
SUMMARY



Measure of Consulting Assistance for Korean SMEs' Overseas Small Infrastructure Investment

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Currently, development investment for overseas infrastructure and urban development has been systemized in Korea. In particular, establishment of KIND (Korea Overseas Infrastructure & Urban Development Corporation) in 2018 let Korean overseas construction system change from conventional EPC contract service to development investment. However, SMEs still in the old age that their function roles mostly as a subcontract construction service provider. This research in this respect deals measure of consulting assistance for Korean Small & Medium Enterprises in investing overseas infrastructure and urban development.

For Korean construction SMEs accustomed to subcontractors, consulting service for overseas investment should be in three folds including project identification and planning, making network, and financial mobilization. In the case of project identification and planning a project, main tool of consulting is feasibility study (F/S). In Korea, the investment connection between feasibility study and overseas real project is not closely related even in large development project. Its main drawback is that asset

management company is not willingly participating in the project identification process, including the proposal process for feasibility study and bidding process for F/S service provider due to lack of information. And overseas substitute investment for infrastructure and real estate is more or less new for asset management company. Although the Korean central government even allows and encourages people to create asset management company for overseas development field, financial sector takes part in their own field. However, under the recent low interest rate and decreasing export, financial sectors including both public and private finance sectors have been changing their pattern of investment toward overseas substitute such as infrastructure and real estate. In this prospective change for overseas development, F/S in the process of investment project identification would be expected to more participation from the asset management companies with more proposal and service provider participation, and establishment of overseas development oriented asset management companies as well.

Furthermore, modularization of potential business items for SMEs is important in beginning of project identification, since SMEs do not have those information in overseas development. However, over time when SMEs have experienced in this small infrastructure and urban development field, their information for the field will be accumulated and adjusted. Consulting assistance need to facilitate this learning process through written material that various business items are summarized in a way of orderly pattern. This research designates three types such as construction plant in very first developing countries, smart city development type integrated with ICT industry, and logistic platform type.

Second, consulting assistance need in constructing both domestic and

foreign network regarding information exchange and development investment for SMEs. While the large construction companies are comparatively stronger than SMEs in networking with global development entities, the small and medium companies demand government help through creation of forum that SMEs and financial sectors gather together for overseas small infrastructure and urban development. In addition to domestic forum, global forum or international conference with international development entities need to be established in a way of bringing secretariat of international organization related to construction development and development finance institute. In particular, invitational training program that have been excellent modes of networking is also encouraged to be established for SMEs. Until now, Korean training program has focused on training program for government official in developing countries, while commercial sectors have been barely invited. But SMEs are rather different matters in that they are relatively alienated in the global society. This research suggest invitational training program through international organization and cooperatives in order to minimize the conflict of interest. And it also suggests that we need to develop invitational training center for SMEs in Sejoing City with foreign cultural center and training center of SME specialized Bank like IBK (Enterprise Bank).

Third, SME specialized financial assistance system is needed in consulting assistance for SMEs. As Global Infrastructure Fund (GIF) and its F/S program is a milestone of development investment in overseas construction history, development investment for SMEs would be in a way of creating SME specialized venture fund and its F/S.

Lastly, this report suggests both short and long term institute for

propelling aforementioned three tasks. In short term, it insists that incubating institute need to be established in Korea Research Institute for Human Settlements (KRIHS) as consulting assistance in the beginning process needs research function such as modularization of innovative items for SMEs, policy research in institutional change of existing laws and institution. At the end of 2019, the center of overseas development for SMEs will be established in KRIHS in order to serve for overseas investment development for SMEs. The report also suggest long term propelling institute for SMEs's small overseas infrastructure and urban development after creating SME specialized venture fund and F/S. And the incubating institute, the center of overseas investment development for SMEs in KRIHS, should design venture fund and F/S specialized for SMEs.