

# Korea's SOE Reform Experience and New Policy

## Directions

Presenting for SOE Global Conference (WB)

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and Economy

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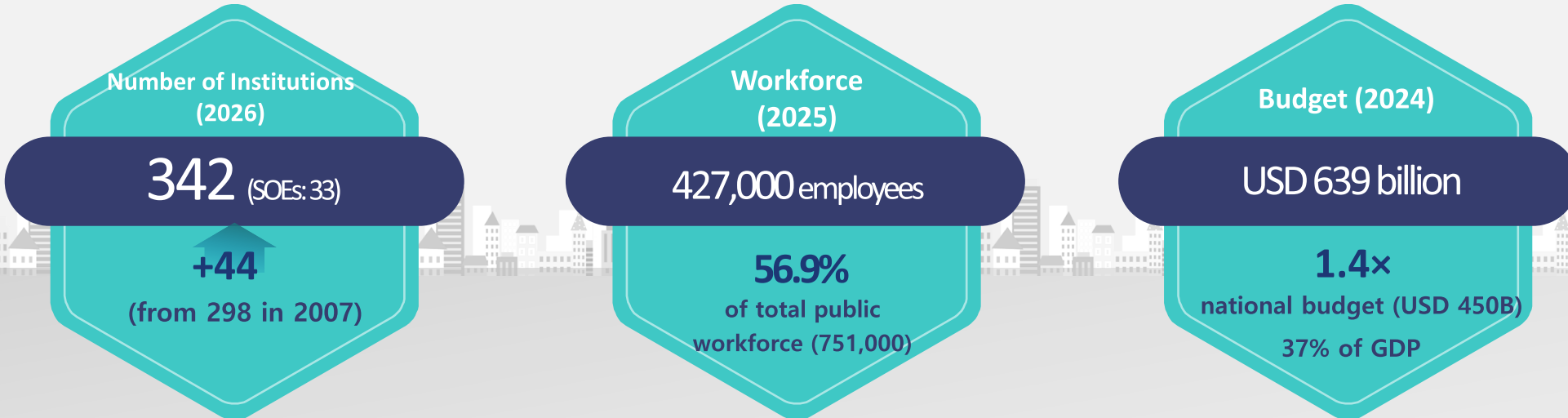
- 01 Overview of SOE & Public Institutions in Korea**
- 02 Changing Policy Environment for Public Institutions**
- 03 Redesigning the Policy Framework**

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# Overview of SOE & Public Institutions in Korea

# 1-1. Current Status



|                             |                            |                           |                    |                            |
|-----------------------------|----------------------------|---------------------------|--------------------|----------------------------|
| <p>SOC</p>                  | <p>Energy</p>              | <p>Public Health</p>      | <p>R&amp;D</p>     | <p>Finance</p>             |
| <p>Culture &amp; Sports</p> | <p>Agri &amp; Maritime</p> | <p>Jobs &amp; Welfare</p> | <p>Environment</p> | <p>Industry &amp; SMEs</p> |

Public Services linked to Daily Life with **Major Role in the National Economy**

## Public Institutions

Established by law, gov't-funded,  $\geq 50\%$  gov't ownership, gov't support  $\geq 50\%$  of revenue

### State-Owned Enterprises (SOE)

- Core infrastructure (Energy, SOC, etc.)
- Large-scale, primarily self-financed

\*  $\geq 300$  staff,  $\geq$  KRW 20B revenue,  $\geq$  KRW 3B assets, self-revenue ratio  $\geq 50\%$

### Quasi-Governmental Institutions

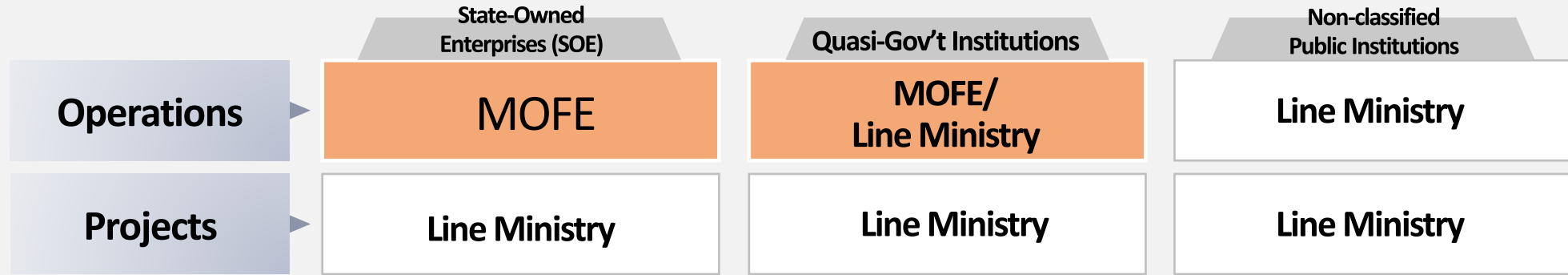
- Public Services-Healthcare, welfare, safety, and industrial support-R&D-policy finance
- Large-scale, operated mainly through gov't funding

\*  $\geq 300$  staff,  $\geq$  KRW 20B revenue,  $\geq$  KRW 3B assets, self-revenue ratio  $< 50\%$

### Non-classified Public Institutions

- Health, Education, Research, Legal/Quasi-judicial services
- Higher Independence and autonomy or relatively small in scale

# 1-3. Governance Framework

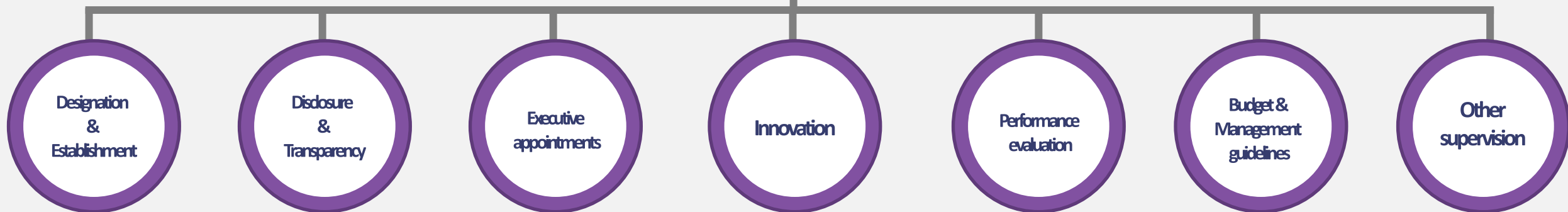


「ACT ON THE MANAGEMENT OF PUBLIC INSTITUTIONS」 (2007)

Based on the OECD SOE Governance Guidelines

## Ownership Steering Committee

: Deliberates & decides matters related to the operations of public institutions



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# Changing Policy Environment for Public Institutions

## 2-1. Opportunities and Challenges

Demographic Decline & Aging, Structural Slowdown,  
Economic Uncertainty

AI-Driven Transformation and Technological Change

- ➔ Transition to a **Hyper-Innovative Leading Economy** beyond the Catch-up Model,  
To become one of the **Top 3 Global AI Powerhouses**  
A **Proactive Role of Public Institutions** is essential for economic growth & structural reform

### Ethics & Transparency

- Demands for **integrity, accountability,** and **transparency** through civic and media oversight are increasing
- The revised OECD Guidelines on **Corporate Governance of SOEs**

### Climate Action & Safety

- **Climate action** is a global agenda that requires collective action and has gained broad **international and government-wide consensus**
- **Protecting lives** and **ensuring workplace safety** are the **new administration's highest and most urgent priorities**

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# Redesigning the Policy Framework

## 3-1. Redesigning the Policy Framework



01

### Innovation in SOEs

- Reforming the evaluation system to enhance global competitiveness
- Separate evaluation based on market and business performance

02

### AI & Technological Innovation

- Including AI utilization performance
- Assessing innovation in technology and productivity

03

### Reflecting Core Priorities

- Evaluating contributions to national policy implementation
- Strengthening focus on safety and disaster management

# 3-1. Redesigning the Policy Framework



01

## Supporting the new administration's policy agenda

- Support renewable energy transition and green policies
- Foster strategic industries (defense, bio, culture & content)

02

## Securing Future Readiness

- Expand AI utilization to improve productivity and service quality
- Promote energy transition (RE100) and climate response
- Strengthen capacity to respond to global uncertainties

03

## Social Responsibilities

- Enhance workforce for workplace safety and accident prevention
- Support vulnerable groups through customized welfare services

# 3-1. Redesigning the Policy Framework



**01** **Public Institutions as Leaders**

- Promote national agenda such as energy transition and renewable investment
- Expand essential infrastructure (e.g., public housing, SOC)

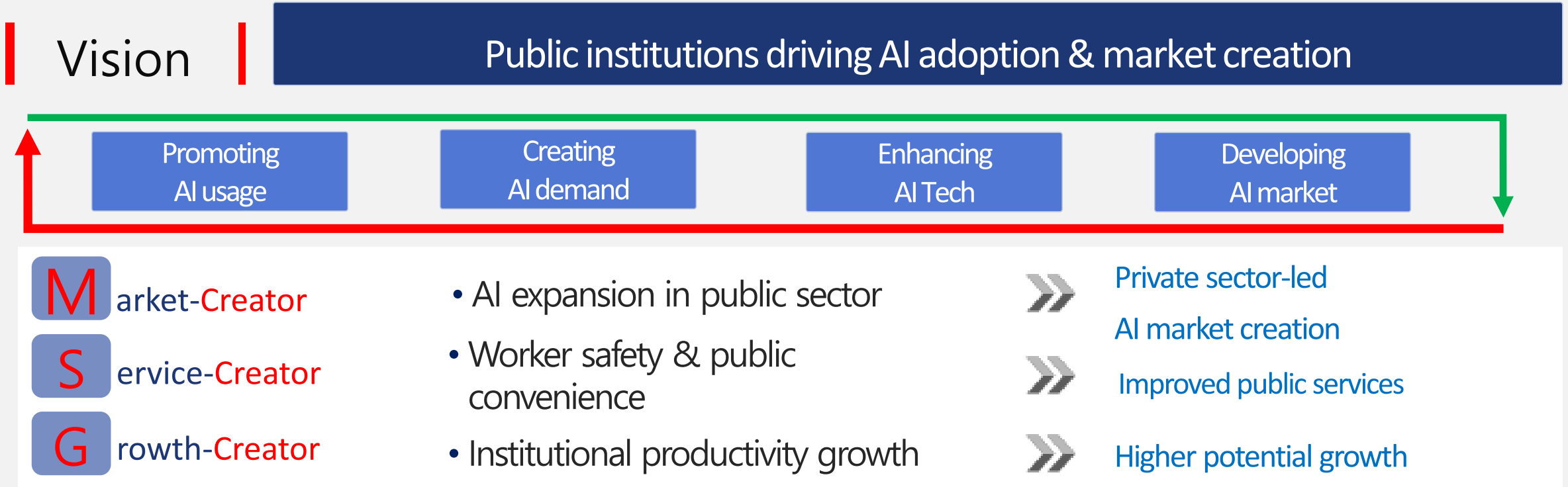
**02** **Institution-Led Efforts for Fiscal Soundness**

- Adjust investment priorities based on project demand
- Improve efficiency through restructuring and cost management

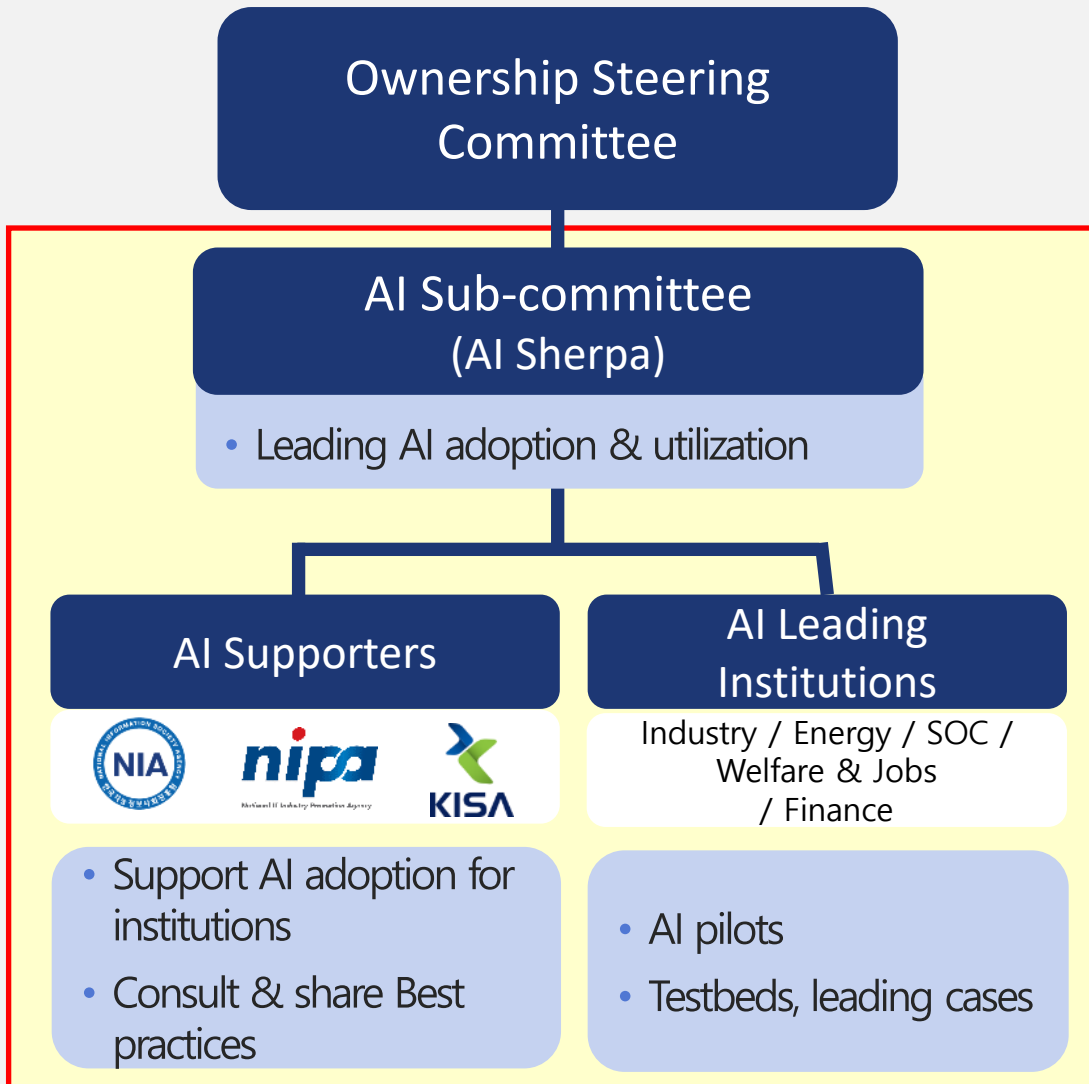
**03** **Mid-to Long-Term Financial Management of Institutions**

- Restructure expenditure projects and enhance productivity to stabilize debt ratios
- Debt ratio: 202.2% (2025) → 190.1% (2029) (△12.1%p)

# 3-2. Promoting AI Application



## 3-2. Promoting AI Application



### 01 Expand AI Workforce & Budget

- Expand HR & investment in AI
- Joint development of general-purpose AI models for public institutions

### 02 Introducing Incentives for AI Utilization

- AI in evaluation & rewards
- Introducing AI utilization as a disclosure item

### 03 Promoting AI Adoption

- Hold forums to share AI best practices
- Establish an "AI Pavilion" in the public technology marketplace

## 3-2. Promoting AI Application



### Generating Tangible Results in AI Utilization

#### Performance Creation

01

- Top 10 Innovations Projects (Mar–May)
- Public Institutions AI Innovation Challenge (Apr–Oct)

#### Scaling up Utilization

02

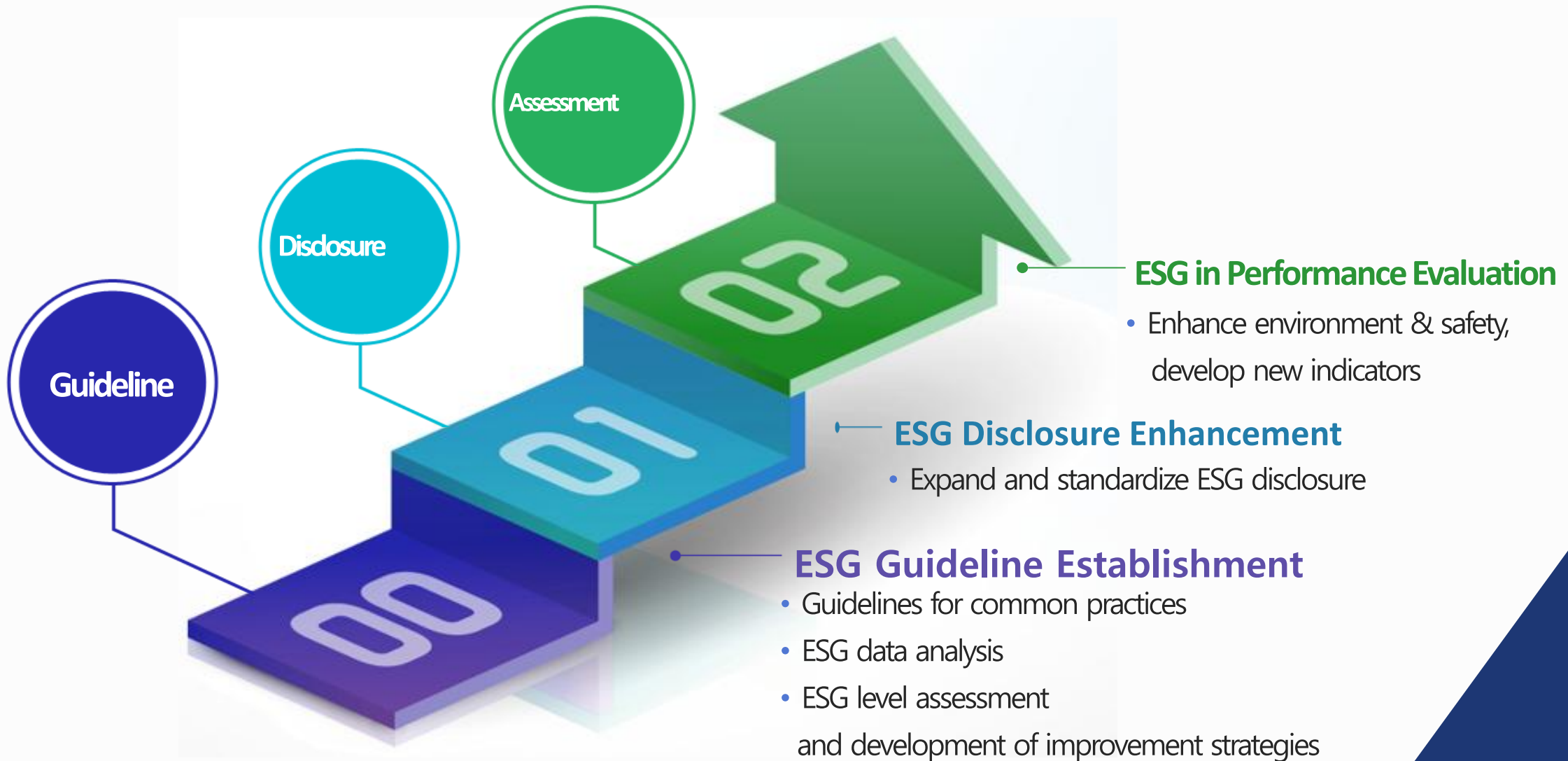
- Expand AI Utilization Consultative Body
- On-site Communication through status check

#### Private Sector Impact

03

- Build an AI Pool with supplier companies
- Public Institutions AI Partnership Forum

# 3-3. ESG Management Enhancement



# Thank You



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