Green EDCF Strategy and Operation Cases

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Shaping the future with EDCF

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Economic Development Cooperation Fund (EDCF)

The Economic Development Cooperation Fund (EDCF) is a government fund to support industrial development and economic stabilization of developing countries and to promote economic cooperation between Korea and developing countries.

**History**
Since 1987, EDCF has approved USD 23 billion for 503 projects across 58 countries (as of end of 2022)

**Partner Countries**
Developing countries classified by OECD DAC and the equivalent

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

**Terms and Condition**
Conditions differ based on partner countries’ income category or Korean Gov’t’s Policy Priority (e.g. Low interest rate and longer repayment period for Least Developed Countries with 0.01%-2.5% per annum for up to 40 years)
Performance in 2022

- [Commitment] ✓ USD 2.4 billion
- [Disbursement] ✓ USD 0.9 billion

Cumulative Total

- [Commitment] ✓ USD 23 billion
- 58 countries, 503 projects

- [Disbursement] ✓ USD 9.7 billion

※ 1 USD = 1291.95 KRW (average from 1st January to 31st December, 2022)
Commitment by Region

Concentrated in Asia, Diversified into Africa and Central and South America

<Top 10 key partner countries>

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount (million USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vietnam</td>
<td>2,594</td>
</tr>
<tr>
<td>Cambodia</td>
<td>1,766</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1,710</td>
</tr>
<tr>
<td>Philippines</td>
<td>1,508</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1,087</td>
</tr>
<tr>
<td>Egypt</td>
<td>1,086</td>
</tr>
<tr>
<td>Tanzania</td>
<td>974</td>
</tr>
<tr>
<td>Uzbekistan</td>
<td>933</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>930</td>
</tr>
<tr>
<td>Myanmar</td>
<td>898</td>
</tr>
</tbody>
</table>

Commitment by Sector

Focus on Transport, Health, Water and Sanitation, Energy Sector

Transportation 36.5%

Water and Sanitation 13.6%

Health 14.7%

Energy 9.8%

Public Administration 6.2%

Communications 5.5%

Etc 5.2%
Chapter 1 | Introduction to EDCF

1-4 | EDCF Project Cycle

Policy Dialogue
Preparation
Appraisal
Loan Agreement
Project Implementation
Evaluation

Project Identification and Investigation
(Korean Government/Borrower/EDCF)

Feasibility Study
(Borrower)
Request for loan
(Borrower)
Request for Appraisal
(Korean Government)

Notification to OECD
(EDCF)
EDCF Loan Appraisal Report
(EDCF)
Government Decision on EDCF Loans
(Korean Government)

A/G & A/R or F/A
(Governmental Agreement)
(Borrower/Korean Government)
L/A
(Borrower-Kexim)
(Borrower/EDCF)

Procurement Bidding
(PEA)
Procurement Agreement
(PEA/ Consultant and Supplier)
Implementation
(PEA/ Consultant and Supplier)
Disbursement
(EDCF)

Completion Evaluation
(Borrower)
Ex-post Evaluation
(EDCF)
Green EDCF Operation

02-1 | EDCF Mid-Term Strategy (2023-2025)
02-2 | Detailed directions of Green EDCF
Support for sustainable development of partner countries through enhancement of EDCF scheme.
Embody Climate Change Response Elements

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

Diversify Project Areas

- Expand support for climate change mitigation projects
  - Identify more projects by linking loan and grant programs
  - Support recipient countries’ policies by providing Program Loans

Strengthen International Cooperation

- Strengthen cooperation with international organizations
  - Co-financing with MDBs for green projects
  - Expand cooperation with international agencies specialized in green sectors
Establishment of System for Climate Change Response

Entire EDCF Project

Climate Risk Management
- Screening climate risk in advance
- Climate risk evaluation
- Making climate risk mitigation measures

EDCF Climate Project

Performance Management for Climate Project
- Climate change Mitigation Project: Measuring reduction of greenhouse gases
- Climate change Adaptation Project: Measuring beneficiaries and benefitted area

<climate risk management>

1. Project identification and preparation
   - Preliminary climate risk evaluation
   - Feasibility study
   - Make climate risk mitigation measures
   - Approval

2. Project implementation
   - Construction: Implement mitigation measures

3. Project evaluation
   - Completion: evaluation
EDCF Operation Cases in the Green Area

03-1 | Overview

03-2 | Case Study in the Green area
USD 8.3 billion committed to 153 projects across 38 countries in Green Area. Out of cumulative total of USD 23 billion.

### Sectoral information of EDCF Green Projects

<table>
<thead>
<tr>
<th>Sector</th>
<th>Committed Amount</th>
<th>Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Sanitation</td>
<td>USD 3.1 billion</td>
<td>75</td>
</tr>
<tr>
<td>Transportation</td>
<td>USD 2.3 billion</td>
<td>27</td>
</tr>
<tr>
<td>Energy</td>
<td>USD 1.4 billion</td>
<td>25</td>
</tr>
<tr>
<td>Environment Protection</td>
<td>USD 0.7 billion</td>
<td>12</td>
</tr>
<tr>
<td>Etc</td>
<td>USD 0.8 billion</td>
<td>14</td>
</tr>
</tbody>
</table>

(e.g. Agriculture, Communication ...)

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*Chapter 3 EDCF Operation in the Green area*
**3-2 | Case Study- ① Water and Sanitation**

**Indonesia**

Construction of Karian Multipurpose Dam Project

**EDCF Project (USD 140 million)**

- **Object**: Construction of Multipurpose Dam and Water Supply for domestic and industrial use to Jakarta, Banten, Tangerang and Serang Provinces

- **Method**
  - Dam (EDCF, USD 140 mil)
  - Water Conveyance Pipeline (EDPF, USD 210mil)
  - Water Treatment Plant (Export Credit, TBD)

- **Outcomes**
  - Decrease socio-economic damages by floods
  - Maximize the effectiveness of the project by cooperating with other grant agencies* 
  - Establish sustainable water resource management system

* KOICA, K-water
Bangladesh
Procurement of CNG Single Decker AC Buses for BRTC Project

Status of traffic congestion in Dhaka

EDCF Project (USD 77 million)

- **Object**
  - Resolve Traffic Congestion and Improve the Quality of Public Transportation Services in Dhaka city
  - Reduce air pollutants and greenhouse gases by replacing old buses with eco-friendly compressed natural gas (CNG) buses

- **Work Scope**
  - Procurement of CNG buses, spare parts and maintenance equipment

- **Details**
  - The first pilot project that applied EDCF Guideline for Responding Effects of Climate Change
  - Planning to measure the achievements of reduction of Carbon Dioxide after project completion
### India: Electric Vehicle Operations and Lending for a Vibrant Ecosystem (EVOLVE)

#### Case Study - Transportation (EV Ecosystem)

**EDCF Project (USD 100 million)**

- **Object**: Unlock and Improve Access to Commercial Finance for 2/3 EV wheeler consumers to support the growth of the EV ecosystem

- **Work Scope**
  - **1) Partial Credit Guarantee (125 mil. USD)**: Provide (partial) financial protection to local financial institutions against credit losses related to EV loans
  - **2) Low-Cost Lending (125 mil. USD)**: Offer concessional funds to local financial institutions to expand EV loans to end-consumers

- **Details**: Aim to leverage funds from EDCF and WB to expand EV loans up to $1.9 billion, facilitating over 1.5 million additional purchases of EV 2/3 wheelers

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**Chapter 3**

EDCF Operation in the Green area

#### Diagram Details

- **Donors**
  - Proposed GEF-NGI: Guarantee for Risk; Grants for Project Preparation and Technical Assistance
- **Managers**
  - SIDBI/Program Manager of EVOLVE RSP
- **Financial Institutions**
  - Participating Financial Institutions (PFI)
  - Loans
- **Borrowers**
  - Individuals, MSMEs, Lessor, Aggregator
  - **Use Cases**:
    - Personal and business use
    - Business or employee use
    - Buy and lease/rent EV fleets
    - Self-owned or intermediaries

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**Notes**

- **EDCF Project (USD 100 million)**
  - Unlock and Improve Access to Commercial Finance for 2/3 EV wheeler consumers to support the growth of the EV ecosystem
  - **Object**
    - **Partial Credit Guarantee (125 mil. USD)**: Provide (partial) financial protection to local financial institutions against credit losses related to EV loans
    - **Low-Cost Lending (125 mil. USD)**: Offer concessional funds to local financial institutions to expand EV loans to end-consumers
  - **Details**: Aim to leverage funds from EDCF and WB to expand EV loans up to $1.9 billion, facilitating over 1.5 million additional purchases of EV 2/3 wheelers