

# **Green Financing Program**

**- Korea Eximbank -**

**The Inception Workshop of RETA 7485**

**JongBae Yang, Investment Specialist (Secondee), PSOD, ADB**

**Tsinghua University, Beijing, 12 March 2010**

## Comprehensive Support for Green Project

Korea  
Eximbank



Export Credit Program

Official Development Assistance (ODA)

- Export Credit Program
  - Direct Loan, Guarantee, Trade Finance, Overseas Investment Credit, etc.
- ODA
  - EDCF (Economic Development Cooperation Fund)
    - ✓ Entrusted by Korean government in 1987

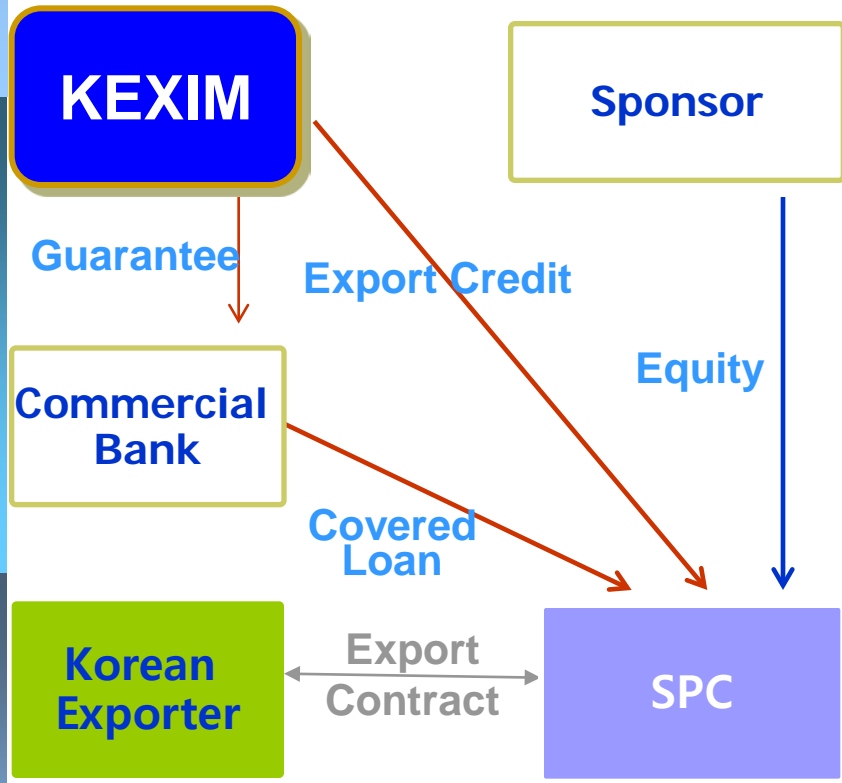
## Key Performance in Kexim's Private Sector Operations

- Scaling up Green Finance volume
  - Approved projects amounting to US\$ 1.1 billion in 2009
    - ✓ increased by 37.2% compared to 2008
- Collaborating with MBDs for co-financing opportunities
  - MOU with ADB: US\$ 2.5 billion (in June 2008)
  - MOU with IDB: US\$ 2.0 billion (in March 2009)
  - Cooperation Agreement with US Exim: Credit line of US\$ 500 million (in April 2009)
- Launching 'KEXIM Carbon Fund' (in September 2009)
  - Supports overseas CDM projects implemented by Korean companies (fund size: US\$ 90 million)

# Types of Export Credit for Green Project (1)

## - Traditional PF scheme

### Structure



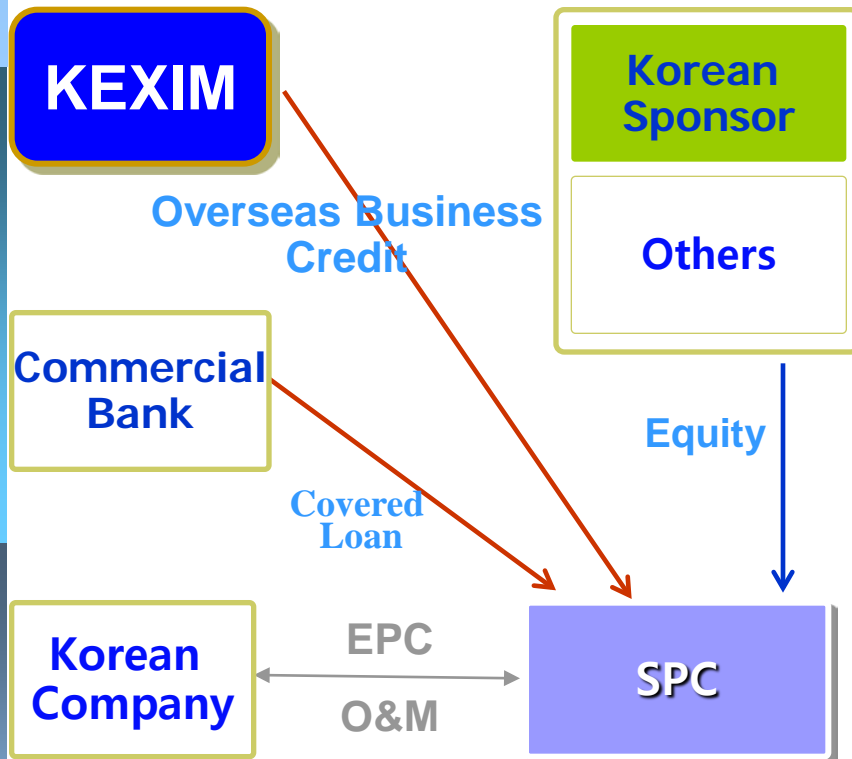
### Terms and Conditions

- **Borrower:** SPC w/ or w/o Korean ownership
- **Credit Amount:** Up to lesser of (i) 50% of Total Project Cost, or (ii) 85% of Contract Value
- **Guarantee Limit:** 45% of KEXIM Commitment
- **Interest Rate:** Libor based floating rate
- **Premium:** Risk Premium subject to OECD arrangements
- **Fees:** Commitment fee on undrawn amount and Up-front fee on committed amount
- **Tenor:** up to 18 years from commissioning, subject to project cash flow, country and industry risk
- **Security:** customary to PF

# Types of Export Credit for Green Project (2)

## - Overseas Business scheme

### Structure



### Terms and Conditions

- **Borrower:** SPC with Korean ownership
- **Credit Amount:** Up to lesser of (i) 50% of Total Project Cost, or (ii) 85% of Contract Value
- **Guarantee Limit:** 45% of KEXIM Commitment
- **Interest Rate:** Libor based floating rate
- **Premium:** Risk Premium subject to OECD arrangements
- **Fees:** Commitment fee on undrawn amount and Up-front fee on committed amount
- **Tenor:** up to 25 years (including grace period), subject to project cash flow, O&M contract, etc.
- **Security:** customary to PF
- **Others:** Minimum 10% of equity subscription by Korean sponsor throughout the loan period

## EDCF Strategic Plan on Green Growth

- Scale up Green EDCF volume
  - Up to 30 % of total target commitment (US\$ 5billion) for a period of 2009–2012
    - ✓ Cumulative total commitments (1987–2008): US\$ 4.3billion
- Revise EDCF Priority Sectors
- Provide favorable terms for green project
- Collaborate with MDBs for co-financing projects
  - ADB
    - ✓ Signed MOU for US\$ 500million in 2008–2010
    - ✓ Joined ADB's post-2012 Future Carbon Fund (US\$ 20million)
  - AfDB
    - ✓ Signed MOU for US\$ 200million in 2008–2010

## Terms and Conditions of EDCF Loan

- Borrower: SPC with government guarantee
- Loan Limit: Up to 100% of total project cost
  - Up to 50% for PPP Project
- Interest rate: 0.01% to 2.5% p.a. depending on the country classification
- Maturity: Up to 40 years, including a maximum 15 year of grace period
- Repayment method: Semi-annual equal payment of principal (interest paid semi-annually)
- Loan Currency: KRW / US\$ / Euro

## EDCF Regional Distribution

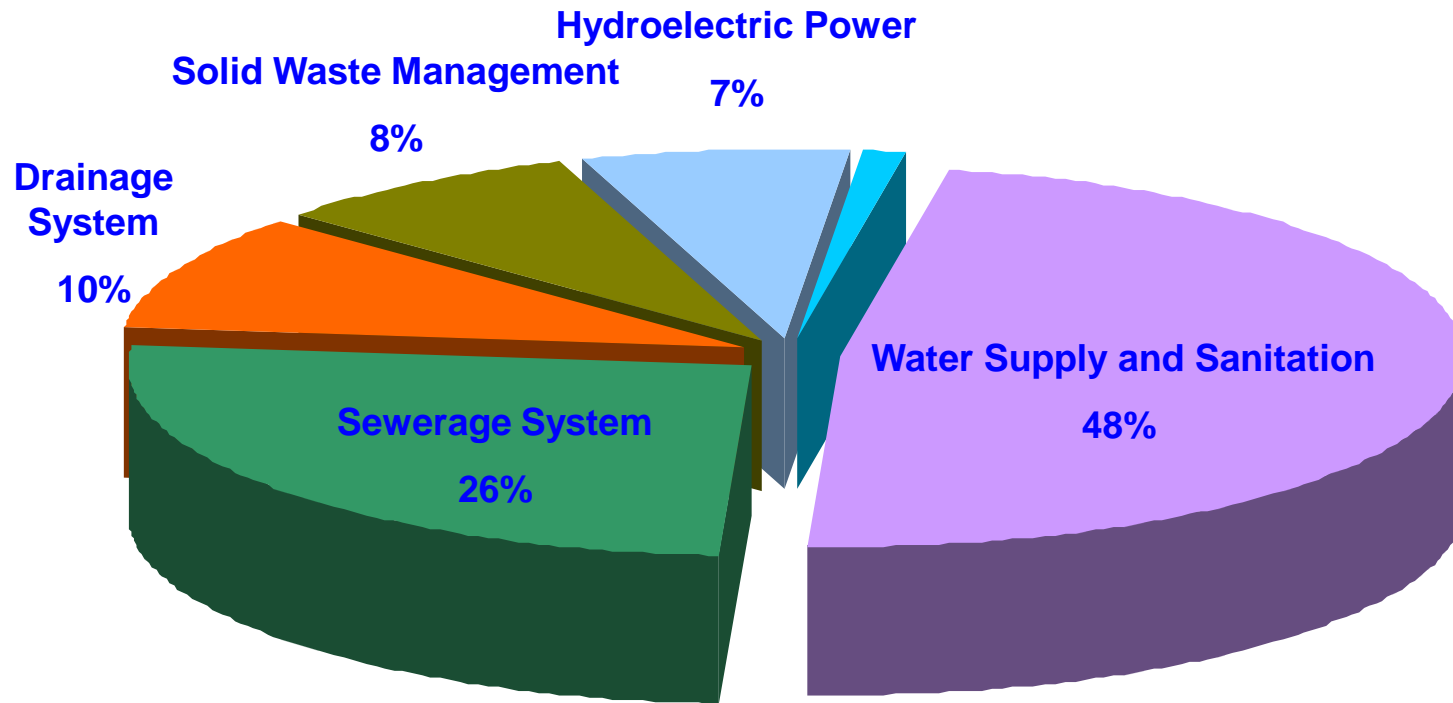
### Eligible Countries

- ✓ Asian Countries  
(Philippine, Mongolia,  
Viet Nam, Nepal,  
Uzbekistan, etc)
- ✓ European Countries
- ✓ African Countries
- ✓ Central and Latin  
American Countries

Rank	Recipients	Share
1	Viet Nam	17.7%
2	Bangladesh	8.5%
3	Sri Lanka	8.2%
4	Indonesia	7.1%
5	Cambodia	5.3%
6	China	4.9%
7	Philippines	3.5%
8	Jordan	3.4%
9	Angola	3.0%
10	Uzbekistan	2.6%

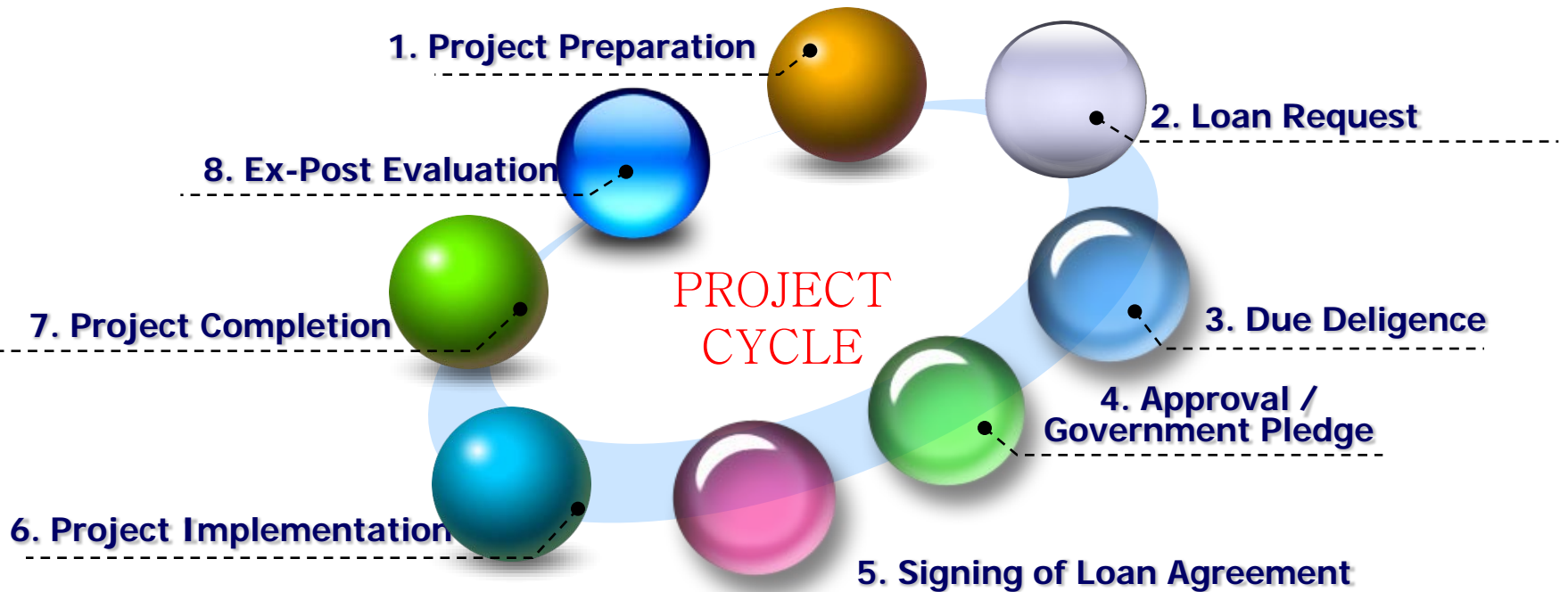
\* Cumulative total commitments from 1987 to 2008

## EDCF Commitment for Green Project



\* Green Project commitment comprises 1/5 of cumulative total commitment (US\$ 4.3billion) from 1987 to 2008.

# < EDCF Loan Procedure >



# THANK YOU!

For more information, please contact



## **Green Finance Dept., Kexim**

**Mr. Wi-Taik Cho, Director, 82 2 3779 5374, wtcho@koreaexim.go.kr**

**Mr. Yong-Keun Oh, Senior Loan Officer, 82 2 3779 5376, ohyk@koreaexim.go.kr**

## **EDCF Group, Kexim**

**Mr. Ki-hwan Na, Director, 82 2 3779 6575, kihwanna@koreaexim.go.kr**

**Mr. Woon-chang Lee, Senior Loan Officer, 82 2 3779 6596, wchang@koreaexim.go.kr**