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Release Date: January 8, 2026

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INITIATION OF PROACTIVE 2027 BUDGET PREPARATION TO REALIZE THE NATIONAL PHILOSOPHY OF THE LEE JAE MYUNG ADMINISTRATION

On January 8th at 14:00, the Ministry of Planning and Budget (MPB) held a key ministry meeting regarding the 2027 budget at the Government Complex Sejong. During the meeting, discussions were held on agenda management strategies for next year's budget and measures for expenditure restructuring, marking the beginning of proactive budget preparation.

* Attendees: Acting Minister of Planning and Budget (Chair), representatives from 20 ministries including the Ministry of Economy and Finance, Ministry of Science and ICT, Ministry of Education, Ministry of Foreign Affairs, Ministry of Unification, Ministry of Justice, Ministry of National Defense, Ministry of the Interior and Safety, Ministry of Culture, Sports and Tourism, Ministry of Agriculture, Food and Rural Affairs, Financial Services Commission, and etc.

Acting Minister of Planning and Budget, Lim Ki Keun, stated, "This year marks the beginning of Korea's great leap forward, and it is the time to fully reflect the national philosophy of the Lee Jae Myung administration in the 2027 budget." He also emphasized, "We are shifting away from the previous focus on the budget preparation period between June and August and will begin early in January to enhance strategic resource allocation."

The MPB plans to select key agendas that align with the national philosophy and manage the budget preparation process around these agendas, from identification to concretization and reflection in the budget. These core agendas will be identified by the end of January, taking into account ①key directives and discussions highlighted during the Presidential Work Report in December, ②National tasks to be launched in the second year of the administration, and ③the five major structural reform issues*, including low birth rates and regional extinction.

* ①Low industrial competitiveness (AI, etc.), ②Low birth rate and aging population, ③Delayed carbon transition, ④Deepening polarization, ⑤Regional extinction

To specify the selected agendas, the MPB will hold meetings with ministries and private experts. Investment directions and major contents will be included in the 2027 Budget Preparation Guidelines, which will be distributed by the end of March. Following this, the core agendas will be presented at the National Finance Strategy Meeting and will be finalized in the government's proposal after going through the budget preparation process from June to August.

In addition, the MPB plans to continue restructuring habitual and wasteful expenditures while enhancing expenditure efficiency and transparency over the medium term. From the start of the year, it will identify medium- to long-term institutional improvements, such as mandatory expenditures and cross-departmental collaboration, and expand the scope of expenditure restructuring, which has previously focused on single-year processes, into a longer-term perspective. Discussions on tasks from the ongoing expenditure efficiency task force will also be actively reviewed.

The MPB will also establish objective criteria for expenditure restructuring and expand private sector participation. By distributing guidelines that include definitions, types, and calculation methods of expenditure restructuring, which have lacked objectivity and consistency due to vague standards, the MPB aims to improve external communication capability. Furthermore, it will actively reflect public proposals through the participatory budget platform, expanding the participation of civil society in the government's budgeting process, thereby supporting the realization of people's sovereignty over the budget.

Finally, Acting Minister Lim requested "the cooperation and attention of all ministries to ensure that the key national philosophy of the Lee Jae Myung government is thoroughly reflected in the 2027 budget." He urged all ministries to actively participate in the budget preparation process. The government will continue to focus on preparing the 2027 budget to support Korea's great leap forward.