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MPB REPORTS GOVERNMENT'S FIRST-YEAR ACHIEVEMENTS

- *Supported public livelihoods and economic recovery through proactive fiscal policy*
- *Strengthened fiscal sustainability through intensive expenditure optimization*
- *Innovated fiscal investments through public participation and regional prioritization*

On May 20, 2026, Minister Park Hong-keun of the Ministry of Planning and Budget (MPB) attended the Cabinet meeting held at the Blue House, reporting the 'Key Achievements of the First-Year of the Lee Jae-myung Administration.' The key achievements presented are as follows:

1. *Supported public livelihoods and economic recovery through proactive fiscal policy*

Over the past year, the MPB implemented two supplementary budgets to proactively respond to crises and support economic recovery. The first, formulated in July 2025, allocated KRW 31.8 trillion, including nationwide consumption vouchers, contributing to a rebound in economic growth from 0.3 percent in the first half to 1.7 percent in the second half of 2025. Private consumption's contribution to growth tripled from 0.3 percentage points in the first half of 2025 to 0.9 percentage points in the second half. In April 2026, a KRW 26.2 trillion war supplementary budget was swiftly enacted within 29 days—the shortest in 20 years—minimizing the impact of rising oil prices on households.

The Lee Jae-myung government's first budget bill for 2026 significantly expanded the total expenditures by 8.1 percent to bolster growth and recovery by leveraging the proactive role of public finance. In particular, the government took comprehensive measures against the structural crises threatening the future of Korea by making intensive investments. These investments included an additional KRW 10.3 trillion for regional hub growth, an additional KRW 6.6 trillion for the Great AI Transformation, and an additional KRW 1.9 trillion for energy transition.

2. *Strengthened fiscal sustainability through intensive expenditure optimization*

In 2026, the MPB implemented the largest expenditure restructuring in the nation's history, totaling KRW 27.3 trillion, cutting about 4,400 projects—25 percent of the 17,000 targeted

programs—and abolishing over 1,300 projects, more than six times the previous year.

In addition, the government introduced an 'Integrated Fiscal Program Performance Evaluation' led by external experts and jointly conducted by relevant ministries. Based on the first evaluation results, the ratio of targeted programs subject to expenditure restructuring reached a record high of 36.3 percent. This outcome is more than double the average 15.8 percent ratio of underperforming projects recorded under the previous evaluation system over the past 5 years. These evaluation results will be strictly applied under rigid expenditure restructuring principles to the ministries' 2027 budget requests.

Meanwhile, multi-faceted efforts were also carried out to eliminate the fraudulent receipt of government subsidies to prevent leakages in fiscal operations. In 2025, 992 cases of fraudulent claims—a record-high number—totaling KRW 66.8 billion were detected, and the Ministry announced the Subsidy Fraud Elimination Plan, including expanded inspections, a public reporting center, and strengthened sanctions and rewards.

3. Innovated fiscal investments through public participation and regional prioritization

The MPB reformed the participatory budgeting system in December 2025 by doubling the citizen participation panel from 300 to about 600 members and expanding the scope of proposals to include expenditure efficiency measures. Fiscal transparency was further enhanced through the disclosure of expenditure restructuring details and expanded fiscal statistics. As a result, citizen proposals more than doubled, rising from 517 in 2025 to 1,091 in 2026, and the number of users of the Open Fiscal Data portal increased by over 30 percent, from 390,000 in 2024 to 510,000 in 2025. Moreover, the fiscal authorities held town hall meetings with the general public for the first time in April and May of 2026, making concurrent efforts to listen to and directly reflect public voices from the field.

In tandem, regional preferential principles were introduced to fiscal programs to support locally led balanced growth. Seven major programs—including child allowances, senior and youth job programs, and youth development incentives—were tailored to regional conditions, providing KRW 0.7 trillion in additional child allowances to non-capital and depopulated areas. The scale of comprehensive subsidies in the Special Account for Balanced National Development was expanded more than threefold, enhancing the fiscal autonomy of local governments. In addition, incentives were newly established or strengthened for population-decline regions when evaluating preliminary feasibility and private investment projects.

The Ministry of Planning and Budget will continue to focus all its efforts on delivering tangible results that citizens can experience in their daily lives, centered on its core responsibilities, including overseeing national fiscal tasks, formulating medium- to long-term national growth strategies, and strengthening strategic resource allocation.