



KEXIM Green Finance Initiative & EDCF Green ODA Strategy

April 2022

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KEXIM at a Glance



Korea's Official Export Credit Agency

Korea's Official Policy Arm with 100% Government Ownership

Classification

- Export Credit Agency (ECA)
- Sovereigns, Supranationals and Agencies

Policy Mandate

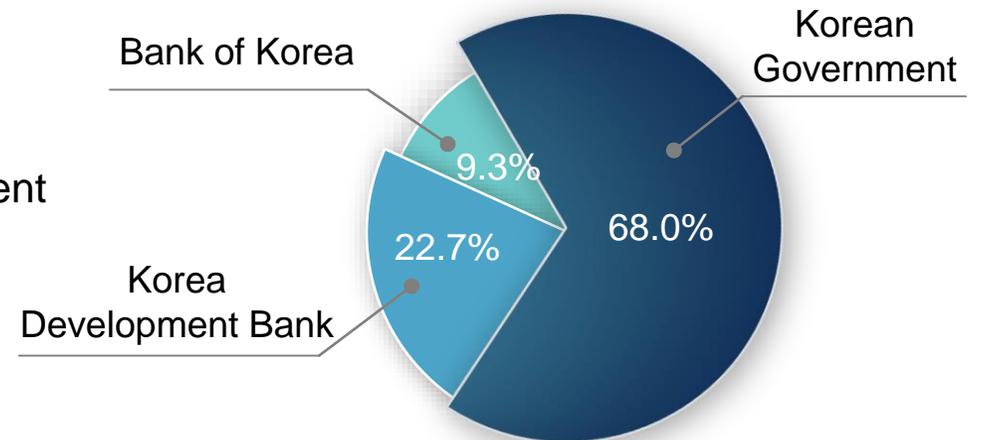
- To promote international business of Korean companies
- To operate two government-entrusted funds

Global Ratings

- **Aa2(Moody's) / AA(S&P)** - flat to the sovereign
- AA- (Fitch)

Ownership Structure

- 100% owned by the government (Directly and indirectly)



Korea's Official Export Credit Agency

Key Operations as a Policy Implementation Arm

Export Credit Agency



Loans

To provide loans to eligible entities carrying out export, import, and overseas investment transactions



Guarantees

To provide guarantees for loans of eligible transactions to cover borrowers' payment risk

Government-entrusted Funds



EDCF (KRW 11.3 trillion)¹
(Economic Development Cooperation Fund)

To promote economic cooperation with developing countries by providing soft loans for their economic stability



IKCF (KRW 7.1 trillion)¹
(Inter-Korean Cooperation Fund)

To contribute to economic cooperation and social / cultural exchange with North Korea

Financing Solutions

Official Export Credit Agency in Export-driven Economy

Loans

Export-related Loans
.....
Import-related Loans
.....
Overseas Business-
related Loans
.....
Indirect Financing
.....
Trade Financing

Guarantees

Financial
Guarantees
.....
Performance
Guarantees

Investment

Direct
Equity
Investment
.....
Contributions
to Funds

Advisory Services

Transaction Advisory
Services
.....
Financial Advisory
Services
.....
Syndications

EDCF Introduction

EDCF at Glance

Overview

The Economic Development Cooperation Fund (EDCF) is a government fund established in 1987 to support the industrialization and economic development of developing countries and promote economic cooperation between Korea and developing countries.

History

Since established in 1987, it has approved KRW 24 trillion(February 2022) for 484 projects over 58 countries worldwide.

Partner Countries

Developing countries classified according to the World Bank's GNI per capita data

Sectors

Sectors with great potential for establishing economic/social infrastructures and promoting economic cooperation with Korea

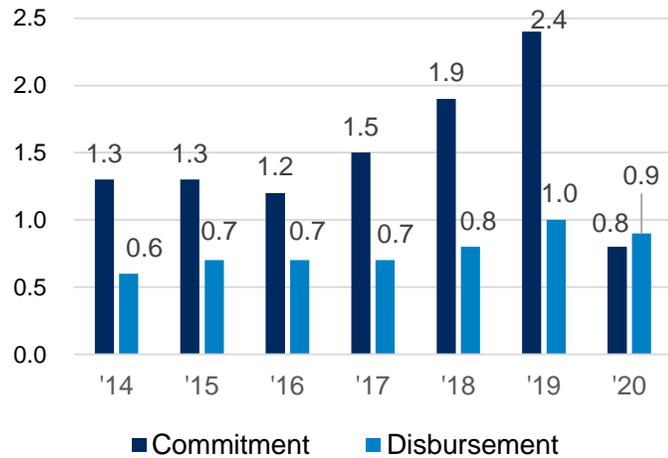
Terms & Conditions

Conditions differ based on partner countries' income category
(e.g. Low interest rate and longer repayment period for Least Developed Countries with 0.01%~2.5% per annum for up to 25~40 years)

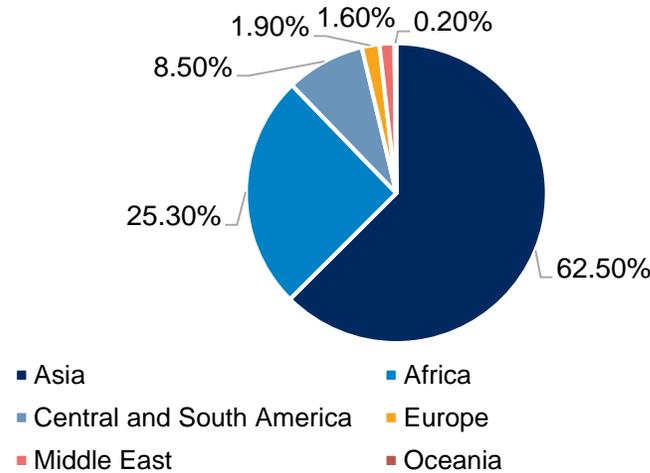
EDCF Introduction

EDCF Commitment and Disbursement

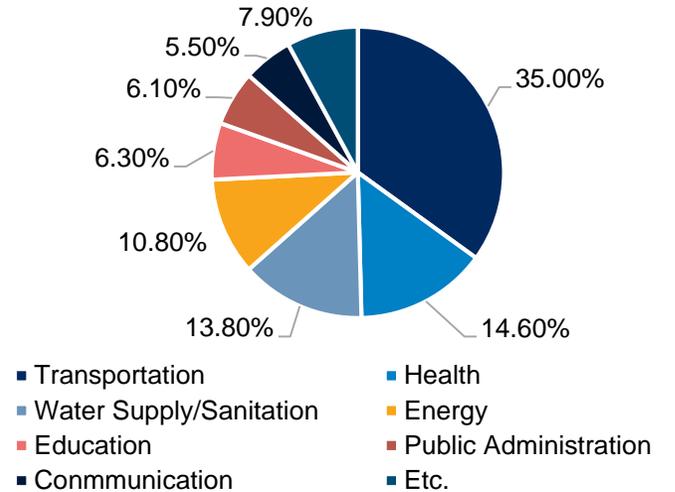
EDCF Project Commitment/Disbursement ('14~'20, Trillion KRW)



Commitments by Region



Commitments by Sector



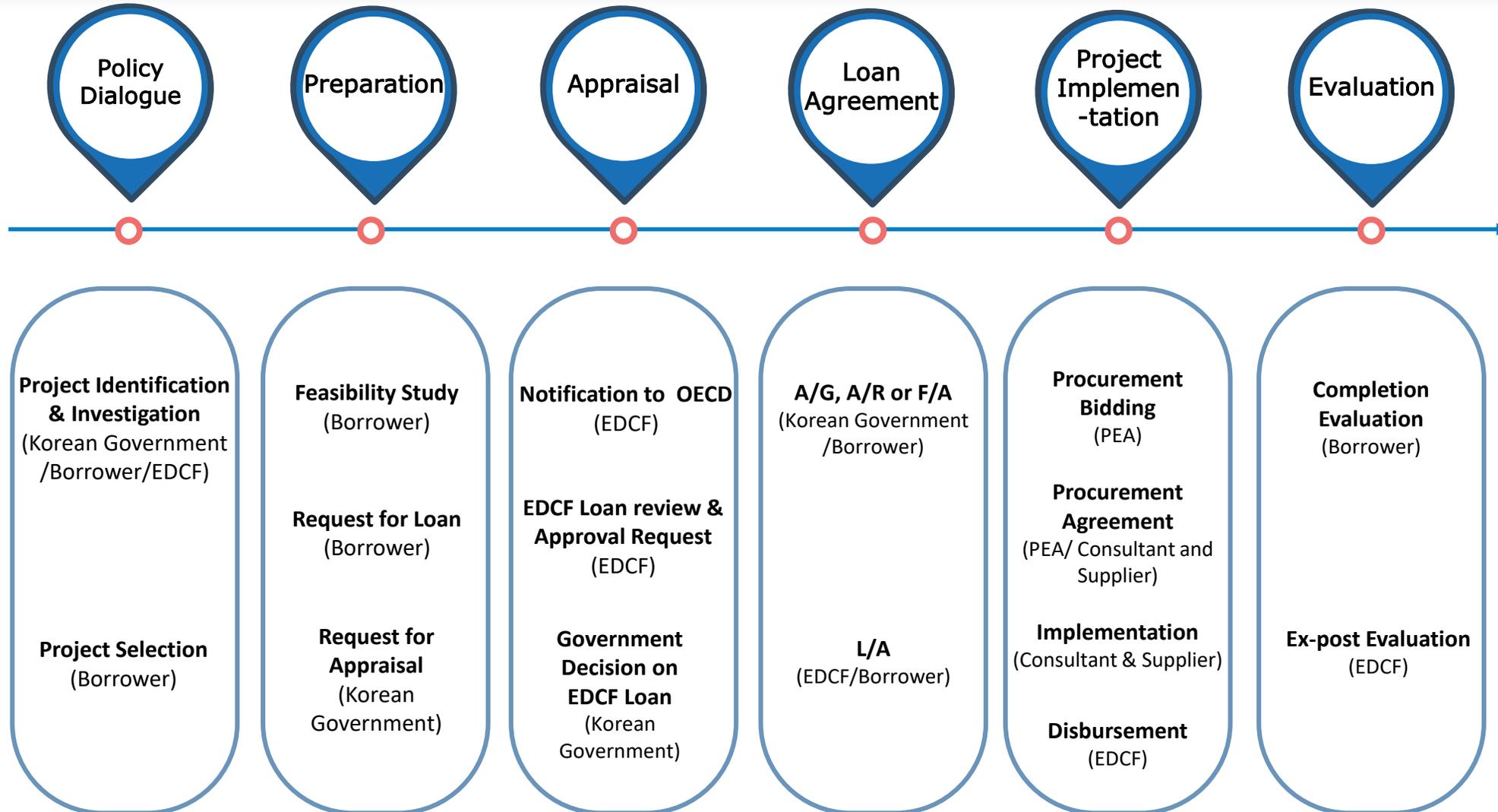
- Total commitment of KRW 21 trillion and disbursement of KRW 10 trillion while numbers grow consistently
- Decrease in project commitment in 2020 due to COVID 19

- Asia and Africa taking large shares

- Commitment for Korea's competitive sectors of Transportation, Health, Water Supply and Sanitation

EDCF Introduction

EDCF Procedures



2

KEXIM

Green Finance Initiative



[Korea Government] Green Finance Strategies

Taking Steps toward 2050 Net-zero Carbon Goals

Green Finance Strategies

Key Strategies

- ✓ Strengthening the role of public sector
- ✓ Promoting sustainable investment
- ✓ Improving regulatory framework
- ✓ Boosting international cooperation



ESG Development

- [2020] K-New Deal initiative including Green Finance strategy introduced
- [2021] Net-zero carbon emissions by 2050 announced

[KEXIM] Green Finance Initiative

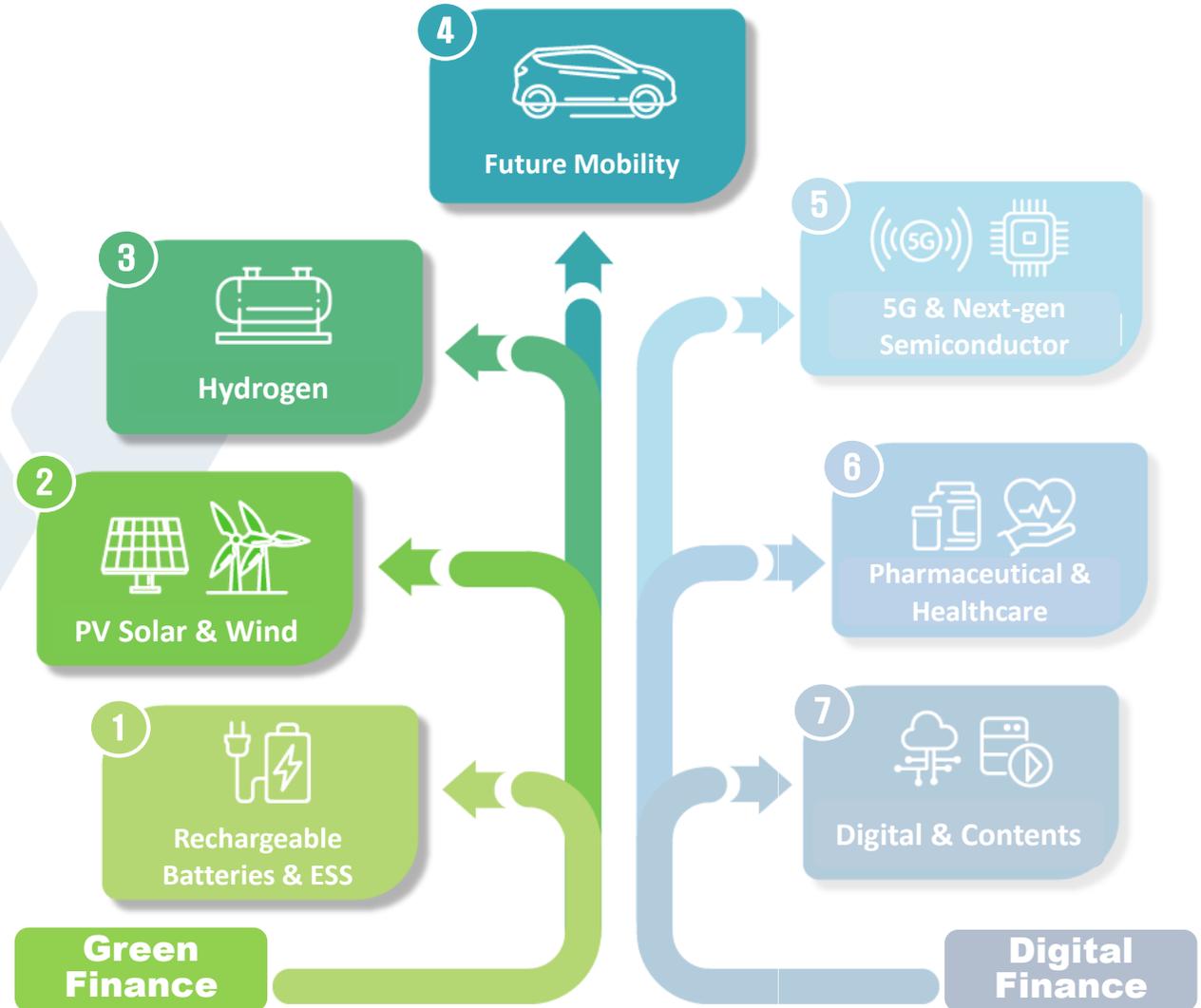
Focusing on Green and Digital Finance

- Sector Frameworks: **7 focused areas**
- KEXIM Green Finance is concentrated on eco-friendly and newly advanced technologies including:

- ① Rechargeable Batteries & ESS
- ② PV Solar & Wind
- ③ Hydrogen Power
- ④ Future Mobility

Milestones (KRW trillion)

Sector	'19	'20	'21	Plan '21~'30
Green	4.2	4.6	6.9	60.0
Digital	0.7	3.1	4.6	20.0
Total	4.9	7.7	11.5	80.0



3

EDCF Green ODA Strategy



EDCF Green ODA Strategy

Overview of Green EDCF

Background of Green EDCF

- | | | |
|--|--|--|
| <p>1 To Respond to Climate Change for Sustainable Growth</p> <ul style="list-style-type: none"> + Carbon neutrality is emerging as global agenda in the international community + Announcement of 2050 Carbon Neutrality goal (Green Recovery Agenda, P4G summit) | <p>2 To Expand Support for Green Sectors In Developing Countries</p> <ul style="list-style-type: none"> + Major MDBS and advanced donor countries are expanding green support + Korea is establishing roadmap to increase portion of Green New Deal ODA (6.4 → 22.7%) | <p>3 Need for Mid-Long Term Systematic Support</p> <ul style="list-style-type: none"> + Need to assess green elements in EDCF projects at detailed level + Insufficient support for climate change mitigation |
|--|--|--|

Targets of Green EDCF

Systematic Management of Green EDCF
 Performance through Green EDCF
 Mid-Term Goals(2020-2025)
 in support portion(%),
 EDCF Green index and support amount

	2020	2025
Support Amount (USD Million)	USD200M	USD 600M
Support Portion (%)	22%	40%
Green EDCF Index	1.53	2.5

EDCF Green ODA Strategy

Detailed Directions of Green EDCF

1 Embody Climate Change Response

- **Integrate climate change response elements into EDCF projects**
 - Identify climate change risks and make mitigation measures before project approval
 - Implement the mitigation measures during project design and construction
 - Assess their contribution to climate change response upon project completion

2 Diversify Project Areas

- **Expand support for projects mitigating climate changes**
 - Identify more projects by linking loan and grant programs
 - Support recipient countries' policies by providing program loans

3 Strengthen International Cooperation

- **Strengthen cooperation with international organizations**
 - Co-financing with MDBs for green projects
 - Expand cooperation with international agencies specializing in green sectors

4

Case Examples



Case Example 1 (Loan)

Wind Farm Project

Jordan, Fujeij Wind Farm Project

- Sponsor: KEPCO
- Total Cost: USD 203 million
- Loan: KEXIM (USD 67 million) &
Guarantee(USD 55 million)]
- Tenor: 18 years
- Financial close: December 2016
- COD: July 2019
- Size: 89.1MW (Vestas 3.3MW turbines)



First Overseas IPP Wind Project Participated by Korean Investors

Case Example 2 (Guarantee)

Green Bond

China & Malaysia, Guarantee for Green Bond Issuance (PV Solar)

- Issuer: Hanwha Solutions
- Amount: CNH 1,100 million & MYR 150 million
(Appx. USD 208 million in total)
- Guarantor: KEXIM (50%) & CGIF (50%)
- Tenor: 5 years
- Financial close: April 2021



Support for Green Bond Issuance

Case Example 3 (Equity& Loan)

Offshore Wind Monopile Factory Project

UK, Monopile Factory

- Borrower: SeAH Steel Holdings Corporation
- Total Cost: KRW 400 billion
- Equity Investment: KEXIM (GBP 6mil)
- Loan: KEXIM
[KRW 29.3 billion & GBP 10 million
(Appx. KRW 45 billion)]
- Tenor: 5 years



Equity Financing with Loan

Case Example 4 (EDCF Loan)

Construction of Photovoltaic Power Plants Project

Mozambique, Photovoltaic Power Plant in Niassa

- PEA: Fundo de Energia (FUNAE)-Mozambique
- Constructor: Hyosung
- Borrower: Government of Mozambique
- Total Cost: USD 41 million
- EDCF Loan: USD 35 million
- Tenor: 40 years



Renewable Energy Project supported by EDCF

Areas to Explore

Geothermal Energy Power Plant

Indonesia has the world's largest geothermal potential, with estimated 29 gigawatts (GW), and the world's second-largest installed geothermal capacity of 2.1GW.

Potentials & Limitations of Geothermal Energy

+ Potentials

Stability

- Less affected by climate change than other E sources

Baseload Power

- Only Baseload Power among Renewable E sources

Efficiency

- Generate more energy(x2~4) than other renewable E sources

+ Limitations

High Upfront Cost

- Lengthy, costly & risky initial exploration phase

Technology

- Exploratory drilling skill ensuring the depth for the Geothermal E plant

Policy Environment

- Unfavorable policy environment (tariff-regime, authorization)

Cost for Generation of Electricity: Wind Power, Solar, Geothermal

Sector	Wind Power	Solar Energy	Geothermal
Cost for generating Electricity (1Kwh)	1,700USD	2,100USD	3,000~6,000USD

Project Funding Case(ADB)



- **Project Name:** Geothermal Power Generation Project, Indonesia
- **Project Executing Agency:** GDE(Geo Dipa Energi, an Indonesian state-owned company)
- **Loan:** USD335Million (Asia Development Bank)
- **Description:** Expansion of 110MW of geothermal electricity generating capacity
 - 55 MW at the Dieng geothermal field in Central Java
 - 55 MW at the Patuha geothermal field in West Java



THANK YOU

Q&A