of Korea 2021 consists of three parts and 27 chapters. Part 1 provides a summary of Korea's fiscal system and major fiscal institutions. Specifically, this year's edition includes a new section on such key fiscal institutions as the process of compiling the budget plan for national research and development (R&D) programs, the pension fund investment pool, government property, etc., as well as further explanations about these fiscal institutions for each of the fiscal procedures. Part 2 highlights details of the budgets and funds of 2021, and includes a list of deliberations conducted by the National Assembly, and part 3 provides a layout of the fiscal status and major fiscal programs of each competent government ministry under the 17 standing committees.

The Three Functions of Government Finance



Guide to the National Fiscal System

Economic and Fiscal Statistics 2021

Published on 18 March 2021

Published by Budget Analysis Coordination Division, Budget Analysis Department



- Each year, NABO releases Economic and Fiscal Statistics, which contains key statistical data that are helpful for the National Assembly's legislation, examination of budgets and settlement of accounts. Accurate statistics are essential to understanding complex economic and social phenomena and making reasonable policy decisions, and Economic and Fiscal Statistics 2021 will provide reliable and timely fiscal and economic statistics for the examination of legislative bills as well as budgeting and the settlement of accounts.
- Economic and Fiscal Statistics 2021 is a portable handbook that consists of three parts. "Part 1: Economic Statistics" contains macroeconomic statistics including a projection of the economic growth rate in 2021, gross regional domestic product (GRDP), and key job indicators. "Part 2: Fiscal Statistics" highlights statistics related to total finances including the settlement scale of revenues and expenditures, as well as fiscal balance and government debt. "Part 3: Committee-Specific Statistics" highlights key information on the scale of finances as well as the main institutions and programs of the government ministries under each standing committee.

Guide to the National Fiscal System

Local Finance of Korea 2021

Published on 19 March 2021

Published by Administrative Budget Analysis Division, Budget Analysis Department



- This report has been published for the purpose of effectively supporting the examination of budgets and the settlement of accounts through the reflection of the status of local finances and related issues of the current year. In addition, as an explanatory guide to local finances, the report also aims to enhance the understanding and satisfaction of readers who are interested in measures to resolve the imbalance between national finance and local finance as well as discrepancies in the finances of different local governments.
- Although the report maintains the existing structure of three parts (“Part I: Status of Local Finance”; “Part II: Establishment and Management of Local Finance”; “Part III: Understanding the Local Finance Equalization Scheme”), the statistical data it contains has been updated on the basis of the 2021 budget and the 2020 settlement of accounts, and some major changes related to local finances, including the outcome of the implementation of the first phase of fiscal decentralization and the implementation plans for the second phase of fiscal decentralization, have been proactively reflected. In addition, the report intends to provide more in-depth information related to recent trends in local finances by including information on the status of COVID-19 countermeasures and the enactment and amendment of relevant legal provisions.
- “Part I: Status of Local Finance” highlights the current volume of integrated local finances as well as key indicators, such as the comprehensive self-sufficiency level of local finances, together with explanatory notes for those indicators. It also explains the outcome of the implementation of the first phase of fiscal decentralization and suggests ways for implementing the second phase, and reflects other details related to fiscal decentralization by, for instance, setting out information on programs transferred to local governments and details on the financial resources for those programs in accordance with the amendments to the Blanket Local Transfer Act.
- “Part II: Establishment and Management of Local Finance” contains the legal provisions and operation principles of local finances as well as the processes of budget formulation, budget execution and settlement of accounts, along with an explanation on the local finance management system designed to enhance fiscal soundness at the local government level. In addition, the report also contains an analysis of the track record of revisions to the system for analyzing and evaluating local finances, as well as a summary of the outcomes of the evaluation of local finances in 2020. A summary of the revisions made to the local finance investment deliberation system and the trends of the latest five years, and explanations of the local finance management systems of major countries have also been included.
- “Part III: Understanding the Local Finance Equalization Scheme” features details on the system of coordination between the central and local governments, which consists of subsidies, fiscal grants for education, and national treasury subsidies, as well as the local finance coordination system that exists between local governments and which comprises city and provincial subsidies, financial grants, and Office of Education funds transferred to local governments. In addition, this section also includes a summary of the extensions and changes that have been made to the Fund for Mutual Development of Municipalities (FMDM), as well as an overview of the details and features of the relief funds allocated by local governments to respond to the COVID-19 pandemic.

Guide to the National Fiscal System

Public Institutions of the Republic of Korea 2021

Published on 18 March 2021

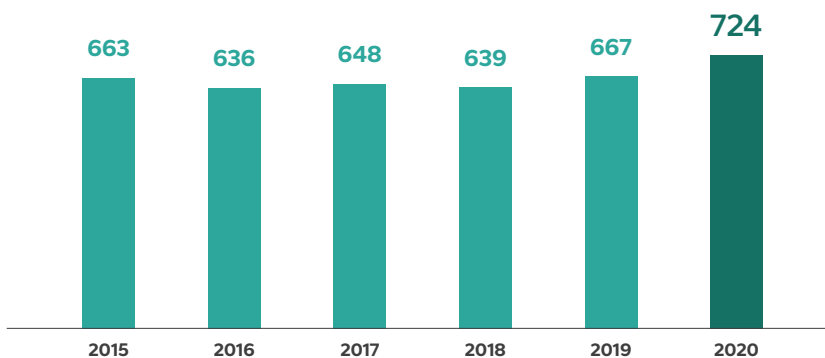
Published by Public Institution Evaluation Division, Budget Analysis Department



- In order to supplement the functions of the private sector and efficiently implement its policies, the government designates and operates public institutions in accordance with the Act on the Management of Public Institutions. Public institutions produce and supply public services through government-funded budgets, such as investments and contributions from the government, as well as the institutions' own budgets. As of January 2021, there were a total of 350 institutions that had been designated as public institutions.
- As of 2020, the budget for the revenues and expenditures of public institutions amounted to 724 trillion 571.6 billion won, marking an increase of 57 trillion 375.5 billion won compared with the settled amount of 667 trillion 196.1 billion won amount in 2019. The total budget of public institutions in 2020 was 166 trillion won larger than the government's 2021 main budget of 558 trillion won, indicating that public institutions account for a large portion of the national economy.
- This report provides an overview of the current status of public institutions, including the designations of public institutions, their revenues, expenditures, and labor costs, etc., and also examines the financial settlement and mid-to long-term financial management plans of public institutions and government contributions according to the different types of public institutions (institutions that receive compensation for balance disparities, public institutions that receive compensation for deficits, research and development institutions, and public financial institutions). Finally, the report reviews the operation and management systems of public institutions, such as their management policies and business performance evaluations.
- The report examines the systems and current issues that align with each topic and category, as well as the features and systems of each type of public institution. It also aims to enhance the overall understanding of public institutions by presenting data related to each public institution, such as the general status, financial structure, and outcome of the business performance evaluation thereof.

Revenues and Expenditures of Public Institutions (2015–2020)

(Unit: trillion won)

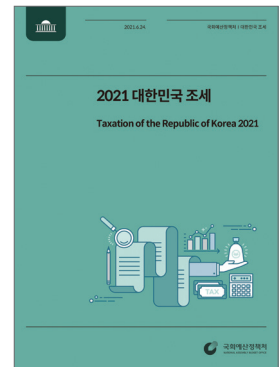


Guide to the National Fiscal System

Taxation of the Republic of Korea 2021

Published on 24 June 2021

Published by Estimates and Tax Coordination Division, Estimates and Tax Analysis Department

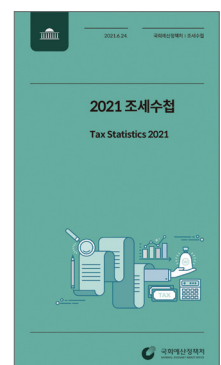


- As an important source of revenue for national finance, taxes help to raise financial resources and also play a policy role in economic growth, income distribution, and economic stabilization. Considering various policy agendas such as the recovery of economic dynamism, the preparation of financial recourses in response to low fertility and the aging of the population, and the alleviation of income disparity, it is anticipated that the role of taxes will become even more important.
- Since publishing Taxation of the Republic of Korea 2020 to mark the opening of the 21st National Assembly in 2020, NABO has been publishing an updated version every year. As a guide to the Korean taxation system, Taxation of the Republic of Korea 2021 aims to systematically explain the general principles of taxation and present key statistics, such as a summary of the taxation for each tax item, as well as international comparisons. Moreover, it also contains information related to the amendments made to tax laws in 2021, allowing readers to understand recent changes that have been made to the taxation system.
- The report consists of four parts: “Understanding Tax,” “National Tax,” “Local Tax,” and “Tax Expenditures.” Part 1 discusses the general principles of taxation, as well as the taxation system of Korea, taxation requirements, and the current status of tax revenues. Parts 2 and 3 contain a summary of each tax item in the case of national and local taxes, taxation requirements, tax calculation, and key amendments made to tax laws in 2021. Part 4 covers the implications and types of tax expenditures, budget systems, and management systems, as well as a summary of national and local tax expenditures.

Tax Statistics 2021

Published on 24 June 2021

Published by Estimates and Tax Coordination Division, Estimates and Tax Analysis Department



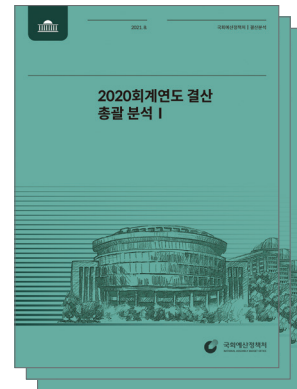
- Tax Statistics 2021 consists of four chapters, “Tax Overview,” “National Tax,” “Local Tax,” and “Tax Expenditures,” and is annexed with an overview of tax indicators and an annotated list of tax terminology to enhance readability. “Chapter 1: Tax Overview” outlines tax basics including the taxation system, types of taxes, the history of the taxation system, and tax revenues. It also includes an international comparison of the tax burden ratio, the people’s burden ratio, and taxation structures. “Chapter 2: National Tax” and “Chapter 3: Local Tax” highlight the item-specific taxation system, trends in Korea and abroad, and recent amendment trends. “Chapter 4: Tax Expenditures” provides detailed information that is required in the legislation process, such as the status of national and local tax cuts and tax items that reached their sunset period in 2021.

Analysis of Budget and Settlement of Accounts

FY2020 Settlement of Accounts Analysis Series

Published on 17 August 2021

Published by Budget Analysis Department



- According to the national settlement of accounts report for FY2020 submitted by the government to the National Assembly on 31 May 2021, the total revenue and total expenditures of 2020 were 478.8 trillion won and 549.9 trillion won, respectively. The managed fiscal balance deteriorated year-on-year by 57.5 trillion won, resulting in a deficit of 112.0 trillion won. In 2020, the government played a proactive fiscal role by implementing a total of four supplementary budgets and carrying out various projects to support social classes that suffered damages as a result of the social distancing scheme, which was one of the countermeasures against COVID-19, or quarantine measures to prevent further expansion of the pandemic. To support efficient deliberation of the settlement of accounts by the National Assembly, NABO published the FY2020 Settlement of Accounts Analysis Series, which is composed of five sections, as follows: "General Analysis of the Settlement of Accounts," "Committee-specific Analysis," "Analysis of the Settlement of Accounts of Public Institutions," "Analysis of Government Measures for Correction Requests made by the National Assembly on the FY2019 Settlement of Accounts," and "Gender-responsive Balance Sheet Analysis."
- In "General Analysis of the Settlement of Accounts," a macroscopic analysis was conducted on general fiscal issues such as fiscal soundness and programs with increased budgets procured through supplementary budgets, together with a thorough assessment of major fiscal policies including fiscally supported employment programs, support programs for innovative growth industries, programs to respond to the COVID-19 pandemic, and relief funds. "Committee-specific Analysis" discusses the issues and proposals for improvement that were identified during the execution of individual programs by responsible ministries, while the "Analysis of the Settlement of Accounts of Public Institutions" reviews the fiscal soundness and implementation outputs of public institutions. In addition, the "Analysis of Government Measures for Correction Requests made by the National Assembly on the FY2019 Settlement of Accounts" was included to enhance the effectiveness of the National Assembly's deliberation on the settlement of accounts, while the "Gender-responsive Balance Sheet Analysis" examines the overall operating processes of the gender-responsive budget and settlement of accounts systems and the gender-responsive programs carried out by each ministry.

FY2020 Settlement of Accounts Analysis Series (21 reports in total)

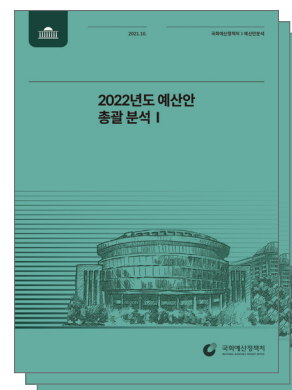
Name of Report	Contents
General Analysis of the Settlement of Accounts (2 reports)	Analysis of the key features of the FY2020 settlement of accounts and the overall fiscal system, analysis of major policy tasks according to implementation type
Committee-specific Analysis (13 reports)	Analysis of the key issues and projects of each of the 16 standing committees (as of FY2020; excluding the Information Committee)
Analysis of the Settlement of Accounts of Public Institutions (3 reports)	In-depth analysis of the settlement of accounts of 350 public institutions, separate from the government's settlement of accounts
Analysis of the Settlement of Accounts of Public Institutions (1 report)	In-depth analysis of the FY2020 settlement of accounts, with a focus on revenue
Analysis of Government Measures for Correction Requests made by the National Assembly on the FY2019 Settlement of Accounts (1 report)	In-depth analysis of the insufficient completion of government measures for correction requests made by the National Assembly on the FY2019 settlement of accounts
Gender-responsive Balance Sheet Analysis (1 report)	Analysis of gender-responsive performance targets, gender equality effects, and the necessity of relevant projects with regard to the 2020 Gender-responsive Balance Sheet

Analysis of Budget and Settlement of Accounts

2022 Budget Proposal Analysis Series

Published on 27 October 2021

Published by Budget Analysis Department



- On 3 September 2021, the Korean government submitted to the National Assembly its 2022 budget proposal consisting of 548.8 trillion won in total revenues and 604.4 trillion won in total expenditures. The government has laid out plans for fiscal expansion in the mid-term through the National Financial Management Plan from 2020 to 2025, with an increase in total expenditures of 46.4 trillion won (8.3%) compared with the previous year's main budget. As government finance continues to play a proactive role in supporting the recovery and growth of the national economy, the National Assembly is also required to play a more significant role in ensuring the effectiveness of individual programs, the strategic allocation of financial resources, and fiscal sustainability. To support the National Assembly in thoroughly examining the 2022 budget proposal, NABO has published the 2022 Budget Proposal Analysis Series, which consists of four sections, as follows: "General Analysis of the Budget Proposal," "Committee-specific Analysis of the Budget Proposal," "Analysis of the Budget Proposals of Public Institutions," and "Analysis of Notes on Gender-responsive Budgets."
- "General Analysis of the Budget Proposal" gives an overall analysis focusing on the National Financial Management Plan and fiscal soundness, while examining key policy initiatives such as the Korean New Deal, the Youth Ladder of Hope Package program, carbon-neutral economy programs, and programs to respond to the pandemic such as vaccination and quarantine programs. In "Committee-specific Analysis of the Budget Proposal," the effectiveness and necessity of the major budget increases and ongoing programs of each ministry are examined, and recommendations for improvement are also provided. "Analysis of the Budget Proposals of Public Institutions" reviews institution-specific budget proposals created to support public institutions in various forms, such as subsidies and contributions. In "Analysis of Notes on Gender-responsive Budgets," an in-depth analysis of gender-responsive programs is provided to facilitate the National Assembly's deliberation process.

2022 Budget Proposal Analysis Series (19 reports in total)

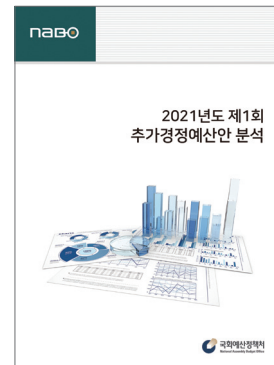
Name of Report	Contents
General Analysis of the Budget Proposal (2 reports)	Analysis of the key features of the 2022 budget proposal and the overall fiscal system, analysis of major policy tasks according to implementation type
Committee-specific Analysis of the Budget Proposal (12 reports)	On the basis of the 2022 budget proposal, the effectiveness and necessity of major budget increases and ongoing programs of each ministry, and recommendations for improvement
Analysis of the Budget Proposals of Public Institutions (3 reports)	In-depth analysis including an overview of the budget proposal for public institutions funded by the government and the budget proposal for institutions that receive compensation for balance disparities, committee-specific analysis of each of the programs carried out by public institutions
Analysis of the Budget Proposal Regarding Total Revenue (1 report)	In-depth analysis of the 2022 budget proposal, with a focus on revenues
Analysis of Notes on Gender-responsive Budgets (1 report)	Analysis of gender-responsive performance targets, gender equality effects, and the necessity of for projects with regard to the 2022 Notes on Gender-responsive Budgets

Analysis of Budget and Settlement of Accounts

Analysis of the 1st Supplementary Budget Proposal for 2021

Published on 8 March 2021

Published by Budget Analysis Department

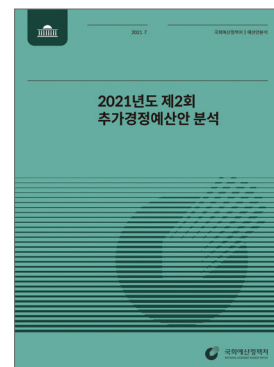


- On 4 March 2021, the government submitted its 1st Supplementary Budget Proposal for 2021 to the National Assembly. The first supplementary budget proposal included an increase of 15 trillion won in total expenditures divided three different sectors, as follows: (1) 8.1 trillion won for emergency relief funds for small business operators and vulnerable workers; (2) 2.8 trillion won for urgent employment countermeasures including job creation; and (3) 4.1 trillion won for quarantine measures including the purchase and inoculation of COVID-19 vaccines. The financial sources of the supplementary budget are as follows: 2.6 trillion won from the budget surpluses of special accounts; 0.8 trillion won from the surplus of the Bank of Korea; 1.7 trillion won from public fund reserves; and 9.9 trillion won through the issuance of government bonds. To support the National Assembly's in-depth deliberation of the supplementary budget proposal, NABO published the Analysis of the 1st Supplementary Budget Proposal for 2021, which consists of two chapters. The first chapter provides a comprehensive analysis of the requirements for drawing up a supplementary budget, financial resources, fiscal soundness, and economic conditions, while the second chapter thoroughly examines the programs allocated to each ministry, including the urgency, necessity, and effectiveness of those programs, and the likelihood of the budgets for such programs being executed by the end of the year.

Analysis of the 2nd Supplementary Budget Proposal for 2021

Published on 19 March 2021

Published by Budget Analysis Department



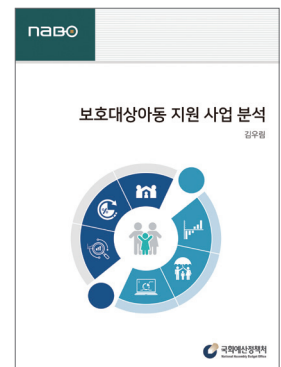
- On 2 July 2021, the government submitted its 2nd Supplementary Budget Proposal for 2021 to the National Assembly. Under the supplementary budget proposal, there was an increase of 33 trillion won in tax expenditures, which comprised four different sectors, as follows: (1) 13.4 trillion won for the provision of COVID-19 relief packages for small business operators and low income earners; (2) 4.4 trillion won for the reinforcement of quarantine measures including the development, purchase, and inoculation of vaccines and compensation for deficits; (3) 2.6 trillion won for the early recovery of the job market and the provision of support for young adults, tour and leisure business operators, and low-income households; and (4) 12.6 trillion won for measures to support local economies and farmers and to reinforce local finances. The financial sources of the supplementary budget were as follows: 31.5 trillion won from additional tax revenues; 1.7 trillion won from budget surpluses of 2020; and 1.8 trillion won from public fund reserves. To support the National Assembly's in-depth deliberation of the supplementary budget proposal, NABO published the Analysis of the 2nd Supplementary Budget Bill for 2021, which consists of two chapters. The first chapter provides a comprehensive analysis of the requirements for drawing up a supplementary budget, financial resources, fiscal soundness, and economic conditions, while the second chapter thoroughly examines the programs allocated to each ministry and the urgency, necessity, and effectiveness of those programs, as well as the likelihood of the budget for such programs being executed by the end of the year.

Analysis of Fiscal Programs

Analysis of Support Programs for Children Subject to Protection

Published on 26 February 2021

Published by Social Administrative Program Evaluation Division, Budget Analysis Department



- Due to the decline in the number of Korean children resulting from the country's low fertility rate, the number of children subject to protection is also decreasing. Nonetheless, the rate of children subject to protection has remained at approximately 0.6 child per 1,000 children since 2015, while the rate of children subject to protection due to child abuse is on the rise.
- Through such policies as the Inclusive Country Child Policy (May 2019) and the Measures for the Prevention of Abuse of Children and Juveniles (July 2020), the government has been preparing and implementing plans to strengthen the public sector's responsibility for children who require protection. However, as there have recently been a number of serious incidents of child abuse resulting in fatality, examining whether the government's plans and policies are heading in the right direction has become a significant policy agenda. Under these circumstances, this report examines the government's system for supporting children subject to protection and also analyzes relevant fiscal programs. The main content and outcomes of the analysis are as follows:
- Firstly, in the case of child protection programs supported by the lottery fund and the crime victim protection fund, different government ministries are in charge of implementing the programs and managing the funds thereof, making it difficult for budgets to be allocated in a timely manner. Accordingly, the government needs to integrate the financial resources in accordance with the government ministries that implement the programs so that the funds can be intensively invested in child protection facilities and support in line with policy demands, and managed and operated in a flexible manner.
- Secondly, as there are regional discrepancies in the level of infrastructure for child protection agencies, temporary protection facilities, shelters for victims of child abuse, etc., the government needs to investigate the appropriate level required for each region and establish the necessary infrastructure. Meanwhile, as the number of cases of abuse and recurrent abuse by parents is on the rise, it is necessary to systemize and promote the provision of training and treatment for parents who abuse their children. In addition, to enhance the effectiveness of child abuse prevention, it is necessary to establish a system whereby early signs of child abuse can be managed prior to the occurrence of actual crimes.
- Next, the appointment of exclusive personnel to support self-reliance and the evaluation of the status of self-reliance differ depending on the types of child welfare facilities, and programs for supporting the self-reliance of children discharged from institutional care are carried out sporadically. In this regard, the government must systemize its support for the self-reliance of children discharged from institutional care and establish a comprehensive support system to provide necessary aid.

Analysis of Fiscal Programs

Analysis of Government-funded Programs of Local Governments in the Social Security Sector

Published on 26 February 2021

Published by Social Administrative Program Evaluation Division, Budget Analysis Department



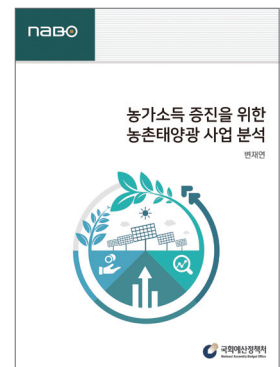
- The Korean government's fiscal expenditures on social security are increasing more rapidly than its total expenditures. In particular, the rate of increase of fiscal expenditures for social security programs that are funded by local governments is even higher. In this regard, this report provides an analysis of the system and process for calculating government subsidies for social security programs funded by local governments, the number of which is growing rapidly. The main details of the analysis and its outcomes are as follows:
- To begin with, the principles for the distribution of finances between central and local governments and for the adjustment of programs tend to be inconsistent. The Local Autonomy Act and the Local Finance Act prescribe that the state shall bear the expenses for state affairs, and local governments shall pay the expenses for the affairs of local governments. However, in reality, it is difficult to explicitly distinguish state affairs from local government affairs, and there exists no principle regarding the requirements for government-funded programs and the distribution of finances between central and local governments. In addition, although the Framework Act on Social Security states that, in cases of newly establishing or altering a social security system, the central government and local governments shall hold consultations with the Minister of Health and Welfare on the relationship between such new system and existing systems, and that the Social Security Committee shall coordinate in the case that an agreement is not reached, the principles for such consultation and coordination are unclear and the effectiveness of management is also inadequate. Accordingly, the government needs to prepare principles for the division of finances between the central government and local governments, as well as principles for the coordination for an efficient allotment of duties.
- Secondly, from the viewpoint of fiscal management, the role of the Committee for Deliberation on Local Finance Obligations in the budgeting process is not strong enough, and information on the corresponding mid-to long-term expenses of local governments for national subsidies in the social security sector is not being produced or managed. In this regard, it is necessary to enhance the connection between the deliberation by the Committee for Deliberation of Local Finance Obligations and the budgeting process, make mid-to long-term estimates of matching funds, and include these in the National Fiscal Management Plan so that they can be discussed at the National Assembly.
- Lastly, it has been revealed that the standard subsidy rate is not systematic enough, and the differential subsidy rate fails to reflect disparities in the financial conditions of local governments. While the government does not propose principles for calculating the standard subsidy rate, the standard subsidy rates that are actually used for each industry lack systemicity. In addition, the financial autonomy sections, which are used for calculating differential subsidy rates, lack distinctiveness, and minor differences in social security expense indices determine the differential subsidy rates. Hence, there is a possibility of social security expenses being determined not on the basis of policy demands, but in the direction of placing a smaller burden on the finances of local governments. Therefore, the government needs to establish principles for applying the standard subsidy rate to each industrial sector and allow the differences in the financial conditions of local governments and distinctive demands for the programs to be reflected when calculating the differential subsidy amounts.

Analysis of Fiscal Programs

Analysis of Photovoltaic (PV) Businesses in Rural Areas to Increase the Income of Farm Households

Published on 16 March 2021

Published by Economic Industrial Program Evaluation Division, Budget Analysis Department



- In accordance with the Act on the Promotion of the Development, Use and Diffusion of New and Renewable Energy, the Plan for Expanding the Diffusion of Photovoltaic (PV) Businesses in Rural Areas (2016) and the Renewable Energy 3020 Plan (2017), PV businesses are being executed in rural areas for the purposes of encouraging the diffusion of new and renewable energy and increasing farm household income. As the government set the year 2030 as its target and is carrying out PV businesses in rural areas, this report seeks to analyze the achievements and problems that have been identified so far, now that the government's project has reached its halfway point, and also to make proposals for sustainable improvements in the future. Some of the major implications of the analysis are as follows:
- Firstly, a larger volume of PV facilities is being supplied to rural areas compared with the target set in higher-level plans including the Renewable Energy 3020 Plan, and PV businesses appear to be contributing to the conversion of the energy structure into new and renewable energy, which can be positively evaluated. However, considering the fact that the proliferation of new and renewable energy, including PV energy, is one of the reasons for the decline in the price of RECs (renewable energy certificates), which is the main source of income for PV power generation, improvements need to be made to the system so that the income of farm households can be increased, as this is the main goal of PV businesses in rural areas.
- Secondly, although the government is conducting PV businesses led by farmers instead of outsiders and business operators and with the purpose of enhancing the profitability of farm households and the acceptance of residents, the achievements made so far are inadequate. Therefore, measures need to be prepared to activate PV businesses led by farmers by propagating a participatory model for farmers and providing more incentives.
- Next, as the performance management system related to the increase in income of farm households, which is the goal of these businesses, is still insufficient, it is necessary to establish a performance index for examining the income of farm households when implementing fiscal businesses, and also to enhance the examination of the actual status of the income of farm households when establishing statistics on PV businesses in rural areas. Moreover, as the SMP (system marginal price) and the price of RECs, which are the main sources of income for PV businesses, are declining, and only a small number of rural PV businesses are currently eligible for firm fixed-price contracts, measures need to be prepared to resolve these issues.
- Lastly, while the overall scale of exclusive use of farmland through the installation of PV facilities in rural areas is increasing, it is necessary to take into account the maintenance of appropriate areas of farmland when implementing PV businesses in rural areas. Meanwhile, considering the fact that more damage is being caused in relation to PV facilities in mountain regions, even though the number of PV facility installations in mountain regions has been decreasing since system improvements in 2018, the Ministry of Forestry and local governments need to focus their efforts on the post-management of PV facilities installed in mountainous areas as well as on the prevention and minimization of damage related to these facilities.

Analysis of Fiscal Programs

Analysis of Fiscal Programs Related to Health and Medical Data

Published on 16 March 2021

Published by Economic Industrial Program Evaluation Division, Budget Analysis Department



- Following the recent amendment to the three major data privacy laws, the combination and usage of data among various industrial sectors has become more likely. In particular, an expanded use of health and medical data is expected to encourage custom-made precision medicine, the development of AI-based innovative medical devices, and the development of new pharmaceuticals. However, since personal medical data is sensitive information, it is also necessary to enhance the level of personal information protection to cope with leakages of personal information. As the public's socioeconomic interest in the collection and usage of health and medical data is increasing and the government's fiscal programs in this sector are also expanding, NABO has presented the following key issues and proposals.
- Firstly, to encourage the use of health and medical data and nurture the bio-health industry, it is necessary to consider establishing "ministry-wide health and medical data governance" and consistently observing connections and adjustments among different programs, performance evaluations, the promotion of standardization, personal information infringement impact assessments, etc. Meanwhile, in order to provide the public with sophisticated medical services and encourage the development of the healthcare industry, it is necessary to introduce an individual-led medical data usage system and seek ways to encourage cooperation among government ministries by establishing a mid-to long-term plan for the standardization of health and medical data.
- Secondly, the government needs to prepare a system for supporting the safe usage of pseudonymized information for small-sized medical institutions and small and medium-sized venture business entities that lack data management professionals, and to advise medical institutions that hold large volumes of personal medical information to acquire credible certifications of personal information protection and management.
- In addition, the government needs to consistently review and make improvements to support policies so that programs related to the development of precision medicine technology and AI-based innovative medical devices may achieve tangible results. To promote the usage of health and medical data, it is necessary to conduct a demand analysis and consistently manage the quality of data.

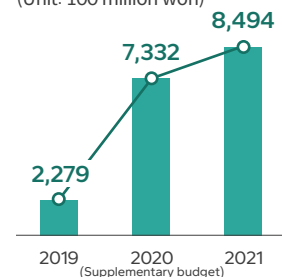
Analysis of Fiscal Programs Related to Health and Medical Data

Category	Institution	Key Data
Public Sector	National Health Insurance Service	Eligibility for insurance and insurance premiums, medical check-up database, care service agency database, information on death, information on cancer, etc.
	Health Insurance Review and Assessment Service	General information on national health insurance statements, track record of medical treatment, track record of outpatient prescriptions, etc.
	National Cancer Center	Registration information of cancer patients, etc.
	Korea Disease Control and Prevention Agency	National health and nutrition survey, infection database, etc.
	National Cancer Center	Information on cancer diagnosis and treatment, biomedical data, etc.
Private Sector	Hospitals	Track record of medical treatment, information on life and environments, etc.
	Analysis Agencies	Genomic information, etc.

Source: Ministry of Health and Welfare

Changes in the Budget for Fiscal Programs Related to Health and Medical Data

(Unit: 100 million won)



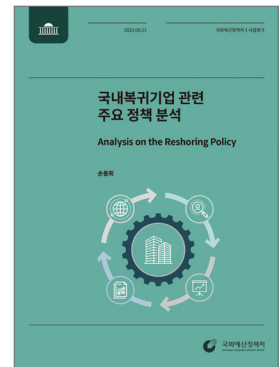
Source: Re-written by NABO on the basis of each Ministry

Analysis of Fiscal Programs

Analysis of the Reshoring Policy

Published on 21 May 2021

Published by Economic Industrial Program Evaluation Division, Budget Analysis Department



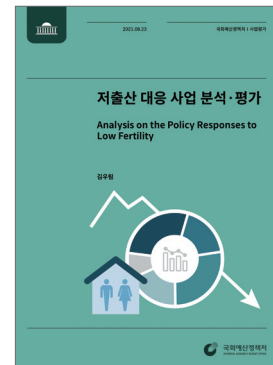
- Korea has implemented policies related to the reshoring of offshore enterprises pursuant to the Act on Assistance to Korean Offshore Enterprises in Repatriation (enacted in August 2013), and has consistently made announcements on relevant policies. However, the number of offshore enterprises that are repatriating is relatively small, with only around 80 companies returning to the country between 2014 and 2020.
- In this regard, this report comprehensively reviews the systematic aspects of the laws and policies related to reshoring enterprises that have been implemented since 2014 when the Act on Assistance to Korean Offshore Enterprises on Repatriation went into full effect, while examining the outcomes of the implementation of such laws and policies and making proposals for improvement so that policies related to reshoring enterprises can be implemented more efficiently in the future.
- To begin with, although there is only one large corporation among all the corporations that have repatriated to Korea, large corporations have a competitive advantage in terms of joint repatriation. Therefore, it is necessary to examine the direction for improvement for policies to encourage the reshoring of large corporations in order to actually improve the track record of repatriation. In doing so, priority must be given to providing equal support to small and medium-sized enterprises and middle-standing enterprises, and the benefits provided in return for joint repatriation need to be carefully coordinated by taking into account the possibility of the successful achievement of their plans for joint repatriation, investment, and employment, as well as the production and employment inducement effects thereof.
- Secondly, considering the outcome of the survey of cases and the actual situation of reshoring, it is necessary to seek a close connection between policies to support reshoring and policies related to converting industries into high-tech and highly value-added industries. In this regard, it would be necessary to prepare measures to connect the government's policies related to industrial technologies and technologies related to small and medium-sized enterprises, and local government policies related to the development of industries, etc., with the policies related to the repatriation of corporations. In addition, as for working-level measures, it is necessary to examine measures to reinforce information collection and delivery functions through KOTRA's Reshoring Firm Support Center.
- Thirdly, considering similar cases in foreign countries, it is necessary to acknowledge reshoring on a wider scale, focus more on actual domestic investment and job creation than on the reduction of overseas business establishments, and make improvements to the system so that the impacts of reshoring can be amplified.
- Next, considering the fact that explicit performance goals have not been set for major policies related to reshoring following the implementation of the Act on Assistance to Korean Offshore Enterprises in Repatriation in December 2013, it is necessary to establish and manage performance goals with a focus on qualitative and quantitative improvements in domestic investment and job creation, which are the ultimate goals of reshoring policies.
- Finally, in order to boost the connection between reshoring enterprises and the key industries of each region in the Five-year Plan for Balanced National Development, it is necessary to enhance the roles of local governments in the process of selecting and supporting reshoring enterprises.

Analysis of Fiscal Programs

Analysis on the Policy Responses to Low Fertility

Published on 23 August 2021

Published by Administrative Budget Analysis Division, Budget Analysis Department



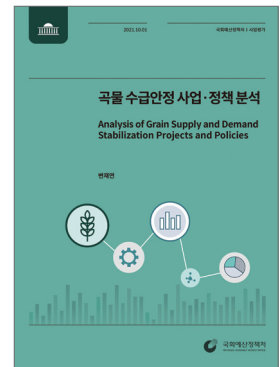
- In accordance with the Framework Act on Low Birth Rate in an Aging Society, the government prepares the Basic Plan on Low Birth Rate in an Aging Society once every five years and is implementing countermeasures against low fertility. The budget spent on these measures has consistently been on the rise, increasing from 1.0 trillion won in 2006 to 42.9 trillion won in 2021.
- However, despite the implementation by the government of policies to fight the low birth rate, the decline in the total fertility rate has been accelerating since 2016. In this regard, this report seeks to identify improvement measures by analyzing and evaluating the processes for designing and implementing countermeasures against low fertility. The main points and implications of the analysis are as follows:
- Firstly, it is necessary to set the scope of policies for responding to low fertility and heighten the purposiveness of policy measures with a focus on core tasks. According to the analysis, there exist some programs that do not align with the goals of policies responding to low fertility, and there also exist some cases where irrelevant items were included in the budget for responding to low fertility due to the difficulty of distinguishing between specific budgets. In addition, because changes are made to the programs on an annual basis, the continuity of the budget for responding to low fertility is not guaranteed. In this regard, it is necessary to set the scope of policies with a focus on core tasks such as childbirth and childcare, and to consider the option of leveraging existing policies with regard to youth or career-interrupted women. In addition, it is necessary to seek measures to manage the sequence of support by tagging relevant programs with a focus on core programs within the system of program budgets.
- Secondly, it is necessary to enhance the responsibility of the governing agencies that execute policies for responding to low fertility. Currently, the Secretariat of the Presidential Committee on Aging Society and Population Policy (PCASPP) is in charge of establishing policies for responding to low fertility. However, because the PCASPP is an advisory committee and plays the role of deliberation and consultation, it does not have the authority to determine policies and compile budgets. Because of this, the responsibilities for such policies are vague. In particular, government agencies that have the authority to make decisions on policies and compile budgets may not be able to fully fulfill their responsibilities. Therefore, in order to enhance the government's responsibility for measures for responding to low fertility, it is necessary for government ministries such as the Ministry of Health and Welfare or the Ministry of Economy and Finance to take the lead in the preparation and implementation of policies.
- Lastly, it is necessary to consider the effectiveness of policies from the viewpoint of the beneficiaries when implementing programs for responding to low fertility. For instance, because there are differences in the childcare and educational environments between daycare centers and kindergartens, there might be discrepancies in the Nuri course that is provided to all children between three and five years of age. Hence, it is necessary to examine measures to resolve such issues. In addition, it is also necessary to extend the duration of after-school care to meet the demand for after-school care for school-aged children. Meanwhile, as the take-up rate for maternity protection allowances that are paid to promote the work-family balance of workers is different depending on the sizes of businesses and industries, measures need to be taken to enhance equity. Moreover, as for policy support for the housing of youth and newly-weds, residences that meet demand need to be supplied and the effectiveness of the system needs to be reinforced.

Analysis of Fiscal Programs

Analysis of Grain Supply and Demand Stabilization Projects and Policies

Published on 1 October 2021

Published by Economic Industrial Program Evaluation Division, Budget Analysis Department



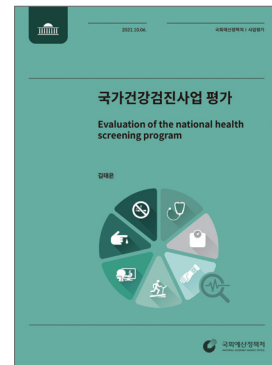
- Because of the recent decline in grain production by major exporters and the imposition of trade restriction following the COVID-19 pandemic, the FOA Food Price Index rose from 91.0 in May 2020 to 127.4 in August 2021. Meanwhile, Korea's grain self-sufficiency rate has fallen from 43.1% in 1990 to 21.0% in 2019. Korea is the world's seventh largest importer of grain and the country's volume of grain imports is on the rise. However, due to an illusion caused by Korea's high self-sufficiency rate for rice, public awareness about the stability of the grain supply is relatively low.
- The government is carrying out projects and policies to stabilize the grain supply in accordance with the Framework Act on Agriculture, Rural Community and Food Industry and relevant superior plans, and the main focuses of these projects and plans can be classified as follows: (1) expansion of domestic production; (2) stabilization of imports; (3) stockholding of appropriate quantities; and (4) establishment of a crisis management and response system. The budget for relevant fiscal projects has increased from 3.5 trillion won in 2017 to 4.1 trillion won in 2021. Based on an analysis of the outputs and problems of the projects and policies for the stabilization of the grain supply, and with a focus on dry farmed food crops such as wheat, beans, and corn, this report proposes the following improvement measures.
- Firstly, as it is difficult to significantly increase the domestic production of dry farmed food crops such as wheat and beans due to such factors as the differences in domestic and international prices, low preference and profitability, and insufficient foundations for production and distribution, it is necessary to clearly define which grain items are mainly consumed and increase production by comprehensively taking into account the quality level of domestically produced grains such as wheat, and the possibilities of an expansion in consumption and replacement with imported grain, in order to pursue efficient fiscal management.
- Secondly, as Korea's grain imports are highly dependent upon a small number of grain exporters such as the U.S., Brazil, and Australia, it is necessary to enhance international cooperation with these countries in agriculture and trade and also to constantly diversify the countries from which Korea imports grain. Meanwhile, as for programs to promote the overseas expansion of the agriculture and food industries (previously known as overseas agricultural development programs), the amount of agricultural resources such as grain brought into the country is small compared with the amount of agricultural resources secured and is also relatively minor compared with the amount of domestically consumed grain. Therefore, it is necessary to enhance the effectiveness of grain imports.
- Lastly, considering the facts that the inventory rate of wheat, beans, etc., is lower than the rate recommended by the FAO (17% to 18%) and that most of the grain is stored and managed by the private sector, the public sector needs to take the lead in systematically managing the stockholding of grain in cooperation with the private sector. Meanwhile, Korea's self-sufficiency rate for feed grain is low, and the country relies on imports for most of its feed grain supply. As there currently exists no standard for the stockholding of feed grain, it is necessary to consider public stockholding of feed grain in order to minimize the impacts of variations in the price of feed grain within the country.

Analysis of Fiscal Programs

Evaluation of the National Health Screening Program

Published on 6 October 2021

Published by Social Administrative Program Evaluation Division, Budget Analysis Department



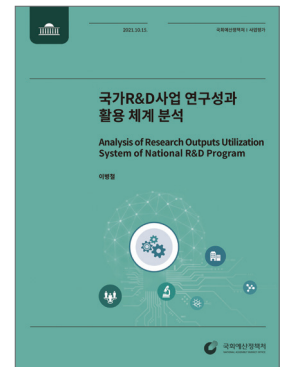
- The national health screening program(NHSP) was first implemented in the 1950s, and has aided citizens with health management. It is expected that the NHSP will continue to be expanded in the future to support the healthy lives of citizens. To implement the NHSP in an effective and efficient manner, it is necessary to examine whether, despite the increase in the number of people eligible for health screening, there still exist any blind spots and also whether there are any inefficiencies in the implementation process of the program. This report provides a thorough review of the NHSP with a focus on such aspects as screening design, the management of eligible persons, the management of health screening institutions, post-management, and the implementation system, and makes some proposals for improvement, as follows:
- Firstly, the design of screening items does not take into consideration whether the examinee has any existing diseases. This runs counter to the principle of the NHSP, which requires that the health screening should be cost-effective for the early detection and treatment of diseases. Moreover, although the current program distinguishes office workers from non-office workers and applies different screening cycles, there don't appear to be meaningful differences in the prevalence rate or likelihood of diseases between the two groups. Furthermore, although both the health screening program for students and that for adolescents outside of schools are applied to adolescents, there are some discrepancies in the screening items. Therefore, it is necessary to design the screening items and screening cycle on the basis of the health conditions of each examinee in addition to the medical appropriateness.
- Secondly, it turns out that, of the examinees who are eligible for medical screening at least five times in 10 years, approximately 8.6% do not receive health screening at all, and more than half of local governments do not conduct health screening for beneficiaries of medical aid who age 65 or older. Moreover, as for health screening programs for adolescents outside of schools, only a small number of runaway adolescents whose living conditions are unstable appear to be participating in programs. Medical aid beneficiaries who age 65 or older and adolescents outside of schools need to be protected by society, and their health conditions are likely to be relatively poor. Therefore, it is necessary to find ways to encourage their participation in health screening programs.
- Next, due to the lack of information on private-sector health screening programs, the government is currently unable to verify whether national health screening institutions are complying with workforce standards which require them to have one doctor per 25 examinees per day as an annual average. In addition, various research reports have pointed out that, although households are spending approximately 800 billion won annually on comprehensive health screening provided by private sector institutions, many of them are receiving unnecessary examinations and are in danger of excessive radiation exposure. Therefore, the government needs to identify the actual conditions of health screening programs in the private sector and help citizens to make reasonable choices by providing them with information on the necessity or appropriateness of health screening items.
- Moreover, post-management needs to be reinforced in order to help individuals identify their own health risks and receive treatment. It is also necessary to establish a system that provides information on the health screening items added by individuals or offered through private-sector health screening programs in addition to the items included in the NHSP. In addition, the government needs to improve the efficiency of the NHSP by consistently conducting research on the appropriate health screening expenses for Korea, saving medical costs, and management systems by carrying out panel analysis and big data analysis using the information accumulated in the National Health Insurance Service.
- Finally, as the separate operation of health screening programs for adolescents is resulting in inefficiencies such as the division of health-related data, limitations in terms of the selection of health screening institutions, and the incurrence of administrative expenses, it is necessary to make improvements to the current dualistic health screening system.

Analysis of Fiscal Programs

Analysis of Research Outputs Utilization System of National R&D Program

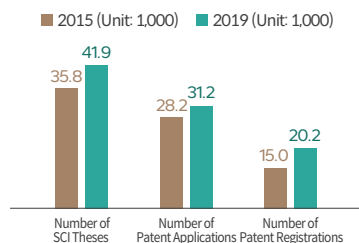
Published on 15 October 2021

Published by Economic Industrial Program Evaluation Division, Budget Analysis Department



- In order to generate innovative research outputs from national R&D programs, the government has converted its R&D investment strategy from a fast-follower type to a first-mover type and is expanding investments in high-risk and innovative R&D programs and basic research. Although it is necessary to nurture excellent research personnel and provide research funds in a stable manner to convert national R&D programs into first-mover research programs, it is also important to support the systematic use of research outputs by, for instance, providing follow-up support after the completion of R&D programs, seeking demand, creating relevant markets, and making regulatory improvements. In this regard, this report examines key issues related to the systems for supporting, managing, transferring, and using the outputs of national R&D programs, and also makes some suggestions for improvement, as follows:
- To begin with, when planning R&D programs, it is necessary to clearly define where the research outputs will be used in connection with the Strategies for Managing and Using Research Outputs, and to generate highly usable R&D outputs through the strategic management of patents in each phase of R&D programs. Moreover, it is also necessary to enhance efficiency in the management and distribution of research outputs by streamlining the system for registering and depositing research outputs and strengthening the functions of the institutions in charge of managing and distributing research outputs.
- Secondly, it is also necessary to make improvements to the professionalism of the divisions of public research institutions that specialize in technology transfer, streamline the post-management system for corporations that transfer technologies, and seek efficient technology transfer activities through cooperation on technology transfer with private-sector technology trading agencies. Although different ministries and institutions operate a number of different online technology trading platforms, the overall usage and satisfaction level are low. Hence, it is necessary to prepare effective countermeasures to make improvements.
- Next, although the government is encouraging cooperation among government ministries regarding technology commercialization through interdepartmental R&D performance utilization and collaboration programs, it is necessary to reinforce its plan to support commercialization on the basis of market demand. Moreover, the government is required to make efforts to encourage the establishment of businesses based on research outputs by supporting the financial independence of industry-academia technology holding companies and also by nurturing professionals.

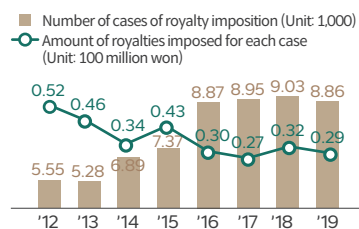
Current Status of Key Outputs of National R&D Programs



Source: Ministry of Science and ICT

Current Status of Imposition of Royalties by National R&D Programs

Amount of Royalties Imposed Per Program = Total amount of imposed royalties (in the year concerned) / Total number of cases of royalty imposition (in the year concerned)

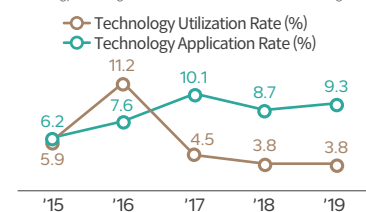


Source: Ministry of Science and ICT

Current Status of Technology Utilization Rate and Technology Application Rate of Public Research Institutions

Technology Utilization Rate = Number of cases of technology transfer out of newly secured technologies / Number of newly secured technologies

Technology Application Rate = Number of technologies that include technology transfer agreements / Number of accumulated technologies



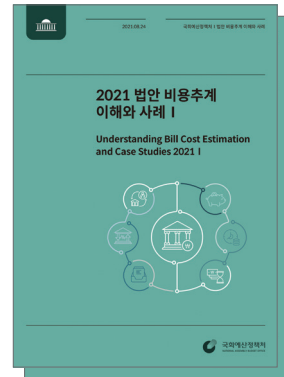
Source: Ministry of Trade, Industry and Energy

Cost Estimation and Fiscal Outlook

Understanding Bill Cost Estimation and Case Studies 2021 (I, II)

Published on 24 August 2021

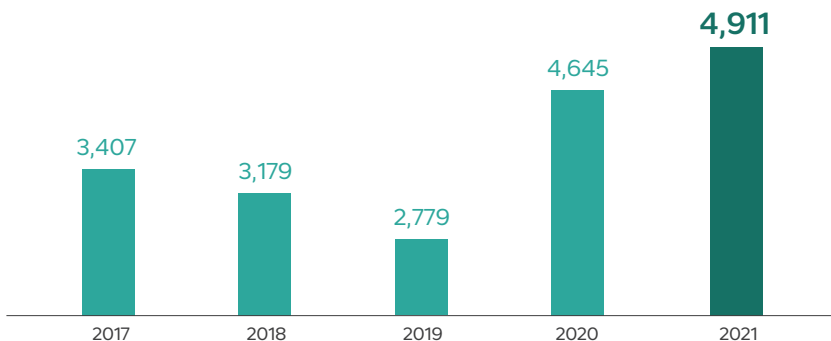
Published by Administrative Cost Estimates Division, Estimates and Tax Analysis Department



- Understanding Bill Cost Estimation and Case Studies 2021 (I, II) is composed of two books. Volume I aims to provide an overview of the cost estimation of legislative bills to enhance readers' understanding of cost estimates, while Volume II contains some examples of cost estimates that have been drafted by NABO for parliamentarians to refer to when drafting similar legislative bills.
- Volume I highlights the concepts and procedures involved in the cost estimation of legislative bills, major statistics, and related legal provisions, and also lays out some questions that are frequently asked by parliamentary offices regarding cost estimates so that newly-elected parliamentarians and new staff members may refer to this information when they conduct relevant tasks.
- Volume II is a compilation of actual cost estimates categorized by "expenditure bills" and "revenue bills" that were frequently proposed by legislators or have evolved into social issues under the 21st National Assembly (from 30 May 2020 to 31 March 2021).
- Expenditure bills consist of six areas, as follows: (1) health and welfare; (2) industry, agriculture, land, and transportation; (3) education, science, culture, gender equality, and family; (4) environment and labor; (5) national defense, veterans affairs, compensation, and legislation and justice; and (6) safety and public administration. Revenue bills consist of five areas, as follows: (1) income tax; (2) corporate tax; (3) property tax; (4) consumption tax; and (5) local tax.

Track Record of Responses to Bill Cost Estimates in the Most Recent Five Years

(Unit: number of responses)

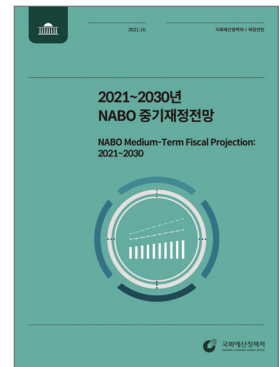


Cost Estimation and Fiscal Outlook

NABO Medium-Term Fiscal Projection: 2021-2030

Published on 29 October 2021

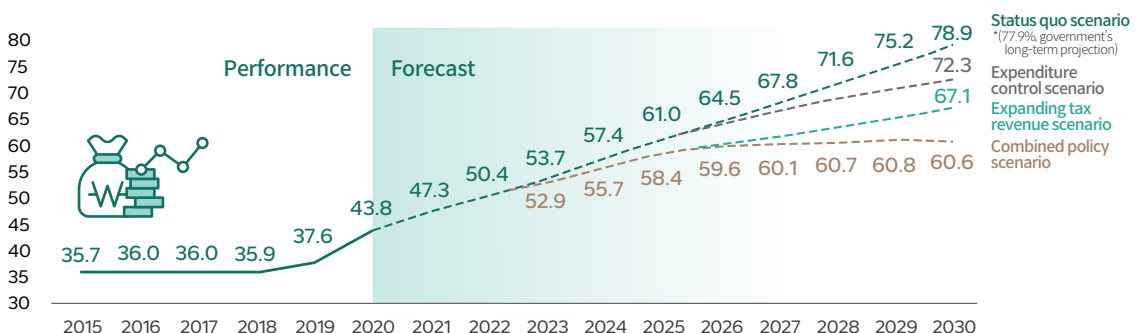
Published by Estimates and Tax Coordination Division, Estimates and Tax Analysis Department



- This report provides the potential outcomes for total finances including total revenues, total expenditures, fiscal balance, and national debt over the next ten years of the policy changes reflected in the government's 2021 Budget Proposal and the National Fiscal Management Plan from 2021 to 2025.
- The government submitted its 2022 Budget Proposal to the National Assembly on 3 September 2021. According to the proposal, the total revenues and total expenditures are 548.8 trillion won and 604.4 trillion won, respectively. Compared with the main budget for 2021, total revenues increased by 66.2 trillion won (13.7%) while total expenditures increased by 46.4 trillion won (8.3%). The National Fiscal Management Plan from 2021 to 2025, which was submitted by the government together with its budget proposal, sets out the general direction and targets for fiscal management as well as area-specific resource allocation, etc., for the next five years. According to this plan, the ratio of national debt to GDP valued at current prices is projected to increase from 47.3% in 2021 to 58.8% in 2025.
- The projections in NABO's Mid-term Fiscal Projection: 2021-2030 were made by creating various scenarios, taking into consideration such factors as the macroeconomic conditions at the time of the projection, the enactment and amendment of laws that affect total finances, and the government's direction for fiscal management. The outcomes of the projections for each scenario, with a focus on the ratio of national debt to GDP valued at current prices, are as follows: under the status quo scenario, the national debt ratio is projected to increase from 47.3% in 2021 to 78.9% in 2030; under the expenditure control scenario, where discretionary expenditures are frozen from 2026, the national debt ratio in 2030 is anticipated to reach 72.3%; under the expanding tax revenue scenario, where the tax burden ratio is raised progressively, the estimate is 67.1%; and under the combined policy scenario, it is 60.6%.

Outlook for National Debt under Each Scenario

(Unit: ratio against GDP valued at current price, %)



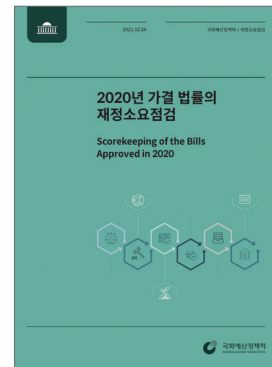
Note: The figure marked * refers to the ratio of national debt in 2030 under the status quo-maintaining scenario presented in the government's Long-term Fiscal Outlook from 2020 to 2060 (September 2020).

Cost Estimation and Fiscal Outlook

Scorekeeping of the Bills Approved in 2020

Published on 24 December 2021

Published by Economic Cost Estimates Division, Estimates and Tax Analysis Department



- This is a report on the key features of the budget-related bills that were approved by the National Assembly in 2020, as well as the fiscal changes induced by the enactment and amendment of laws at the national and local government levels and their mid-term impacts on national finance for the next five years.
- Of the 1,039 bills approved in 2020, 302 were budget-related, among which 62 resulted in an increase or decrease in revenues and 258 caused an increase or decrease of expenditures. NABO conducted estimations on the fiscal demands for 163 bills and analyzed the impacts that they have actually had on the budget, while excluding 139 bills that are difficult to estimate due to a lack of concrete plans.
- Of the bills analyzed, 27 bills will result in changes in revenues, with an anticipated increase of 1 trillion 315 billion won on average per annum over five years from 2021 to 2025. Out of this, national revenues are anticipated to increase by 1 trillion 882.5 billion won on average per annum, whereas the revenues of local governments are expected to decrease by 567.4 billion won on average per annum during this five-year period. Meanwhile, 138 bills will result in changes in expenditures and are anticipated to incur an increase of 6 trillion 414.4 billion won on average per annum over five years from 2021 to 2025, and out of this amount, national expenditures and the expenditures of local governments are anticipated to increase by 5 trillion 650.3 billion won and 764.2 billion won on average per annum, respectively.
- An analysis of the status of budget-related bills that have actually been incorporated in budgets found that 109 bills have been incorporated in budgets related to revenues and expenditures. An analysis of the status of revenue-related bills incorporated in budgets concluded that the enactment and amendment of 19 revenue-related bills would lead to a 4 trillion 719.8 billion won decrease in tax revenues in 2021, and a 1 trillion 250 billion won increase in non-tax revenues, resulting in a 3 trillion 469.8 billion won decrease in total revenues. An analysis of the status of expenditure-related bills incorporated in budgets found that, as a result of the enactment and amendment of 90 expenditure-related bills, 31 ministries were allocated 2 trillion 522.2 billion won in 2020 and 4 trillion 133.5 billion won in 2021, which is 3.2% of the total year-on-year expenditure increase volume in 2020 and 8.2% that in 2021.
- As the legislative function of the National Assembly becomes more active, the impact of legislation on national finance is consistently growing. Therefore, it is necessary to stably manage the nation's financial soundness by continuously monitoring the influences of legislation on national finance.

Tax Analysis and Research

FY2020 Total Revenue Settlement Analysis

Published on 17 August 2021

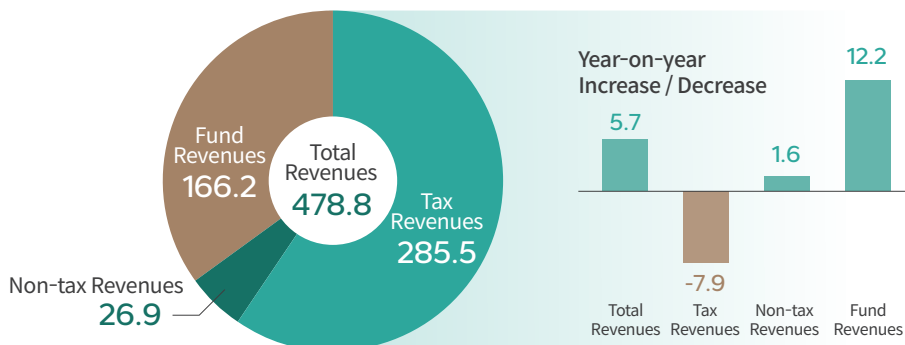
Published by Estimates and Tax Coordination Division, Estimates and Tax Analysis Department



- Total revenues in FY2020 were 478.8 trillion won, an increase of 5.7 trillion won (1.2%) compared with 2019 (473.1 trillion won), and higher by 8.1 trillion won (1.7%) than the budget for 2020 (470.7 trillion won). National tax revenues in FY2020 decreased by 7.9 trillion won (2.7%) year-on-year as a result of the sluggish business performance of corporations and bearish consumption in the private sector due to the aftermath of COVID-19. On the other hand, non-national tax revenues escaped from the sustained downward path they had been on until recently. Non-tax revenues increased year-on-year by 1.6 trillion won (6.3%) and fund revenues increased year-on-year by 12.2 trillion won (7.9%), driving the increase in total revenues in FY2020.
- The purpose of this report is to draw implications for this year's fiscal management and deliberations on the 2022 tax revenue budget proposal through the FY2020 Total Revenue Settlement of Accounts submitted by the government. To this end, the records of total revenues were analyzed by each tax item. The analysis of national tax revenues is focused on an examination of the reasons for the increase or decrease of each tax item, the characteristics of the tax revenues in 2020, the impacts of the changes in the environment surrounding the asset market on asset taxation, and the current status of and issues related to the nonpayment of national taxes. As for non-tax revenues, an item-specific analysis was conducted along with an in-depth examination of the settlement of the accounts of eight major social insurances. Meanwhile, the necessity of an institutional mechanism to enhance the accuracy of non-tax revenue budgets and the tax collection rate is pointed out as a means of resolving the issue of under-collection of taxes.

Settlement of Accounts of Total Revenues in FY2020

(Unit: trillion won)

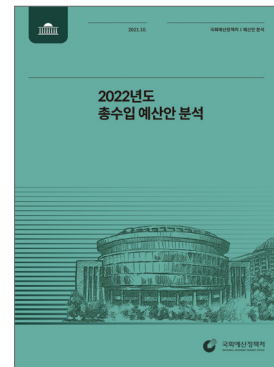


Tax Analysis and Research

Analysis of the FY2022 Total Revenue Budget Proposal

Published on 26 October 2021

Published by Estimates and Tax Coordination Division, Estimates and Tax Analysis Department



- The 2022 Budget and Fund Management Plans submitted by the government this year reflects the government's determination to transition into a futuristic economic structure while continuing to play fiscal roles by, for instance, seeking an inclusive economic recovery and preparing measures to resolve social polarization. The Korean economy has recently been showing signs of recovery while gradually overcoming the slowdown caused by the COVID-19 pandemic. Total revenues under the government's 2022 budget proposal are 548.8 trillion won, marking an increase of 34.2 trillion won from 2021. This reflects the projection that the effects of the economic rebound, which is faster than expected, will likely have a positive influence on the tax revenues of 2022.
- The report provides projections for the total revenues of 2022, as well as an analysis of the tax revenues and non-tax revenues under the 2022 budget proposal. It also includes an in-depth analysis of major issues related to total revenues under the budget proposal, including the economic changes brought by COVID-19 and the influences thereof on tax revenues; methods of enhancing the management of tax expenditures to streamline tax exemptions and tax cuts; and measures to improve the accuracy of budgeting for tax revenues and non-tax revenues. In addition, in analyzing the tax expenditure budget report and the tax revenue estimation analysis report, which were submitted to the National Assembly along with the budget proposal, this report also extensively reviewed the documents related to tax revenues that were submitted by the government to the National Assembly.

Prospects for Total Revenues in 2022

(Unit: trillion won, %)

	NABO's Projection for 2021 (A)	Budget Proposal (B)	NABO's Projection (C)	2022			
				Against Previous Year (C - A)		Against Budget Proposal (C - B)	
				Amount of Increase or Decrease	Rate of Increase or Decrease	Discrepancy	Rate of Discrepancy
Total Revenues	526.4	548.8	552.1	25.7	4.9	3.2	0.6
Tax Revenues	323.0	338.6	340.9	17.9	5.5	2.3	0.7
Non-tax Revenues	203.3	210.2	211.1	7.8	3.8	1.0	0.5

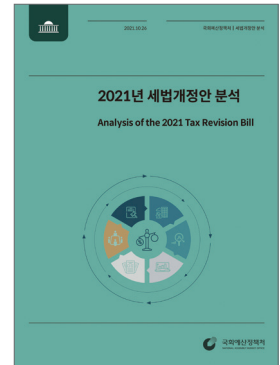
Source: Ministry of Economy and Finance, NABO's projection

Tax Analysis and Research

Analysis of the 2021 Tax Revision Bill

Published on 26 October 2021

Published by Tax Policy Analysis 1 Division, Estimates and Tax Analysis Department



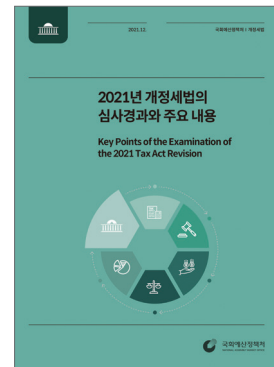
- Following such recent changes to the economic structure as digitalization and the push for carbon neutrality, the need for new growth engines is increasing, and as socially vulnerable groups continue to undergo difficulties due to the ongoing COVID-19 pandemic, the demand for national finance to play a role is also growing. Accordingly, efforts need to be made to streamline the taxation base and rationalize the taxation system to support fiscal policies.
- The 2021 Tax Revision Bill submitted by the government seeks to put an emphasis on securing future growth engines, supporting the recovery of employment, investment, and consumption, and enhancing tax benefits for working-class citizens and small and medium-sized enterprises. At the National Assembly, parliamentarians have submitted more than 500 tax revision bills with regard to such agendas as encouraging investment, providing support to working-class citizens and small business operators, enhancing the equity of taxation, and rationalizing the taxation system.
- In relation to the 2021 Tax Revision Bill submitted by the government, this report analyzes the expected effects on tax revenues and tax burden incidences of the bill while also reviewing factors that need to be taken into account when deliberating on the tax revision bill, such as the current status of the government's maintenance of tax expenditures, the enhancement of tax benefits for national strategic technologies, and the upward adjustment of the standard income as applied to the payment of employment subsidies.

Tax Analysis and Research

Key Points of the Examination of the 2021 Tax Act Revision

Published on 24 December 2021

Published by Estimates and Tax Coordination Division, Estimates and Tax Analysis Department



- In the process of the National Assembly's deliberation of proposed amendments to tax laws in 2021, the tax sub-committees of the Strategy and Finance Committee conducted seven in-depth discussion sessions with regard to 240 proposed amendments to tax laws. On 30 November, a total of 17 bills were approved, including proposed amendments to the Income Tax Act and Corporate Tax Act, and the bills were then passed at the parliamentary plenary session held from 2 December to 9 December.
- By summarizing the main contents and the deliberation process of the amendments to tax laws that were approved by the National Assembly in December 2021, this report seeks to enhance the public's understanding of the tax laws that will come into effect from 2022. In this regard, the report first provides an overview of the main contents of the amended tax laws, as well as an estimate of the tax revenue effect of the enactment of the amended laws and the impacts thereof on the budget allocated for the year 2022. In addition, the report also outlines the key issues that were discussed in the deliberation process, and examines the role of the National Assembly in the process of amending tax laws by summarizing the items that were revised in the deliberation process.

Changes to Total Revenues in 2022

(Unit: 100 million won)

	2021		Government's Proposal	2022	
	Main Budget	Supplementary Budget		Increase or Decrease	Final Amount
Total Revenues	4,826,006	5,145,656	5,488,301	47,202	5,535,503
Tax Revenues	2,827,425	3,142,816	3,386,490	47,349	3,433,839
Non-tax Revenues	288,647	292,906	266,810	-6,085	260,725
Fund Revenues	1,709,934	1,709,934	1,835,001	5,938	1,840,939

Note: The supplementary budget for 2021 refers to the 2nd supplementary budget.

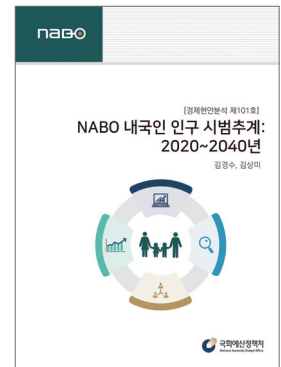
Source: Re-written by NABO on the basis of the data submitted by the Ministry of Economy and Finance

Current Economic Issues and Prospects

NABO's Estimation of the Population Size of Native Koreans: 2020–2040

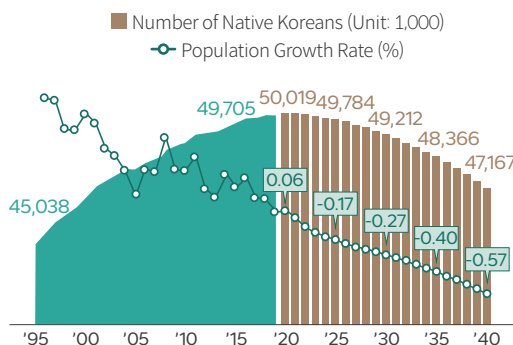
Published on 31 March 2021

Published by Population and Strategy Analysis Division, Economic Analysis Department

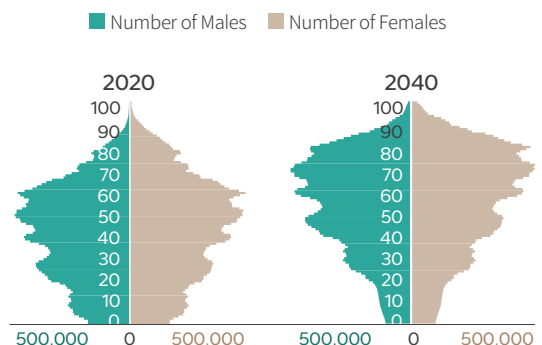


- The total fertility rate of Koreans was 0.84 (tentative) in 2020, and has been lower than 1.0 for three consecutive years. The number of newborns in 2020 was 272,000, the first time the country recorded less than 300,000. If such an extremely low fertility rate and the aging of the population persist, it may have a profound influence on the future of the country's economy and society as well as the directions for its fiscal and economic policies. In this regard, this report developed a population estimation model reflecting the recent trends in the fertility rate and mortality rate and tentatively estimated the size of the Korean population over the next 20 years.
- According to the basic model (scenario 1), which anticipates that the total fertility rate will decline from 0.87 in 2020 to 0.73 in 2040, it is expected that the size of the native Korean population will decrease from 50.02 million in 2020 to 47.17 million in 2040. This population decrease is likely to have an impact on the population structure as well. Whereas those in their 40s to 60s accounted for the largest portion of the total population in 2020, it was projected that, in 2040, those in their 60s to 80s will make up the highest proportion, with the population pyramid transforming into the shape of a gourd bottle. The proportion of the working-age population is also projected to decline, from 71.6% in 2020 to 56.8% in 2040, whereas the proportion of the elderly population (those 65 years of age and older) is anticipated to more than double from 15.9% in 2020 to 36.9% in 2040.
- Additional population forecasts were also made by creating scenarios based on projections of the fertility rate. Estimations of the population were conducted on the basis of different scenarios, as follows: the extended trend scenario, where the total fertility rate continues to decline and falls to 0.53 in 2040 (scenario 2); the status quo scenario, where the total fertility rate of 0.87 in 2020 persists until 2040 (scenario 3); and finally, the rebound scenario, where the total fertility rate continues to fall until 2025 and then rebounds in 2026 and reaches 1.7 in 2040 (scenario 4). As a result, the size of the population in 2040 was estimated to be within the range of 47.17 million to 49.01 million, which is smaller than the size of the current population (50.02 million as of 2020). Even under the assumption that the fertility rate rebounds and consistently increases until it reaches 1.7, it seems that population decrease is inevitable, although it might be possible to alleviate the degree of the decline.

Population Estimate: 2020–2040



Population Pyramid



Current Economic Issues and Prospects

2021 Economic Outlook

Published on 31 March 2021

Published by Macro-Economic Analysis Division, Economic Analysis Department



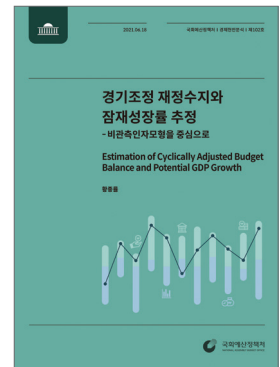
- In 2021, the Korean economy is expected to grow by 3.1%, with exports and plant and equipment investments driving economic growth. Although a delay is anticipated in the recovery of service exports, exports of goods are expected to increase significantly thanks to the expansion of overseas demand. As for plant and equipment investments, investments in the IT sector, such as in semiconductors and displays, are expected to increase, and new investments in the non-IT sector, including in eco-friendly and new industries, are also anticipated to grow. On the other hand, although consumption in the private sector is anticipated to recover from the slowdown of last year thanks to the recovery of consumer sentiment, an expansion of spending capacity due to an increase in the household savings ratio, and government policies to promote consumption, it is anticipated that the speed of recovery for consumption will be slow because of the insufficient recovery of household employment and income conditions.
- Due to the mitigation of the slowdown in the manufacturing and construction industries and the limited recovery of face-to-face service businesses, the number of jobs is anticipated to increase year-on-year by 83,000. Meanwhile, the economic recovery and higher raw materials prices will likely add inflationary pressure on both supply and demand, and consumer prices are anticipated to rise by 1.3%. Treasury bond yields (3-year maturity) are expected to rise due to such factors as the recovery of the domestic economy, higher consumer prices, and growing demand for bond issuances. The won-to-dollar exchange rate is estimated at 1,130 won, which is lower than last year, due to stable macroeconomic fundamentals and the continued supply of dollars in the foreign exchange market.
- This year, the domestic economy is expected to overcome last year's slowdown and enter a recovery track thanks to the dissemination of vaccines and economic stimulation packages. However, dramatic economic changes are anticipated in the post-COVID-19 era. As the fourth industrial revolution unfolds, the COVID-19 pandemic is expected to expedite the transition to a digital economy by, for instance, vitalizing the non-face-to-face economy. This indicates that it is imperative to preemptively and proactively carry out structural reform of the Korean economy and the country's industries, as well as to pursue technological innovation, to seek growth in the post-pandemic era.

Current Economic Issues and Prospects

Estimation of Cyclically Adjusted Budget Balance and Potential GDP Growth

Published on 18 June 2021

Published by Macro-Economic Analysis Division, Economic Analysis Department



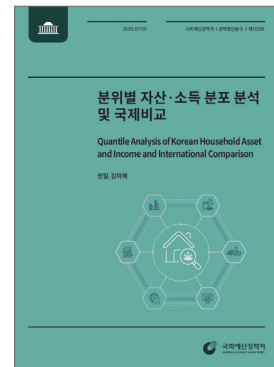
- This report simultaneously estimates the cyclically adjusted budget balance and potential growth rate using the time series model (unobserved component model), which explicitly takes into consideration the relationship between the economic cycle and the fiscal balance. The fiscal balance reacts sensitively to economic conditions, and can be classified into the cyclically fluctuating fiscal balance, which plays the role of automatic stabilization of the economy, and the cyclically adjusted fiscal balance. The cyclically adjusted fiscal balance can be interpreted as the fiscal balance that can be attained when an economy is making use of its resources at a normal level, or when the economy is going through neither a boom nor a slump. In addition, potential GDP, which excludes factors related to actual GDP that can change due to temporary fiscal variants, can be interpreted as fiscally neutral potential GDP.
- In the traditional two-stage approach, an estimation of potential GDP is made in the first stage, and then the potential GDP is split into the cyclically fluctuating fiscal balance and the cyclically adjusted fiscal balance in the second stage using statistical methodologies based upon regression analysis. This report attempts to simultaneously estimate the potential GDP growth rate and the corresponding cyclically adjusted fiscal balance by using the unobserved component model, which takes the theoretical relationship between three factors (fiscal balance, real GDP, and GDP deflator) into consideration. According to the analysis, although the cyclically adjusted fiscal balance and the potential growth rate have certain limitations in that they are unobserved variants and their uncertainty can be high depending on which estimation methodology is applied, it was confirmed that, in the medium-term horizon, the cyclically adjusted fiscal balance and potential growth rate can be useful as indices to help forecast the normal production level and the fiscal capacity of the Korean economy.
- While the influence of national finance on economic growth and overall economic conditions has been growing since the global financial crisis, fiscal policies need to secure sustainability while also seeking an appropriate balance between the enhancement of the mid- to long-term potential growth rate and short-term economic stabilization. The government has decided to adopt fiscal rules for total finance indices including the national debt rate and consolidated fiscal balance from 2025, and it is believed that this research can be a starting point for practical discussions on establishing more specific and efficient fiscal management goals. In addition, it will also be important to add such indices as unemployment rate variants or income distribution indices and analyze the impact of changes in employment conditions or income distribution on fiscal balance.

Current Economic Issues and Prospects

Quantile Analysis of Korean Household Asset and Income and International Comparison

Published on 9 July 2021

Published by Industry and Energy Analysis Division, Economic Analysis Department



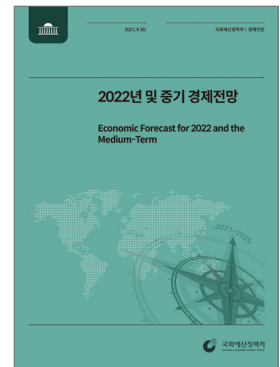
- This report goes beyond existing reports that focus their analyses of socioeconomic equity on the income distribution of households or the poverty rate, and considers distribution as a major factor determining the economic levels of households.
- The report analyzes the current status of the distribution of household assets and income in Korea and the factors that affect such distribution, and evaluates the level of distribution of assets and income by making comparisons with major countries. According to the comparison made with member nations of the OECD, although the disparity in household income is high in Korea, the disparity in household assets is relatively low. However, the analysis of the distribution of Korean household assets and income between 2011 and 2019 indicates that the asset disparity among households is larger than the income disparity. In particular, the asset disparity is increasing due to the recent rise in the price of assets.
- Therefore, while the government needs to implement policies to reduce income disparity, which is still higher than in many major countries, it also needs to pay attention to the intensifying disparity in household assets among different regions and quantiles. The government should prepare policies that reflect the unique characteristics of Korea by analyzing and comparing the effects of income distribution policies, taxation systems, and social security policies that can help to reduce the economic disparity among households.

Current Economic Issues and Prospects

Economic Forecast for 2022 and the Medium-Term

Published on 30 September 2021

Published by Macro-Economic Analysis Division, Economic Analysis Department



- The Korean economy is anticipated to grow by 3.0% in 2022 thanks to the consistent increase in exports and plant and equipment investments as well as a strong recovery of consumption in the private sector. The recovery of private sector consumption is expected to stabilize because of the dissemination of COVID-19 vaccines, an increase in the number of new jobs, and policy support from the government. Plant and equipment investments are anticipated to increase due to consistent investments in the IT sector and higher demand for investments related to the new growth and environment-friendly sectors. Intellectual investments are also expected to continue to rise, powered by an expansion of private-sector R&D investments. Total exports (quantity) are expected to keep growing in line with the consistent recovery of the global economy, and the rate of increase of total imports (quantity) is anticipated to exceed the rate of increase of total exports as a result of a more robust recovery of domestic consumption.
- During the period from 2021 to 2025, which is the mid-term projection horizon, the real GDP growth rate is anticipated to reach an annual average of 2.8%, with plant and equipment investments and exports leading economic growth, in contrast to the previous five years (from 2016 to 2020). It is expected that, in 2021 and 2022, the Korean economy will rapidly recover from the aftermath of COVID-19. From 2023 to 2025, the Korean economy will likely approach a growth trajectory similar to that of the pre-pandemic era.
- Between 2021 and 2025, amid a consistent decline in total factor productivity (TFP), the potential growth contribution of labor, which has remained sluggish due to the impact of COVID-19, is likely to increase, and the level of capital contributions is expected to fall gradually. As a result, the annual average potential growth rate of Korea during this period is anticipated to reach 2.3%. Particularly, in the post-pandemic era, the steep decline in the potential growth rate, which has been going on ever since the global financial crisis, is expected to be alleviated thanks to a gradual recovery of employment and a robust expansion of investments.

Current Economic Issues and Prospects

A Short-term Forecasting Model for GDP

Published on 10 December 2021

Published by Macro-Economic Analysis Division, Economic Analysis Department



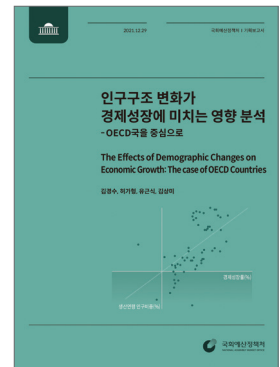
- In times of economic uncertainty, an accurate understanding of the economic situation is essential for effective policy responses. Gross domestic product (GDP) is the leading macroeconomic indicator for future economic trends, but GDP is publicly announced two months after the end of each quarter and is therefore not timely enough. This research seeks to enhance the accuracy of economic forecasts by establishing a model whereby the quarterly GDP growth rate is predicted in advance by using monthly data.
- In this research, a model for forecasting the quarterly GDP growth rate was established by using principal component analysis and dynamic factor analysis, whereby estimations on quarterly data are made by using monthly data, as the basic models. The period for the analysis was from 2000 to 2019, and the outcome of the analysis, which includes the volatile year 2020, was also presented so that the impact of COVID-19 on the forecast performance could also be taken into consideration. According to the analysis, the principal component analysis and dynamic factor analysis models, whereby GDP was predicted on the basis of monthly data, had lower prediction errors compared with the AR model, a benchmark model that uses quarterly data to forecast GDP. Establishing such a short-term GDP prediction model and generating the quarterly real GDP growth rate prior to the announcement of actual economic performance figures will likely help to improve the accuracy of economic projections.

Current Economic Issues and Prospects

The Effects of Demographic Changes on Economic Growth: The case of OECD Countries

Published on 29 December 2021

Published by Population and Strategy Analysis Division, Economic Analysis Department



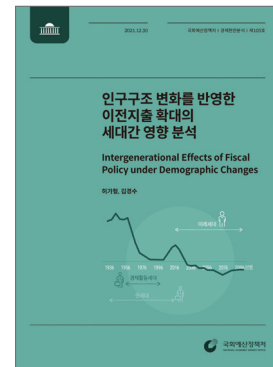
- Korea is currently undergoing demographic changes caused by an unprecedentedly low fertility rate and rapid aging of the population. This report aims to present the implications of these changes on the country's strategies for sustainable growth by analyzing the mid-to long-term impacts of demographic changes on the economic level and the path of economic growth, and also by examining the responses and policies of OECD member countries.
- Up until the 1990s, the population and the economy of OECD member nations grew in tandem. However, since the 2000s, different countries and regions have been experiencing discrepancies in the direction of their demographic changes. As for rapidly aging countries, changes in the demographic structure are closely related to the economic growth rate. Moreover, an analysis of the changes in labor productivity indicates that, especially in countries where the aging of the population has progressed gradually, increases in the economic activity participation rate or increases in productivity as a result of automation appear to have offset the negative influences of lower labor productivity.
- According to panel regression analysis using data from OECD member countries from 1960 to 2019, the portion of the population aged 30 to 64, which is the key working-age population, had the largest impact on economic growth. If the portion of the population aged 65 and older increases by 1%p over a period of five years due to the aging of the population and the portion of those aged between 30 and 64 decreases by 1%p, the average annual economic growth rate drops by approximately 0.38%p. In addition, if the size of the population grows by 1%, the average annual economic growth rate rises by 0.18%p, indicating that an increase in the total population has a positive impact on economic growth. Meanwhile, whereas the negative impact of aging on economic growth was within the range of 0.47%p to 0.54%p prior to 2000, it was only within the range of 0.19%p to 0.25%p after 2000, indicating that the measures taken by OECD member nations in response to the aging of the population have made some impacts.
- To reduce the adverse impacts of demographic changes, OECD member countries have responded by expanding the size of their working-age population, reinforcing productivity, and increasing the labor participation rate. To make up for workforce shortages, they have proactively accepted foreign immigrants, and although this had a positive impact on the economy, there is still a possibility that immigration policies could lead to more social costs. Meanwhile, OECD member nations have been attempting to control the decline in labor productivity through the automation of production and services and have sought ways to enable balanced growth among sectors and age groups in the automation process. In addition, family policies and labor policies aimed at gender equality have led to an increase in female labor participation, which has had a positive impact on economic growth, and many countries are considering the option of extending the retirement age in order to encourage the labor participation of elderly people.

Current Economic Issues and Prospects

Intergenerational Effects of Fiscal Policy under Demographic Changes

Published on 30 December 2021

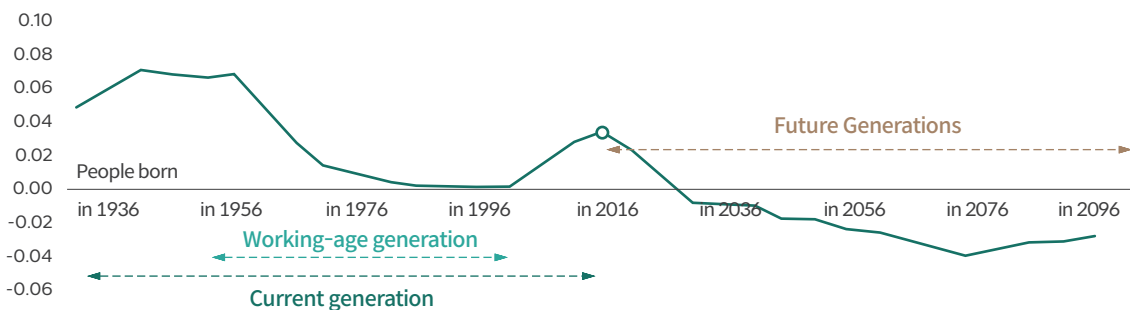
Published by Population and Strategy Analysis Division, Economic Analysis Department



- Recently, it has been anticipated that additional fiscal policies will be required to respond to the decline in growth potential caused by the low fertility rate, the aging of the population, and the spread of COVID-19. As the benefits of fiscal expenditures and the burden of financing may have differential impacts on different generations, the economic effects of an expansion of fiscal expenditures need to be analyzed by comprehensively taking into account both the expenses incurred for raising the funds as well as intergenerational burdens. In this regard, in order to analyze the impact of an expansion of transfer payments for each age group on mid-to long-term economic growth and intergenerational burdens, this report establishes a overlapping generations model of general equilibrium and aims to draw policy implications.
- The analysis discovered that gross product increases as a result of an expansion of transfer payments, but begins to decline from the point when government bonds are redeemed to raise the necessary funds. An analysis of intergenerational effects indicated that, while the utility of current generations may increase the utility of future generations might be negative due to the burden of debt repayment. In addition, even within the same generation, it was anticipated that the utility of the elderly and children who receive large benefits from government spending would be higher than the utility of the working-age population, implying that the expansion of transfer payments may have distinctive influences on different generations. However, if fiscal expenditures aimed at securing a more extensive social safety net can lead to an increase in the total fertility rate and cause the population to grow or the overall productivity of the economy to improve, the decline in utility of future generations can be offset and the transfer payments for current generations can have a positive impact on the utility of future generations.
- Considering the fact that an increase in fiscal expenditures can place economic burdens on future generations, it is necessary to make sure that an intergenerational disparity of utility does not occur by efficiently distributing resources to enhance mid-to long-term productivity.

Total Utility of Each Generation

(Unit: %)



Source: NABO

Current Economic Issues and Prospects

Economic Analysis of Major Countries in 2021

Published on 30 December 2021

Published by Economic Analysis Coordination Division, Economic Analysis Department



- This report was published to review the current status of the economies of major countries and to analyze the potential risks posed by increased liquidity at a time when the global economy is recovering gradually thanks to the expansionary fiscal and monetary policies that are being implemented in response to the COVID-19 pandemic. In order to draw implications for the future direction of the global economy by systematically reviewing the economic and financial indicators of major countries and reviewing relevant current issues, the economic and financial indicators of three advanced countries, including the U.S. and Japan, and three emerging countries, including China and India, were systematically analyzed. In particular, major economic issues were thoroughly reviewed with a focus on the potential risks posed by the aftermath of COVID-19 and the policies enacted in response to the pandemic.
- Chapter II reviews the directions of the short-term and long-term flows of the global economy and the global financial markets before and after the spread of COVID-19 from the viewpoint of the real economic environment and the financial environment. Comparisons were made in terms of economic growth rate, global trade volume, and consumer price inflation, etc., for the real economic environment, whereas such factors as credit risk, bond markets, stock markets, foreign exchange markets and commodities markets were compared in terms of the financial environment.
- Chapters III and IV examine the real economic indicators of three major advanced countries (U.S., Japan, and Germany) and three emerging countries (China, India, and Brazil) and review the financial environment through such factors as financial price variable, liquidity, and external soundness indicators. The economic conditions of each of the economic players (households, corporations, government) were additionally examined in the case of advanced countries, and external and internal finances and macro-economic soundness were further reviewed. Another key issue discussed in these chapters is the changes in the debts of each of the economic players (households, corporations, government) of major advanced countries and emerging countries before and after COVID-19.
- Chapter V includes an international analysis and quantitative analysis with a focus on key issues related to the potential risks posed by COVID-19 and increased liquidity (major countries' policy responses to COVID-19, risk of inflation, risk of financial instability in emerging countries, and risk of income disparity). A comparison was made with regard to the discrepancies in the size of each country's economic stimulus packages implemented through fiscal and monetary policies in response to COVID-19, and the inflationary risks caused by the increase in global liquidity following the spread of COVID-19 were also reviewed. In addition, this chapter also examines the impacts of the strengthened tightening of monetary policies by major advanced countries after the second half of 2021 on the financial instability of emerging countries. Lastly, quantitative analysis is also used to analyze the influence of the increase in the money supply on income disparity.

Chapter

IV

Periodicals

- NABO Focus
- NABO Fiscal Trends & Issues
- NABO Cost Estimates & Tax Issues
- NABO Economic and Industrial Trends & Issues
- NABO Budget & Policy
- Journal of Budget and Policy

NABO Focus

Provides timely information on financial and economic issues that arise from time to time

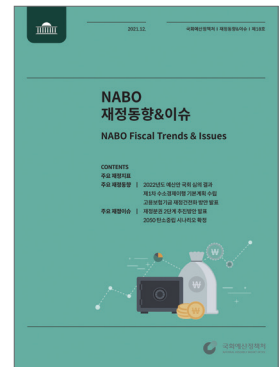


Volume	Subject	Publishing Division
Vol.29	Budgets for 12 Major Sectors in the Recent Decade and Budget Deliberations by the National Assembly	Budget Analysis Coordination Division
Vol.30	Public Social Spending in Major OECD Countries	Social Cost Estimates Division
Vol.31	Total Fertility Rate in 2020 and Its Policy Implications	Population & Strategy Analysis Division
Vol.32	International Comparison of Green Technology Levels for Achieving Carbon Neutrality—Regarding Renewable Energy and Green Vehicles	Industry & Energy Analysis Division
Vol.33	Analysis of the Korean Tax Expenditure Management System	Tax Policy Analysis 2
Vol.34	Carbon Tax Discussion Trends	Tax Policy Analysis 1
Vol.35	Results of National Assembly Deliberations on the 2nd Supplementary Budget Proposal for 2021	Budget Analysis Coordination Division
Vol.36	Recent Disruptions to Global Supply Chains and Inflationary Pressure	Macro-Economic Analysis Division
Vol.37	Final Agreement on the OECD International Tax Reform and Future Tasks	Tax Policy Analysis 2
Vol.38	Main Content of FY2020 Settlement of Accounts Review	Budget Analysis Coordination Division
Vol.39	2022 Budget Overview	Budget Analysis Coordination Division
Vol.40	Recent Crude Oil Price Trends and Forecasts	Macro-Economic Analysis Division

NABO

Fiscal Trends & Issues

Provides related trends and issues regarding total revenues and total expenditures, fiscal balance, central government debt, etc.

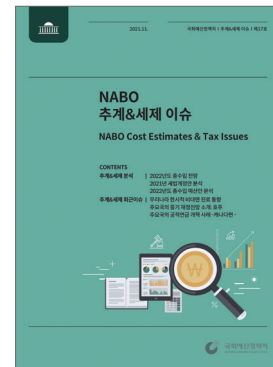


	Category	Subject
Vol.16	Key Fiscal Indicators	<ul style="list-style-type: none"> Total revenues and total expenditures, fiscal balance, central government debt, etc.
	Major Fiscal Trends	<ul style="list-style-type: none"> Overview of the 2021 Budget Result of the National Assembly Examination of the First Supplementary Budget in 2021 Introduction to the OECD's Recent Economic Forecast Publication of the 2021 Digital New Deal Action Plan Announcement of the 2021 Digital Content Industry Development Support Plan 2021 Publication of Measures to Supply and Spur Innovation in Zero Emission Vehicles
	Major Fiscal Issues	<ul style="list-style-type: none"> Publication of Public Sector-Led Measures to Increase the Housing Supply in Metropolitan Areas for 3080+ Announcement and Subsequent Implementation of the COVID-19 Vaccination Scheme
Vol.17	Key Fiscal Indicators	<ul style="list-style-type: none"> Total revenues and total expenditures, fiscal balance, central government debt, etc.
	Major Fiscal Trends	<ul style="list-style-type: none"> Submission of the FY2020 National Report on the Settlement of Accounts to the National Assembly Results of National Assembly Deliberations on the 2nd Supplementary Budget Proposal for 2021 Status Analysis of the Financial Settlement of Accounts of Public Institutions for FY2020 Announcement of the Support Strategy for Structural Management and Innovation of Universities Announcement of Measures to Facilitate Business Start-ups by Young Adults Announcement of the 2021 Action Plan for the Second General Plan for Industry Convergence and Development
	Major Fiscal Issues	<ul style="list-style-type: none"> Progress Report on Measures to Improve Military Cafeteria Meals Application of Employment Insurance to Workers in Special Employment Types
Vol.18	Key Fiscal Indicators	<ul style="list-style-type: none"> Total revenues and total expenditures, fiscal balance, central government debt, etc.
	Major Fiscal Trends	<ul style="list-style-type: none"> Results of the Review by the National Assembly of the Budget Bill for 2022 Results of the National Assembly Review of the Approval of the FY 2020 Settlement of Accounts and Reserve Fund Expenditures Establishment of the 1st Basic Plans for Hydrogen Economy Implementation Compensation for the Losses of Small Business Owners in 3Q of 2021 Announcement of Measures for the Financial Soundness of the Employment Insurance Fund Finalization of Long-term Care Insurance Premium Rates for 2022
	Major Fiscal Issues	<ul style="list-style-type: none"> Announcement of the Second Phase of Fiscal Decentralization 2050 Carbon Neutral Strategy

NABO

Cost Estimates & Tax Issues

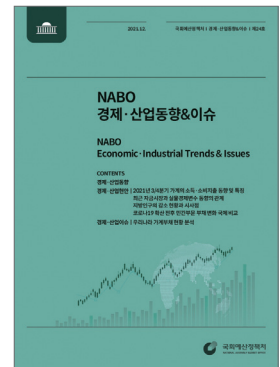
Provides related trends and issues regarding fiscal requirements, national tax revenues, tax burden rates, etc.



	Category	Subject
Vol.14	Estimations & Taxation Trends	<ul style="list-style-type: none"> Review of fiscal demands for legislative bills approved in 4Q20 Records of national tax revenues in FY2020
	Estimations & Taxation Analyses	<ul style="list-style-type: none"> Spillover effects of the Plan for the Publicly Announced Value of Real Estate Prices Current status of the simplified tax standard and analysis of international comparisons
	Estimations & Current Tax Issues	<ul style="list-style-type: none"> Tax policy forecast of the US Biden administration Changes in mandatory welfare expenditures in 2021 Recent trends in the revision of national tax laws
Vol.15	Estimations & Taxation Trends	<ul style="list-style-type: none"> Review of fiscal demands for legislative bills approved in 1Q21 Cumulative revenues and trends in 1Q21
	Estimations & Taxation Analyses	<ul style="list-style-type: none"> Disclosed price status and issues in real estate—in terms of the utilization of the real estate tax Forecast and factor analysis of the 2021 general real estate tax
	Estimations & Current Tax Issues	<ul style="list-style-type: none"> Carbon tax discussion trends Cases of increasing the eligibility range for unemployment insurance in major economies Medium-term fiscal projection trends in major economies: the US CBO
Vol.16	Estimations & Taxation Trends	<ul style="list-style-type: none"> Review of fiscal demands for legislative bills approved in 2Q21 Cumulative revenues and trends in 1H21
	Estimations & Taxation Analyses	<ul style="list-style-type: none"> Analysis of settlement of accounts for FY2020 total revenue Analysis of fiscal requirements for COVID-19 related health insurance
	Estimations & Current Tax Issues	<ul style="list-style-type: none"> Summary of the 2021 Tax Act Revision Recent trends and taxation issues regarding virtual assets Discussion trends regarding global corporate taxation system reform
Vol.17	Estimations & Taxation Trends	<ul style="list-style-type: none"> Review of fiscal demands for legislative bills approved in 3Q21 Cumulative revenues and trends in 3Q21
	Estimations & Taxation Analyses	<ul style="list-style-type: none"> Estimation of Total Revenues in 2022 Analysis of the 2021 Tax Code Revision
	Estimations & Current Tax Issues	<ul style="list-style-type: none"> Trends in Korea's temporary interactive telemedicine Introduction to the medium-term fiscal outlooks of major economies: Australia Case studies of public pension reform in major economies: Canada

NABO Economic and Industrial Trends & Issues

Provides related trends and issues regarding consumption, investment, trade, employment, household income, housing prices, etc.



	Category	Subject
Vol.13	Economic and Industry Trends	<ul style="list-style-type: none"> Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> Stocktaking of economic conditions and economic policy direction for 2021 Briefing on the EU-UK negotiations on their future relationship Status of 2020 household assets and debts Global trends and implications of the bio-pharmaceutical industry
	Economic and Industry Issues	<ul style="list-style-type: none"> Impact of interest rate changes on private consumption
Vol.14	Economic and Industry Trends	<ul style="list-style-type: none"> Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> Analysis of post-COVID-19 stock price changes by company size and sector Status and implications of China's digital RMB The Biden administration's trade policy and its impact on Korean industries Wage trends before and since the advent of COVID-19, and related implications
	Economic and Industry Issues	<ul style="list-style-type: none"> Characteristics of the recent won-to-dollar exchange rate decline and its impacts on the real economy
Vol.15	Economic and Industry Trends	<ul style="list-style-type: none"> Korean economic and industry trends and foreign economic trends The spread of COVID-19 worldwide Major economic policy trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> Factors behind the US interest rate hike and its implications Post-COVID-19 global economic trends and implications
	Economic and Industry Issues	<ul style="list-style-type: none"> Impact of cohort effects and sex ratio at birth on low birth rates
Vol.16	Economic and Industry Trends	<ul style="list-style-type: none"> Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> Analysis of the correlation between the increase of sovereign bond issuances and market interest rates Analysis of the climate and environmental policies of the Biden administration Characteristics and implications of the recent trend of global debt accumulation The post-pandemic employment status of young adults viewed through supplementary employment indicators
	Economic and Industry Issues	<ul style="list-style-type: none"> Impact of monetary liquidity increases on sector-specific inflation

	Category	Subject
Vol.17	Economic and Industry Trends	<ul style="list-style-type: none"> • Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> • Recent trends and implications of expected inflation rates • Characteristics and prospects of recent private consumption • International comparison of technology levels and implications of core strategic technologies • Impact of the spread of COVID-19 on population mobility
	Economic and Industry Issues	<ul style="list-style-type: none"> • Effect of macroeconomic variables on capital inflows and outflows in the domestic stock market: focusing on the US quantitative easing policy
Vol.18	Economic and Industry Trends	<ul style="list-style-type: none"> • Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> • Post-pandemic fiscal expenditures in major economies and recent trends in economic growth rates • Household income and consumption/expenditure trends and characteristics in 1Q 2021 • Foreign direct investment trends in Korea and their economic spillover effects • Trend of household debt repayment capability by age group of the heads of households
	Economic and Industry Issues	<ul style="list-style-type: none"> • International comparison of how asset price fluctuations influence private consumption
Vol.19	Economic and Industry Trends	<ul style="list-style-type: none"> • Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> • Recent trends and implications in global key interest rates • Analysis of the status of Korean outward direct investment (ODI) • Main content and implications of the European Climate Law • Trend and implications of the increase/decrease of new employees according to their level of technical skills
	Economic and Industry Issues	<ul style="list-style-type: none"> • Characteristics of recent Korean consumer prices and projections
Vol.20	Economic and Industry Trends	<ul style="list-style-type: none"> • Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> • Impact of stock investments of foreigners on Korean stock prices and stock price volatility • Inflationary effects following the expansionary fiscal policy of the US • Highlights and major issues regarding the 2022 minimum wage hike • Highlights and implications of the 2020 population and housing census
	Economic and Industry Issues	<ul style="list-style-type: none"> • Analysis of export volatility factors in the display industry and their economic impacts

	Category	Subject
Vol.21	Economic and Industry Trends	<ul style="list-style-type: none"> • Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> • Primary cause of the recent won-to-dollar exchange rate increase and its implications • Monitoring of the conditions for U.S. tapering and its implications • Household income and consumption expenditure trends and characteristics in 2Q21 • Analysis of the burden of household debt interest payments following the interest rate increase
	Economic and Industry Issues	<ul style="list-style-type: none"> • Study on the correlation between the productivity of manufacturing SMEs and the wage gap between conglomerates and SMEs
Vol.22	Economic and Industry Trends	<ul style="list-style-type: none"> • Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> • Background of the impact of the Chinese Government's recent reinforcement of industry regulations • International comparison of the ESG risk management competency of Korean companies • Analysis of the transformation in post-COVID-19 youth jobs • Updates on the Carbon Border Adjustment Mechanism (CBAM) in the EU and US, and estimation of the carbon border tax burden
	Economic and Industry Issues	<ul style="list-style-type: none"> • Analysis of changing trends in the total fertility rate in OECD countries
Vol.23	Economic and Industry Trends	<ul style="list-style-type: none"> • Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> • Recent inflation trends in major countries and their implications • Trade trends in the materials, parts and equipment (MPE) industries after Japan imposed export restrictions • Recent electric energy price trends in major countries
	Economic and Industry Issues	<ul style="list-style-type: none"> • Effect of the cost gap between companies on the distribution of net income
Vol.24	Economic and Industry Trends	<ul style="list-style-type: none"> • Korean economic and industry trends and foreign economic trends
	Pending Issues in the Economy and Industry	<ul style="list-style-type: none"> • Household income and consumption expenditure trends and characteristics in Q3 of 2021 • Relationship between recent money markets and trends of real economic variables • State of reductions in regional populations and their implications
	Economic and Industry Issues	<ul style="list-style-type: none"> • Analysis of household debt status in Korea

NABO

Budget & Policy

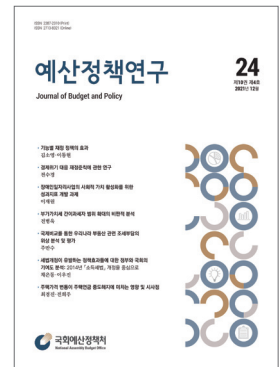
An organ of NABO that combines the diagnoses and prescriptions of internal and external experts on financial and economic issues, economic common sense, trends in the preparation and settlement of accounts, etc.



Volume	Category	Subject
Vol.61	Special Report	<ul style="list-style-type: none"> Summary of the Review by the National Assembly of the Budget Bill for 2022, etc. Summary of the revised tax law in 2020
	Diagnosis of Pending Issues	<ul style="list-style-type: none"> Launch of the Biden administration and future of the international trade system Launch of the Biden administration and outlook for the situation on the Korean Peninsula
	Series Report	<ul style="list-style-type: none"> Budget status of 12 major sectors in 2021 and the last 10 years Spain's Independent Authority for Fiscal Responsibility (AIReF)
Vol.62	Special Report	<ul style="list-style-type: none"> Prospects and challenges of the ripple effect of population change on the labor market Measures to improve the birth rate
	Diagnosis of Pending Issues	<ul style="list-style-type: none"> The Biden administration's stimulus package Global economic recovery and inflation risk
	Series Report	<ul style="list-style-type: none"> A look at the budgets of 12 major sectors: Health, welfare and employment sectors Germany's Stability Council and Independent Advisory Board
Vol.63	Special Report	<ul style="list-style-type: none"> Direction of the national settlement review for FY2020 Summary of FY2020 settlement analysis
	Diagnosis of Pending Issues	<ul style="list-style-type: none"> Summary and implications of the Biden government's tax reform plan Results and development directions of the preliminary feasibility study
	Series Report	<ul style="list-style-type: none"> A look at the budgets of 12 major sectors: National defense sector Sweden's Fiscal policy council
Vol.64	Special Report	<ul style="list-style-type: none"> Direction of the 2022 budget review Key features and analysis of the 2022 budget
	Diagnosis of Pending Issues	<ul style="list-style-type: none"> Domestic energy policy and industrial changes following the resolution of the Framework Act on Carbon Neutrality and Green Growth for Coping With Climate Crisis What caused the U.S. Fed's tapering and what is its impact on the Korean economy?
	Series Report	<ul style="list-style-type: none"> A look at the budgets of 12 major sectors: Energy sector Italy's Parliament Budget Office

Journal of Budget and Policy

NABO's academic journal, registered with the National Research Foundation of Korea, which reviews and publishes policy papers in related fields such as finance, the economy, tax, public policy, etc.



Volume	Title	Author(s)
Vol.21	A Study on the Powers of the Korean National Assembly to Grant Discharge to the Government and to Oversee the Government	Kim, Kun-oh
	Empirical Analysis of Rice Income Compensation Payment Program	Seo Se-wook
	How to Rationally Revise Departure Tax to Adjust Double Taxation and Secure Tax Revenues	Jun, Byung Wook
	Is Introduction of Taxation on Reserves Deemed Dividends of a Corporation Appropriate?	Lee Han-woo
Vol.22	People's Attitude of Tax Increase Related to Social Welfare and Basic Income in Korea	Yang Jae-jin, Yun Sung-won, Jang Woo-yoon
	Does the Revenue Shock Differ According to the Features of each Economic Crisis?	Sim Hye-jeong
	A Study on Optimal Fuel Taxation from the Corrective Function's Point of View Considering Differences of Individual Cars in Externality	Yi, Donggyu, Kim, Bitmaro
	Interpretation of and Legislation for Acquisition Tax of Self-Driving Cars	Seo Myeong-ja, Park Hun
Vol.23	Government Accounting and Government Finance Statistics in Korea	Oak Dong-suk, Jeong Seong-ho
	Exploring the Impacts of Balanced Budget Requirements on Revenue Forecasting Error	Lee Gyeo Reh
	The Tax Revenue Effect of Introducing a Financial Investment Income Tax	Shin Woo-ri, Song Heon-jae
	Comparative Analysis of Income Redistribution and Poverty Reduction Effects of Basic Pension According to the Application of the Subsidiarity	Choo Seok-hyun, Jeon Seung-hoon
	The Effects of Governmental Premium Subsidy and Disaster Relief Grants on National Storm and Flood Insurance Purchases	Song Yunah
Vol.24	Effects of Functional Fiscal Expenditure	Kim So-young, Lee Dong-hyun
	A Study on the New Fiscal Rules in Response to Recurring Crises	Chun Soo-kyung
	Developing Performance Indicators for the Promotion of Social Value in the Disabled's Job Project	Lee Jae-won
	Review and Suggestion on Recent Expansion of Simplified VAT Taxpayers	Jun, Byung Wook
	An Analysis and Evaluation of the Status of Korean Tax Burden on Real Estate through International Comparison	Joo, Man-soo
	How Much are the Government and the National Assembly Responsible for the Outcomes Induced by the 2014 Amendment of Income Tax Codes in South Korea	Chae Eun-dong, Lee Woo-jin
	Effect and Implications of Housing Price Changes on Mid-Term Termination of Reverse Mortgage	Choi Kyung-jin, Chun Heuiju

Chapter

V

Bill Cost Estimations and Research and Analysis Responses

- Bill Cost Estimation Status
- Requests for Research & Analysis, and Responses

Bill Cost Estimation Status

Overview of Bill Cost Estimates

According to Article 79-2 of the National Assembly Act, where a National Assembly member or committee proposes a bill accompanying measures on budgets or funds, a written estimation report prepared by NABO of the anticipated expenses upon the enforcement of the relevant bill shall be submitted along with the proposal. Therefore, any proposal for a budget-related legislative bill must be accompanied by a cost estimates report.

Status of Responses to Bill Cost Estimates

Since its establishment in 2004 up until December 31, 2020, NABO prepared a total of 24,188 responses to cost estimates for members of the Assembly and committees. Although only 59 responses were made in the first year of conducting cost estimates in 2004, the figure has significantly increased, reaching 168 responses sent to legislators in 2005 (during the 17th National Assembly), 588 responses in 2009 (the 18th National Assembly) and 866 responses in 2013 (the 19th National Assembly).

The number of responses to cost estimate requests rapidly increased as NABO became the sole drafter of cost estimate reports for legislative bills proposed by the members of the Assembly on March 19th, 2015, and since it became mandatory to attach a NABO cost estimate report to each revised or alternative version of a legislative bill proposed by the committee. The number of responses recorded was 3,407 in 2017, 3,179 in 2018, 4,645 in 2020, and 4,911 in 2021.

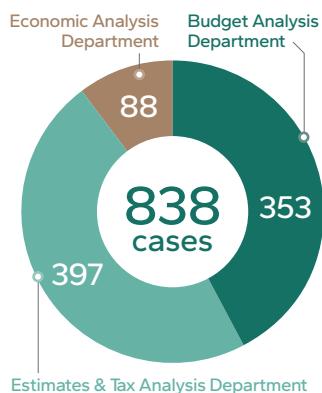
Number of Responses Provided for Cost Estimate Requests Made over the Past 5 Years (Unit: number of cases)

2017	2018	2019	2020	2021
3,407	3,179	2,779	4,645	4,911

Note: Yearly figures are based on the year of the request for a cost estimation

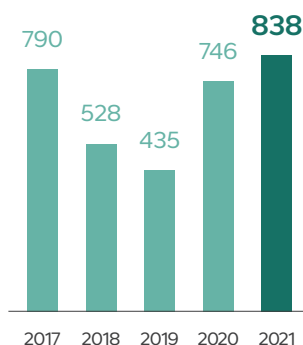
Requests for Research & Analysis, and Responses

NABO provides responses to research and analysis requests made by the National Assembly's committees and members in accordance with Article 3-5 of the National Assembly Budget Office Act. NABO responded to a total of 838 requests for research and analysis in 2021.



Record of Research & Analysis Responses Submitted by Department
(Unit: number of cases)

Budget Analysis Department	Estimates & Tax Analysis Department	Economic Analysis Department	Total
353	397	88	838



Record of Research & Analysis Responses over the Past 5 years
(Unit: number of cases)

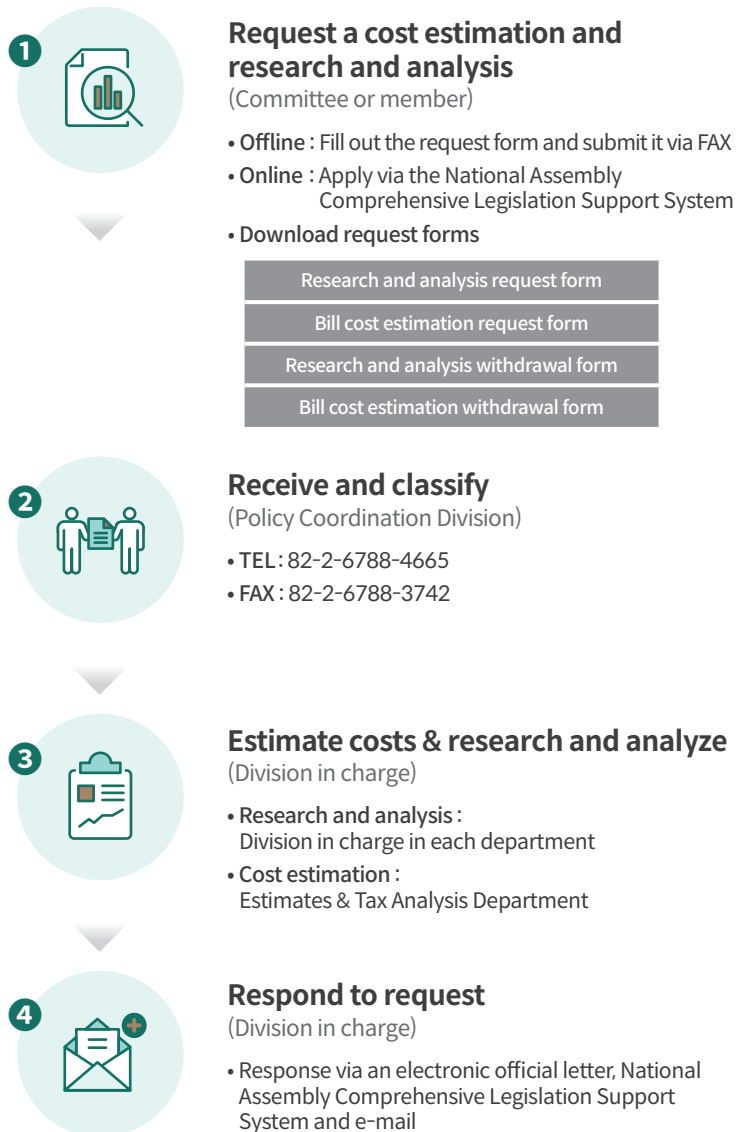
2017	2018	2019	2020	2021
790	528	435	746	838

Request and Response Procedure for Bill Cost Estimation & Research and Analysis

The National Assembly Budget Office shall, in connection with the budget and settlement of accounts, funds, and fiscal management of the State,

- Estimate the costs required for bills, such as legislative bills that involve budgetary or fund measures;
- Investigate and analyze matters requested by National Assembly committees or National Assembly members

Request and Response Procedure



2021 NABO Annual Report

Published in September 2022

Published by Cho Euysup, Chief of NABO

Edited by Director General for Planning and management,
Planning & Budget Division

Published at NABO
1 Uisadang Daero, Yeongdeungpo-gu, Seoul
TEL 82-2-2070-3114

Printed at Myoungmoon Printing Company, Inc.
(TEL 82-2-2079-9200-2)

I S B N 979-11-6799-079-2 93350

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Tel. +82-2-2070-3114 korea.nabo.go.kr

Publication registration number

31-9700485-001582-10



국회에산정책처
NATIONAL ASSEMBLY BUDGET OFFICE