

ECONOMIC DEVELOPMENT COOPERATION FUND



Annual Report 2007

EDCF

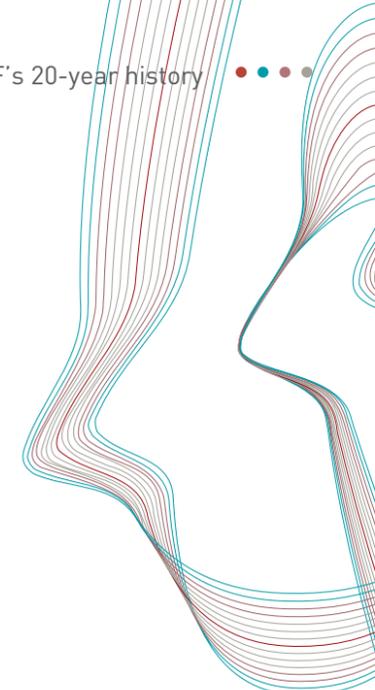
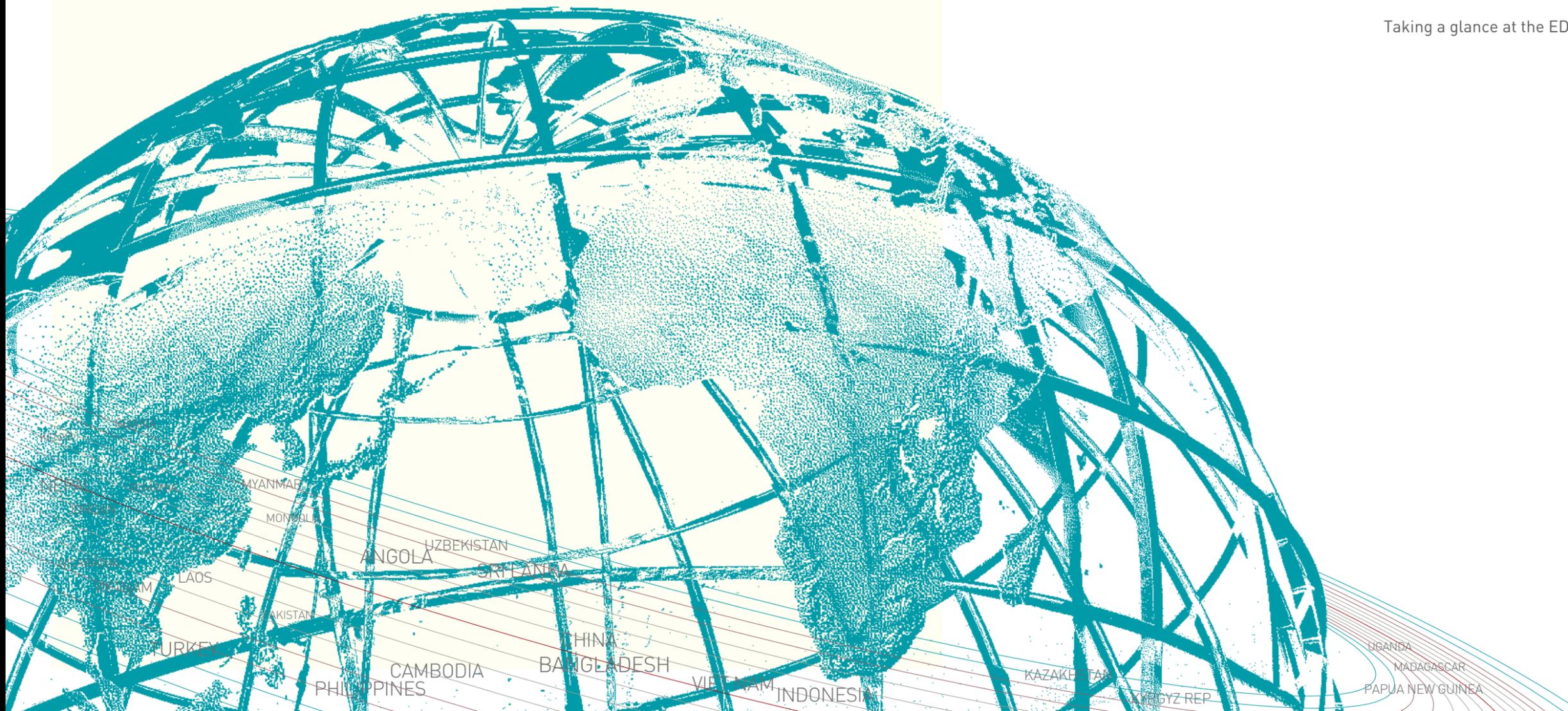
MINISTRY OF STRATEGY AND FINANCE
THE EXPORT-IMPORT BANK OF KOREA



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Taking a glance at the EDCF's 20-year history



MYANMAR
MONGOLIA
LAOS
KAZAKHSTAN
TURKEY
CAMBODIA
PHILIPPINES
ANGOLA
UZBEKISTAN
SRI LANKA
CHINA
BANGLADESH
VIETNAM
INDONESIA
KAZAKHSTAN
KYRGYZ REP.
UGANDA
MADAGASCAR
PAPUA NEW GUINEA

TAKING A GLANCE AT THE EDCF'S 20-YEAR HISTORY

The EDCF has been achieving
growth and development
since its inception

1986 ~

1986. Dec
Promulgation of the EDCF Act
(Law No. 3863)

1987. Jun
Establishment of the EDCF



1987. Jul
Initial contribution received from the Korean
government (KRW 15.0 billion)

1987. Dec
Approval of the first EDCF loan:
Padang By-Pass Project, Indonesia

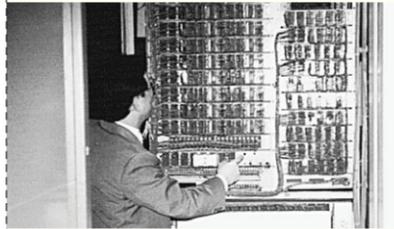


1989. May
Conclusion of the first Loan Agreement:
Passenger Coach Purchase Project, Nigeria



1990 ~

1992. Feb
Completion of the first EDCF-financed
project: Misamis Oriental Telephone
Expansion and Modernization Project,
the Philippines

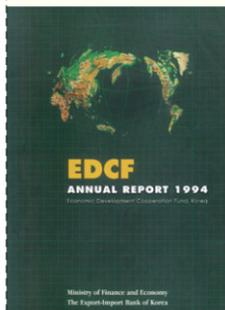


1992. Oct
Conclusion of the Framework Arrangement
on Co-financing between the Ministry of
Finance and the World Bank

1993. Jun
Conclusion of the Co-financing Arrangement
between the Ministry of Finance and the
Asian Development Bank

1995. Jun
First Co-financing Project with the Asian
Development Bank: Mindanao Power
Transmission Project, the Philippines

1995. Jul
First issuance of the EDCF Annual Report



1995. Oct
Hosting of the first EDCF Workshop for
government officials from nine partner
countries



1996. Dec
Cumulative total of EDCF loan commitments
reaching over KRW 1.0 trillion

1997. Jul
Conclusion of the Framework Arrangement
for Cooperation between the Korea
Eximbank and the Korea International
Cooperation Agency



2000 ~

2000. Oct
Approval of the first mixed credit loan:
Greater Galle Water Supply Project,
Sri Lanka



2005. Feb
Signing of the Memorandum of Under-
standing between the Korea Eximbank and
the Inter-American Development Bank



2005. Nov
Signing of the Memorandum of Under-
standing between the Korea Eximbank and
the African Development Bank

2005. Dec
Signing of the Memorandum of Under-
standing between the Korea Eximbank and
the Asian Development Bank

2005. Dec
Launch of the International Development
Consulting Center



2005. Dec
Introduction of the Country Cooperation
Strategy and Program (CCSP) for Indonesia
and Vietnam

2006. Jan
First implementation of the Medium-Term
EDCF Strategic Management Plan

2006. Mar
Approval of the first project loan in foreign
currency: 32 Set Commuter Train Project,
Turkey



2006. Nov
Signing of the Memorandum of Under-
standing between the Korea Eximbank and
the Japan Bank for International Cooperation



2006. Dec
EDCF's first grant assistance for the
feasibility study

2007. Jul
Hosting of the EDCF International Conference



2007. Aug
Introduction of the Compact Loan and
Public-Private Partnership Loan

2007. Dec
Approval of the first untied loan: Toliara
Province Road no.35 Rehabilitation Project,
Madagascar



The Government of Korea established the Economic Development Cooperation Fund (EDCF) on June 1, 1987 with the purpose of promoting economic cooperation between Korea and developing countries. Drawing on Korea's own development experience over the years, the EDCF assists partner countries by providing funding for their industrial development and economic stability.

The financial resources of the EDCF consist of contributions and borrowings from the government as well as its own operational profits. As of December 31, 2007, the EDCF had raised a total KRW 2,117 billion through these resources, for a cumulative loan commitment of KRW 3,188 billion, while its disbursements from those funds stood at KRW 1,773 billion.

The EDCF offers two types of loans: (1) loans to foreign governments, government agencies, and other eligible organizations to support the economic development of developing countries; and (2) loans to Korean firms for overseas investment projects. Thus far, most of the loans have been extended to foreign governments for their development projects.

The highest policy-making authority of the EDCF is the Fund Management Council, which is composed of 12 members, most of whom are ministerial-level government officials. The direction of EDCF operations and the assumption of principal policy-making responsibilities rest with the Ministry of Strategy and Finance (MOSF), which also coordinates policy matters with other relevant ministries.

Entrusted by the MOSF, the Export-Import Bank of Korea (Korea Eximbank) is responsible for the administrative operation of the EDCF, including appraisal of project, execution of the loan agreements, and loan disbursements. Other duties include principal/interest payments collection, project supervision, and ex-post evaluation of project operations.

EDCF

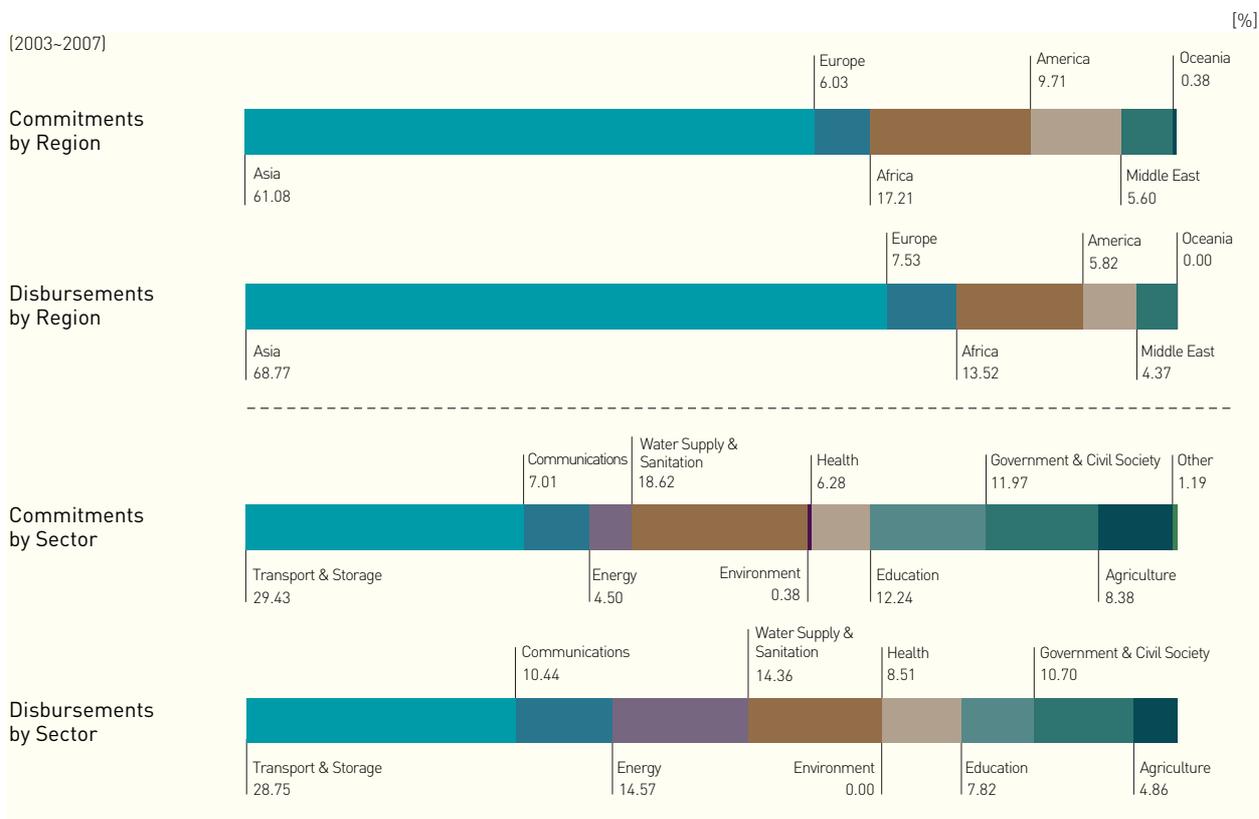
AT A GLANCE



[KRW Billion]

	2003	2004	2005	2006	2007
For the Year					
Commitments	163.9	237.6	296.9	340.1	554.2
Disbursements	137.0	155.5	164.3	136.1	155.3
Net Income	32.8	35.4	28.5	35.5	43.4
Accumulated Total at Year-end					
Commitments	1,759.4	1,996.9	2,293.8	2,633.9	3,188.2
Disbursements	1,162.0	1,317.5	1,481.8	1,617.8	1,773.2
Fund Raising	1,565.4	1,650.5	1,758.6	1,923.8	2,116.9
EDCF as Share of Bilateral ODA					
EDCF	137.0	155.5	164.3	136.1	155.3
Bilateral ODA	308.7	398.3	494.3	383.5	461.9^E
Share (%)	44.4	39.0	33.2	35.5	33.6^E
Total ODA	472.6	515.7	797.1	490.2	656.7^E
Share (%)	29.0	30.2	20.6	27.8	23.7^E
Terms of EDCF Commitments					
Grant Element (%)	65.4	68.4	73.1	72.7	75.4
Average Maturity (years)	30.0	30.0	28.8	29.1	30.5
Average Grace Period (years)	10.0	10.0	9.3	9.3	9.8
Average Interest Rate (%)	2.1	1.7	1.1	1.1	0.9

Note _ E [estimated]



MESSAGE FROM THE MINISTER OF STRATEGY AND FINANCE



With a helping hand from the international community, Korea transformed itself from a least-developed country to the world's 13th largest economy. It is also now one of the donor countries in the world. No one would deny that what the country achieved with the aid from the international community was exceptional. Indeed, Korea is a prime example of how much difference aid can make in the course of a nation's economic development.

Without the aid from developed countries and international organizations such as the World Bank and the Asian Development Bank, even the bare necessities would not have been available to many Koreans who were struggling to survive in the wake of the Korean War in the 1950s. The dynamic economic growth during the 1960s and 1970s would have also been impossible.

During the years when Korea was a recipient country, approximately 80% of the aid received was in the form of loans. These loans were used to build essential infrastructure, facilitate the development of key industries, and develop human resources, thus laying the foundation for economic growth. The Seoul-Busan expressway, the Soyang dam, the Pohang Iron and Steel Company, and Korea Advanced Institute of Science and Technology (KAIST) were all built with those loans, just to name a few. In addition, it also served as an opportunity to develop fiscal management capabilities and acquire the necessary expertise and experience before moving on to the international financial markets for commercial loans.

The inception of the Economic Development Cooperation Fund (EDCF) goes back to 1987 when the Korean government set up the fund as part of an effort to return what it has received back to the international community. Since the EDCF was established, loans amounting to KRW 3.19 trillion have been extended to 172 projects in 43 countries until the end of 2007.

Korea's new government affirms its strong
commitment to serve as a responsible member
of the international community



In 2007, the EDCF marked its 20th anniversary with a number of endeavors to make another great leap forward. The Korean government held an international conference to share its two-decade experience and build closer ties with other bilateral aid agencies and multilateral development banks. In addition, to meet the Millennium Development Goals, new loan commitments were increased 63% from a year ago to KRW 554.2 billion, which was the largest in its history. Last but not least, a number of steps were taken to improve aid effectiveness through various means, such as facilitating policy dialogues with recipient countries, expanding co-financing with multilateral development banks, and strengthening evaluation of the EDCF projects.

Korea's new government affirms its strong commitment to serve as a responsible member of the international community. Expanding official development assistance as a way to make more contributions to the international community is indeed very high on the agenda of the new government. Accordingly, new commitments will be increased to approximately KRW 1.2 trillion in 2008. Efforts to enhance cooperation with multilateral development banks and other aid agencies will continue. In addition, collaborative efforts will be made between the EDCF and the Knowledge Sharing Program, an aid program run by the Ministry of Strategy and Finance, to enhance aid effectiveness. With a ceaseless pursuit of "more aid and better aid," the EDCF will make more progress towards forward-looking development aid that can be summed up in a few words: "Growth and Development through Sharing."

A handwritten signature in black ink, which appears to read "Man-Soo Kang". The signature is fluid and cursive.

Man-Soo Kang
Minister of Strategy and Finance

MESSAGE FROM THE CHAIRMAN AND PRESIDENT OF THE EXPORT-IMPORT BANK OF KOREA



The year 2007 marked the 20th anniversary of the EDCF, a government fund set up to promote economic cooperation between Korea and developing countries. After the Korean War ended in the early 1950's, the nation's economic structure was severely damaged. However, Korea managed to rise from the ashes of war and stunned the world with its remarkable economic growth, which led to the opening of a new chapter in 2007 with its per-capita income exceeding USD 20,000 for the first time in history. Korea's extraordinary economic achievements would not have been possible without the economic assistance from the international community. It indeed laid the very foundation for the economic miracle in Korea, and Korea is often cited as a country where development aid successfully contributed to economic growth.

In recognition of this, the Korean government established the EDCF in 1987. It has been used as an effective mechanism for Korea to give back what it has received from the international community. During the first year of its operations, the number of countries benefiting from the EDCF's assistance stayed at two countries, with the aid amount reaching a mere KRW 17.8 billion. The number of recipient countries and size of assistance have since increased significantly to 21 projects in 12 countries receiving KRW 554.2 billion in 2007. The EDCF has also made significant contributions to the sustainable economic development of its recipient countries.

In 2007, efforts to fine-tune the operation of the EDCF continued. Changes were made to allow the EDCF to provide assistance to Public-Private Partnership (PPP) projects in developing countries. Steps were also taken to expand untied loans. For the first time in its history, the EDCF provided an untied loan to the Toliara Province Road No. 35 Rehabilitation Project in Madagascar through co-financing with the African Development Bank (AfDB). In addition, the Compact Loan, which amounts to less than SDR 2 million, was introduced to better meet the diverse needs of recipient countries in a timely manner.

Efforts to enhance the operational efficiency and transparency of the EDCF also continued in 2007. In line with global standards, the scope of EDCF projects subject to

It is our hope that the EDCF will significantly contribute to achieving the MDGs and strengthening Korea's reciprocal partnership with developing countries



competitive bidding procedures was expanded to include almost all projects. Other measures to improve the bidding procedures, including the standardization of bidding documents, were taken to facilitate the implementation of EDCF projects. The adoption of detailed and specific criteria to evaluate the performance of EDCF projects also helped enhance the effectiveness of aid.

In addition, efforts to further strengthen close ties with developing countries were made in 2007. As of the end of 2007, the EDCF operates the Country Resident Missions in Vietnam, Indonesia, and the Philippines, and another field professional will be dispatched to Tanzania in 2008.

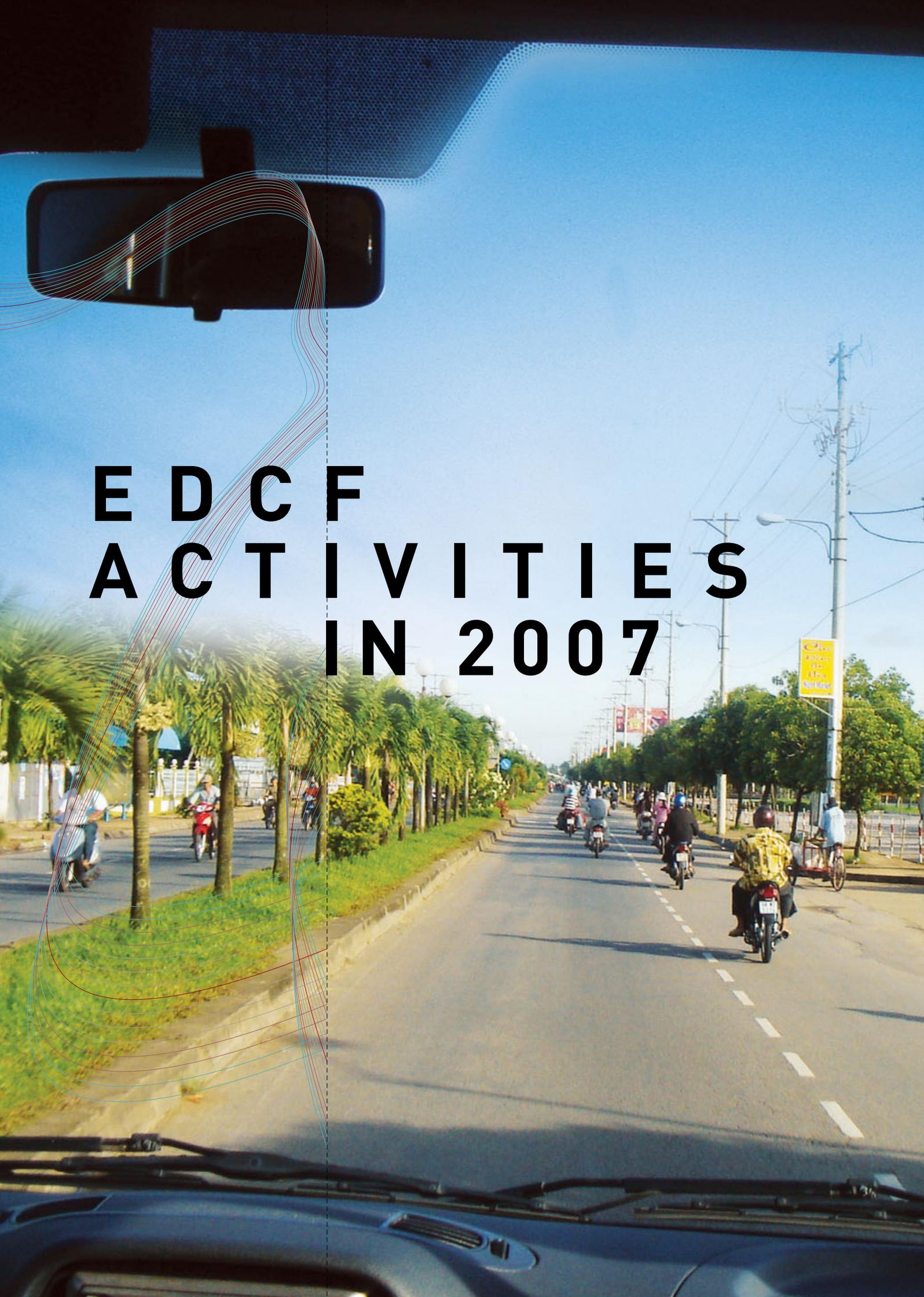
With respect to the ongoing implementation of the Medium-term EDCF Strategic Management Plan, the EDCF aims to reach KRW 1.2 trillion in terms of new loan commitments in 2008 to enhance reciprocal economic cooperation between Korea and developing countries. Untied loans as well as other PPP projects in developing countries will increase and the new rules for Compact Loan that were adopted in 2007 will be actively used. Fine-tuning the procurement process and thus ensuring a transparent and timely implementation of EDCF projects will remain as one of the EDCF's priorities. The use of performance-based criteria for the evaluation of EDCF projects will be expanded as well.

In 2008 and many more years ahead, the EDCF will continue to make efforts to develop more effective aid programs and models and increase the amount of official development assistance Korea offers. In doing so, it is our hope that the EDCF will significantly contribute to achieving the Millennium Development Goals and strengthening Korea's reciprocal partnership with developing countries.

A handwritten signature in black ink that reads "Cheon Sik, Yang".

Cheon-Sik Yang

Chairman and President of The Export-Import Bank of Korea



E D C F
A C T I V I T I E S
I N 2 0 0 7



THE EDCF IS COMMITTED TO ENHANCING
THE GROWTH POTENTIAL OF PARTNER COUNTRIES
BY STRENGTHENING THE ECONOMIC COOPERATION
WITH THEM IN A MUTUALLY BENEFICIAL MANNER

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POLICIES & DIRECTIONS



DEVELOPMENT GOALS

- Self-reliance of partner countries
 - Support the industrial and social development of partner countries and enhance their potential for sustainable development
- Mutual economic cooperation with partner countries
 - Promote mutual understanding by sharing Korea's development experience, and build stable and long-term cooperative relationships
- Participation in development efforts of the international community
 - Harmonize Korea's policies with international development cooperation agendas, such as the Millennium Development Goals

OPERATIONAL POLICIES IN FY2007

1. Implementation of the Medium-Term EDCF Strategic Management Plan (2006~2009)

The EDCF implemented a regional and sectoral development strategy in accordance with the 2006~2009 Medium-Term EDCF Strategic Management Plan.

1) Expanding the EDCF's volume of new loan commitments

The Korean government is planning to increase its official development assistance/gross national income (ODA/GNI) ratio to 0.1% by 2009 and 0.25% by 2015. This will make its contributions commensurate with the size of its economy. In line with Korea's policy to expand its volume of ODA, the EDCF increased its commitment by 63% in 2007.

2) Expanding Number of Partner Countries for the Country Cooperation Strategy and Program

In 2007, the EDCF expanded its Country Cooperation Strategy and Program (CCSP) to 11 countries to ensure a coordinated approach in EDCF assistance for the partner country. Partner countries were selected after assessing their development needs, bilateral relations, attitudes, and aid management capacity. Seven of them are from Asia, two from Latin America, and one each from Africa and the Middle East.

3) Reinforcing cooperation with multilateral development banks

The EDCF continued its effort to expand co-financing activities with multilateral development banks (MDBs) that possess comparative advantages and specialties in the sector with regard to global development issues. In particular, the EDCF have tried to strengthen its cooperation with MDBs for countries in which past bilateral aid has proven to be ineffective due to poor governance.

2. Introduction of new EDCF loan facilities for improvement in aid effectiveness

In 2007, a top priority was given to the enhancement of aid effectiveness, as well as an increase in EDCF volume. To this end, the EDCF improved its loan facilities, focusing on aid effectiveness.

1) Introducing loan facility for Public-Private Partnership projects

The EDCF has introduced a loan facility for Public-Private Partnership (PPP) projects to increase its effectiveness by utilizing the professional skills, expertise, and financial resources of the private sector.

2) Introducing untied loan

With the goal of joining OECD Development Cooperation Committee (DAC) in 2010, the Korean government is planning to gradually increase the proportion of its untied loans in conformity with the DAC's recommendations. To this end, the EDCF introduced an untied loan facility. The first loan from it went to the Toliara Province Road No. 35 Project in Madagascar. The EDCF views untied loans as a practical way of reducing the overall costs of implementing development projects in a recipient country.

3) Introducing the Framework Arrangement

The EDCF introduced the Framework Arrangement (FA) for the effective delivery of EDCF loan commitments. This increases the predictability of medium-term loan commitments based on the CCSP. As FA substitutes for a Government Arrangement for each project, it will significantly simplify the overall loan procedures.

4) Improving aid effectiveness through the introduction of a performance indicator to project evaluations

The importance of project evaluations became even more apparent in 2007. The EDCF then introduced a performance indicator in order to more systematically conduct project evaluations. Performance indicators are jointly made with partner countries' governments at the stage of project appraisal after comprehensively analyzing project benefits and the resources required to implement the project. The EDCF expects that the performance indicators will strengthen the ownership of partner countries.

OVERVIEW OF EDCF ACTIVITIES IN 2007

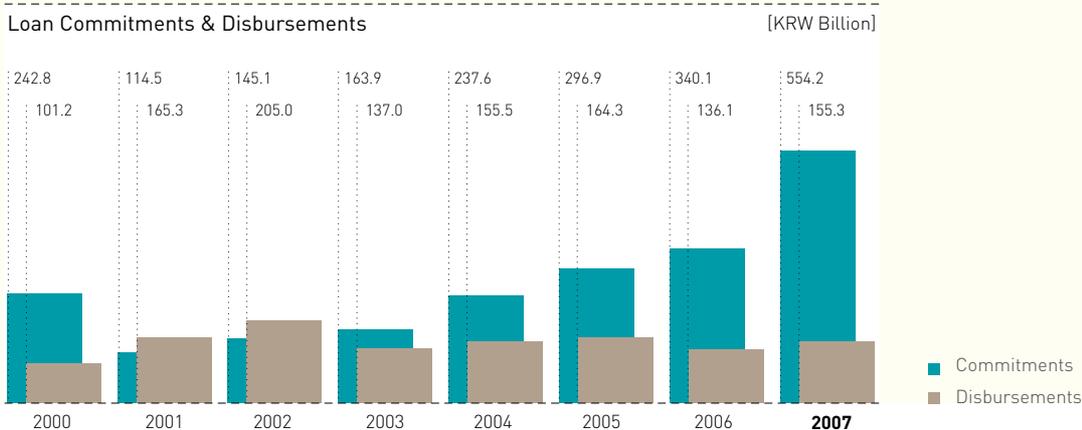


To celebrate its 20th anniversary, the EDCF took further steps to effectively promote development cooperation with partner countries and eradicate poverty in developing countries—a daunting challenge faced by all members of the international community. The EDCF’s total loan commitments for the year reached USD 584.2 million, the highest since its establishment in 1987. In order to improve its aid effectiveness and quality, several measures were instituted. Compact Loans and the Framework Arrangement were introduced to reduce the time required to complete projects and increase their efficiency. Assistance for Public-Private Partnership (PPP) projects and untied aid projects were also initiated to better meet the needs of recipient countries. Lastly, the EDCF has expanded the EDCF Country Resident Mission Program. This will contribute to a more effective cooperation and communication network with partner countries.

LOAN COMMITMENTS

Largest Commitments since the EDCF’s Establishment

In 2007, the EDCF provided new loan commitments totaling KRW 554.2 billion (USD 584.2 million) to 21 projects in 12 countries, up 63 % over the previous year. This was the largest amount since its establishment. Among a total of 12 partner countries, Senegal, Egypt, and Madagascar were first-time recipients. As of the end of 2007, total commitments made by the EDCF reached KRW 3,188.2 billion (USD 3.3 billion) for 172 projects in 43 countries.



Commitments by Region/Country

The largest portion of new commitments made in 2007 was given to Asia, reflecting the close economic and diplomatic ties with many of Asian countries. Loan commitments received by these countries accounted for 68.3 % of the EDCF's total new loans for the year. Africa took the second place, receiving 26.3 % of new commitments in 2007 and demonstrating the EDCF's efforts to expand into the continent. In other regions, such as Latin America, Africa, and the Middle East, the EDCF will expand its commitments by focusing on stronghold countries. Vietnam was the largest recipient as an individual partner country, with a total commitment of KRW 230.9 billion. It was followed by Pakistan (KRW 61.7 billion) and Laos (KRW 59.4 billion).

Commitments by Sector

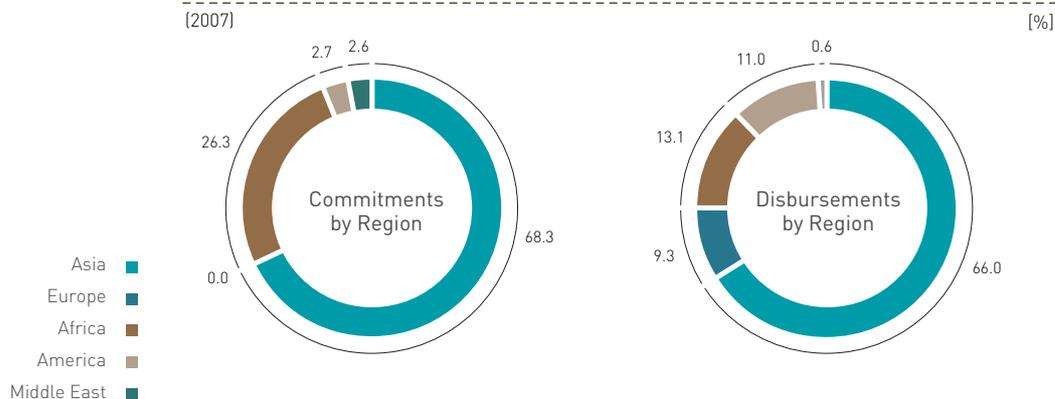
New commitments to economic infrastructure, such as transport and storage, energy, and communications, continued in 2007. At the same time – in line with the international community's commitment to the Millennium Development Goals – new commitments were also made to social infrastructure in such areas as water supply and sanitation, education, and health. In the future, the EDCF will allocate a significant portion of its financial resources to economic infrastructure projects to support the economic growth of partner countries. Financial assistance to social infrastructure will likewise be expanded.

LOAN DISBURSEMENTS

Loan Disbursements on the Rise

In 2007, loan disbursements totaled KRW 155.3 billion (USD167 million) for 39 projects in 20 countries, a 14.1% increase from the previous year. This growth rate was smaller than that of commitments and was largely due to delays caused by the adoption of new procedures. Consultant reviews were carried out to efficiently manage the project, and competitive bidding procedures were more widely applied to enhance fairness and transparency in the overall procurement procedure. With the rapid increase in commitments, loan disbursements are expected to rise sharply in the near future, allowing outstanding commitments to reach as much as KRW 1,415 billion.

Cumulative disbursements of the EDCF loans totaled KRW 1,773.2 billion, or 55.6 % of its total commitments. Out of the 172 committed projects, 134 received disbursements. At the



end of 2007, the EDCF's outstanding loans to partner countries totaled KRW 1,544.1 billion, up approximately 8.3% from KRW 1,425.1 billion recorded at the end of 2006.

Loan Disbursements by Region and Country

At 66.0%, Asia was the largest borrower for the year, followed by Africa (13.1%) and Latin America (11.0%). By country, Sri Lanka was the largest recipient (with KRW 24.2 billion), followed by Cambodia, the Philippines, and Angola.

Loan Disbursements by Sector

In response to the international community's commitment to the Millennium Development Goals, loan disbursements were made in a balanced manner between economic and social infrastructure. Of total loan disbursements made in 2007, the transport and storage sector accounted for 30.29%, followed by government and civil society (30.28%), water supply and sanitation (12.2%), and education (8.4%). These loan disbursements provided support for economic development and helped to enhance the quality of life in developing countries.

OTHER ACTIVITIES

Introducing Compact Loan

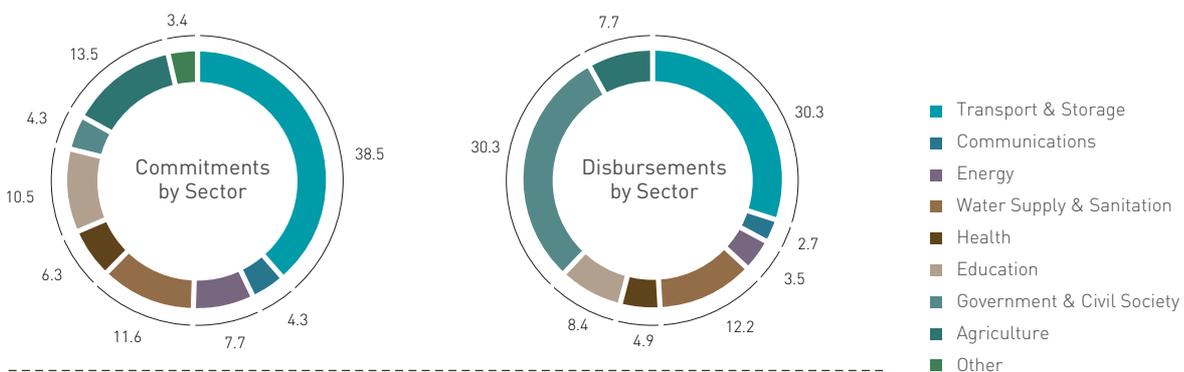
Prior to August 2007, the EDCF loan approvals and procurement procedures were not differentiated by the size of the loan. For this reason, they were considered to be complicated and ineffective—particularly for loans of less than SDR 2 million (approximately USD 3 million). In an effort to streamline loan procedures for small loans, the EDCF introduced Compact Loan in August 2007. The project cycle for a Compact Loan was significantly shortened by simplifying the project appraisal and approval stages.

The first loan approval for a Compact Loan was made on November 16, 2007 for the Laos SEA Game Stadium Road Improvement Project, with a loan amount of USD 3 million. Although it has yet to establish itself as a main financing instrument for the EDCF's projects, the level of requests and approvals for Compact Loan is expected to increase, given their strong advantages.

The main benefit of a Compact Loan is that the partner country's needs for aid can be met in a timely manner, since the loan appraisal is carried out quickly and without an

(2007)

[%]



appraisal mission. In addition, Compact Loans can provide assistance to more diversified sectors, since loans of less than SDR 2 million are not subject to a commercial viability test.

Terms and Conditions for Compact Loans

Loan Amount : Up to 100% of the total project cost (less than SDR 2 million)

Interest Rate : 0.1% per annum

Repayment Period : A period not exceeding the concessionality level of the EDCF's standard terms for each recipient country

Loan Currency : Korean won

Introducing the First Untied Loan Facility

The Korean government approved the provision of the untied loan to the Toliara Province Road No.35 Rehabilitation Project in Madagascar in December 31, 2007, for the first time in the EDCF's history. The untied loan facility is introduced in line with the principles agreed in the Paris Declaration on Aid Effectiveness. It also shows the Korean government's commitment to officially join the DAC, making efforts to improve the quality of aid and their impacts on the development of the partner countries. Untied loans are to be increased up to 40% of the total loan commitment amount by the year 2015.

Strengthening Cooperation with MDBs

The year 2007 was marked by active cooperation efforts between the EDCF and Multilateral Development Banks (MDBs). In 2007, the EDCF provided loan commitments to three co-financing projects, which accounted for 33% of the entire co-financing projects that have been approved since its establishment. The Toliara Province Road No.35 Rehabilitation Project in Madagascar was a significant development project in the EDCF's history in a sense that it was the first co-financing project with the African Development Bank (AfDB) as well as it was the first united loan facility.

In addition, the EDCF strengthened its relationship with five major MDBs through various forms of cooperation, such as annual consultation meetings which helped to identify new candidate projects for co-financing. To enhance aid cooperation with these global donor communities, the EDCF plans to expand its co-financing projects in following years in accordance with the Medium-Term EDCF Strategic Management Plan.

Expanding EDCF Country Resident Mission

It is also worth noting that the EDCF Country Resident Mission in Vietnam was increased from one to two experts, in line with the steep rise of loan commitments to that country. The Country Resident Mission has been in operation since 2006 in three top-priority partner countries: Vietnam, Indonesia, and the Philippines. The EDCF Country Resident Mission is recognized as a very efficient method of communicating



Toliara Province Road No.35
Rehabilitation Project, **Madagascar**

with recipient governments to identify prospective projects and manage project implementation, not to mention sharing knowledge with other donors and broadening knowledge regarding effective aid practices. As a result, the EDCF Country Resident Mission will continue to enjoy an important presence. Currently, there are plans to dispatch another field professional to Tanzania in early 2008, which will enhance EDCF activities in Africa.

Introducing the Framework Arrangement and Rolling Plan

New ways to establish a mid- to long-term project identification system were introduced in 2007, in line with implementing the Country Cooperation Strategy and Program (CCSP) that had been initiated in 2006. The first countries involved in this exercise were Vietnam, Indonesia, and the Philippines.

The first mid-term Rolling Plan (2007–2009) was adopted as the result of a series of bilateral policy dialogues. It comprises a list of prospective projects for the next three years, classified by sector, commitment year, project preparation status, necessity of technical assistance, etc. While the EDCF mainly relied on individual loan requests from recipient countries for its new projects until now, it is expected that this new system will contribute to a more structured form of EDCF assistance to our counterparts, both in terms of supporting project preparation and starting up the activities. Given the significance that project preparedness plays in the long-term project cycle, the introduction of the Rolling Plan and its application to other countries will doubtless lead to improvements in the quality of the EDCF's supporting scheme.

As of 2007, 25 projects worth USD 836 million were listed for Vietnam, with 19 valued at USD 638 million listed for Indonesia and 22 worth USD 515 million going to the Philippines.

In line with the mid-term Rolling Plan, the Framework Arrangement (FA) was introduced to replace the former Government Arrangement, which had required the signing of all participating governments for each project once the Pledge had been accepted by a recipient country. The FA, however, sets a maximum aggregate commitment amount for the medium term and the signing is not required within a set amount. This shortens governmental procedures, saving a substantial amount of time in the standard project implementation period. Since the EDCF confirms the extended loan amount for three years in advance, the counterpart government can now secure funding sources for potential projects and develop identified projects well in advance.

As of 2007, countries that had adopted the Rolling Plan and had also signed the FA included Vietnam (in July), Indonesia (in November), and the Philippines (in December).



Five Vietnamese-Korean Vocational Colleges Establishment Project, **Vietnam**

Expanding Assistance for PPP Projects

Demand for infrastructure construction in developing countries rose steadily each year to reach USD 95.8 billion in 2005. Today, developing country governments are making up for shortages in their public sector budgets by inviting private sector funds.

EDCF priority countries, such as Indonesia, Vietnam, Cambodia, and other developing countries in Asia, are actively seeking to attract private financing to build key national infrastructure, including roads, ports, and airports.

At the same time, Korean financial institutions and construction firms are looking for opportunities to enter the emerging market for PPP projects in Asia. They are backed by their experience in carrying out similar projects in Korea and supported by plentiful market liquidity.

As a result, in December 2007 the Korean government approved an EDCF assistance facility for PPP projects. Its mission was to more effectively provide aid for the construction of infrastructure in developing countries that is essential for their economic and social development.

The EDCF assistance mechanism for PPP projects can be in two forms: either extending loans for PPP projects to developing country governments; or directly participating in developing country PPP projects through loans or contributions of capital.

By providing assistance for PPP projects with joint funds from the private sector, the EDCF expects to participate in large-scale infrastructure projects in developing countries that will in turn have important developmental and economic cooperation effects.



EDCF PROJECTS APPROVED IN 2007



GMS SOUTHERN COASTAL CORRIDOR PROJECT, VIETNAM

The Great Mekong Sub-region (GMS) Southern Coastal Corridor is a road corridor running along the Gulf of Thailand coast from Bangkok in the north through Thailand, Cambodia, and Vietnam to Ca Mau city in the south. It has a total length of 924 km, and is one of several strategic transport corridors being developed to facilitate cross-border trade and support economic development in the GMS countries. The existing road infrastructure in Cambodia and Vietnam does not provide a satisfactory level of service to road users in terms of travel time, transport costs, vehicle weight, or road safety.

The project runs through the provinces of Kampot in Cambodia and Ken Giang and Ca Mau in Vietnam. The EDCF, in consultation with the ADB and the Government of Vietnam, decided to commit USD 49.7 million out of the total cost of USD 83.7 million to support the QL63 road improvement effort and the construction of a bridge on the Tac Cau Bypass in Vietnam.

The project will assist Vietnam to implement its poverty reduction strategies and stimulate economic growth in its southern coastal provinces by improving access to markets and providing employment opportunities and social services for the poor. With the EDCF funding, the country will gain a more efficient movement of passengers and goods, provide improved road connectivity between rural areas and provinces, augment road safety, and reduce road noise and pollution emissions in urban areas.

NORTHERN GMS TRANSPORT NETWORK IMPROVEMENT PROJECT, LAOS

The landlocked Laos is a less-developed, mountainous country with a sparse population. Roads, which carry about 70% of total freight and 90% of total passenger traffic, are the essential elements of the infrastructure supporting domestic and



Northern GMS Transport Network Improvement Project, Laos

international trade. Good road access conditions are key underlying factors that can contribute to poverty reduction in Laos.

In an effort to raise itself from being a least-developed country by 2020, the Lao government has devised a National Growth and Poverty Eradication Strategy as a long-term development goal. The strategy identified transportation development as a critical factor in achieving its development goals.

Laos is pivotal to the GMS transport corridors linking northern Thailand, northern Vietnam, and the southern provinces of China. A number of border crossings have been established between Laos and its GMS neighbors, and the upgrading of roads in countries abutting them crossings is either completed or underway. Within Laos, however, many of the linkages between these border crossings are absent or in poor condition.

The project, which is co-financed with the ADB, will upgrade the section of roads along these corridors, enhancing road connectivity on both the national and sub-regional levels. With regard to the section of Route 4, which covers 367.1 km from Luang Prabang to the Thai border, the EDCF will support the construction and pavement of a 59.1 km road between Xieng Nguen and Park Khone and the installation of a new bridge across the Mekong River by providing loans worth USD 22.4 million.

This enhanced national road network is expected to facilitate trade and tourism, making the northern region of Laos a more attractive investment destination. In the long run, benefits gained through the project will help to reduce poverty and contribute to the economic growth as a whole.

TOLIARA PROVINCE ROAD NO. 35 REHABILITATION PROJECT, MADAGASCAR

The Toliara Province Road No.35 Rehabilitation Project is not only the first project to provide the EDCF untied loan facility, but it is also the very first aid commitment to Madagascar. It aims to support the socioeconomic development of Toliara Province, one of the poorest and least developed regions in the country.

The total project cost is estimated to be USD 38.8 million and the Korean government approved a loan commitment of USD 14.1 million in December 2007.

The project was originally planned to be funded by the AfDB loan, co-financed by the OPEC Fund and the Government of Madagascar. However, due to the cyclone that destroyed a big part of the project site in 2006, substantial cost-overrun has occurred. Therefore, the AfDB proposed the EDCF to co-finance the project during the annual consultation meeting in April 2007.



Toliara Province Road No. 35
Rehabilitation Project, **Madagascar**

The objective of the project is to provide mobility for the 750,000 local inhabitants in Toliara Province by improving the quality of the Road No. 35, where 80% of the surface has pot holes and cracks, making the road access dangerous and inconvenient. It is expected that the rehabilitation of the road will create positive economic benefits for the whole region, connecting the local market to the major markets in Madagascar.

The road, 49 km in total length, will connect Morondava, a port city in western Madagascar, with Mahabo, located in the Mid-western region of the Toliara Province. The road will run across the heart of the regional transportation system, which is crucial for the mobility of goods and mineral resources produced in the region.

CONSTRUCTION OF THUA THIEN HUE GENERAL HOSPITAL PROJECT, VIETNAM

The project to build a new general hospital with 500 beds and modern medical equipment including MRI, CT, X-ray, ultrasonography, and endoscope in the Thua Thien Hue province is set to be launched with the help of the EDCF committing USD 30.9 million, among the total project cost of USD 38.6 million.

Located in Vietnam's central economic region, the Hue province, once ravaged by heavy war, still has many local people suffering from dioxin. With a low GDP compared to the national level, poor households and children suffering from malnutrition in Hue province account for 15% and 28.5% of its population respectively. Hue's healthcare infrastructure, facilities, and equipment, however, remain inferior and healthcare services are of low quality especially in remote areas.

The lack of a proper general hospital hinders Hue's efforts to achieve its goals in the healthcare sector, which include improving the vaccination rate and reducing malnutrition in children under the age of five, increasing the number of hospital beds, and controlling severe epidemics. It also undermines the province's efforts to shift its economic structure to the paradigm of industry, tourism and agriculture, with tourism considered as an edge. All these targets are a part of the socio-economic development orientation to 2010 of the Hue province.

By building a general hospital of the highest quality in the Hue province, the EDCF will help the province and the Vietnamese government to resolve the long-standing problems in providing healthcare services to its people and reduce the pressure of Hue's central hospital in dealing with its overflowing patients.



Construction of Thua Thien Hue General Hospital Project, **Vietnam**



Construction of Thua Thien Hue General Hospital Project, **Vietnam**

When established, the hospital will also train medical workers, conduct medical science researches, direct inferior-level healthcare units in terms of technical and professional activities, promote disease prevention, and induce international cooperation.

In addition, the project plans to gradually develop specialized departments, nurture specialists, establish a national and international diagnosis conference network, and provide synchronous equipments capable of treating serious health problems.

As a result, the hospital is expected to greatly enhance the residents' health, which is in fact one of the most precious assets in life, and contribute to the achievement of the development targets of the Hue province and the Vietnamese government.

MEKONG RIVER INTEGRATED MANAGEMENT PROJECT IN VIENTIANE CAPITAL, LAOS

This project aims to protect the river bank and construct a riverside park along the Mekong River in Vientiane, Laos. The EDCF committed USD 37.2 million, accounting for 76% of the total project cost of USD 49.0 million.

As the capital city of Laos, Vientiane has great industrial, commercial, residential, agricultural, and cultural importance. However, deforestation and soil erosion along the Mekong River have caused uncontrollable flooding, erosion, and frequent and extended periods of flooding.

This high-priority project was launched in accordance with the National Growth and Poverty Eradication Strategy of the Government of Laos. After some of its officials visiting Korea in 2005, the Lao government expressed interest in the comprehensive development of the Han River. It wanted to mitigate flooding, protect the riverbank, improve the riverside road, and develop a riverside park for recreational purposes along the Mekong River.

In order to provide financial and technical assistance in achieving the government's goals, the Korea International Cooperation Agency (KOICA) conducted a feasibility study for the project on behalf of the Korean government. Taking note of Korea's development experience and its role in the successful implementation of the Luang Prabang National University, the Lao government requested an EDCF loan for this project in July 2007.

The project includes embankment and bank protection from Tadthong to the Australian Embassy Residence (12.2 km), construction of a riverside road from the Mekong River Commission Junction to the Thatkhao Junction (2.68 km) and a riverside park (160,000m²), and improvement of the existing Kao Liao port. The loan includes consulting services for design, procurement management and supervision.

This project is expected to contribute to a reduction in flood damage and prevent deforestation and soil erosion. By promoting tourism, enhancing the welfare of the citizens in Vientiane, and developing related industries, the project will also spur economic growth within Laos.

CONSTRUCTION OF THE RACH GIA BYPASS PROJECT, VIETNAM

This project is the single biggest project in the 20-year history of EDCF, with a total loan amount of USD 82.8 million. Since the average commitment per project to that point had been around USD 20 to 30 million, this project substantially increased the loan amount per project.

Rach Gia City is located in Kien Giang Province, the farthest province to the south-west of Vietnam and adjacent to the Gulf of Thailand. The Rach Gia Bypass will be a two-lane, class III, 80 km/h highway with 23 bridges and totaling 20.3 km in length. Connecting the northern part of Rach Gia City on Highway No. 80 to the southern part of Rach Soi on Highway No. 61, it is part of the famous GMS Southern Coastal Corridor.

The completion of the GMS Southern Coastal Corridor Project (SCCP) will attract more traffic, causing severe congestion on the route passing through the center of Rach Gia City in tandem with the opening of another new road, the Ho Chi Minh Highway to the north of Rach Gia. It is estimated that freight and passenger traffic will increase by 20% per annum.

The bypass is designed to alleviate traffic congestion on the existing National Highway No. 80, reducing transport time and cost. It will also provide improved road connectivity in the Southern Coastal Corridor, allowing for the more efficient transportation of passengers and goods.

The bypass will also contribute to the development of the transportation sector in the southern part of Vietnam, along with the opening of the GMS Southern Coastal Corridor. In addition, it will help increase inter-provincial and intra-provincial trade by 60% within three years after completion, while decreasing intra-provincial travel time by 20% and the cost of accidents by 50%.



Construction of Rach Gia Bypass Project,
Vietnam



Construction of Rach Gia Bypass Project,
Vietnam

FIVE VIETNAMESE-KOREAN VOCATIONAL COLLEGES ESTABLISHMENT PROJECT, VIETNAM

Vietnam's dazzling economic development, especially the rate of industrialization, is leading to the need for a skilled and professional labor force that can meet the demands of modern technologies. Even though laborers ranging from 15 to 34 years of age compose over 70% of the total labor force, the country has still failed to meet the demand for highly skilled workers due to a lack of systematic job training. Currently, less than 10~20% of the labor force enrolls in job training programs.

As a result, the development of a vocational training school network is now of paramount concern to the Vietnamese government. Pursuant to the Planning on Job-Training School Network of the Prime Minister, dated April 11, 2002, a vocational training school network became the main item for 2002~2010, to service the country's continued industrialization and modernization.

The Vietnamese government decided to use EDCF loans from the Korean government for this project. In turn, the EDCF decided to provide USD 35.0 million, representing 55.1% of the total cost of the five Vietnamese-Korean Vocational Colleges Establishment Project.

The project's objective is to establish five vocational colleges in Hanoi city and other four provinces of Quang Ninh, Quang Ngai, Binh Duong, and Ca Mau. It will provide them with advanced equipment, state-of-the-art vocational education programs, and teacher and staff development.

The project consists of constructing five colleges, procuring equipment, developing training programs, and providing consulting services. Several buildings will be built in Hanoi city and other four provinces. Approximately 5,300 pieces of equipment, educational programs, and consulting services will also be made available to each college. Korea's wealth of vocational training experience, such as various educational programs, study tours, etc. will all be helpful to Vietnam's own vocational training programs.

The project is expected to contribute to the development of human resources for the industrialization and modernization of Vietnam by cultivating an educated and skilled workforce. The establishment of new vocational technical colleges in the five provinces will provide the country with qualified manpower and vitalize its regional economies. These vocational colleges will also serve as a model for



other similar facilities. By transferring Korea's in-depth experience in the field of vocational training, the project will also contribute to enhancing economic cooperation and partnership between the two countries.

MALAGARASI BRIDGE AND ASSOCIATED ROADS PROJECT, TANZANIA

An exceedingly poor transportation infrastructure has been one of the most critical constraints to economic development in Tanzania. In light of this, the Tanzanian government is placing a high priority on improving the transportation sector as part of its National Economic Development Plan to promote social and economic growth. Particular emphasis has been given to road transportation.

The purpose of this project is to construct three bridges along the Malagarasi River and new all-weather roads on the central section of Trunk Road T-18, a vital link between the regions of Kigoma and Tabora. There is no bridge spanning the Malagarasi River, so an unreliable ferry that can only carry a minimal amount of cargo and small canoes are the only means of transportation across it in the rainy season. These vehicles are incapable of safely transporting refugees, humanitarian workers, or supplies.

The EDCF will extend USD 25.0 million in loans out of the total project cost of USD 31.3 million. The project includes design engineering for and construction of three bridges and approximately 48 km of associated approach roads, as well as construction supervision.

After the project is finished, a road will be built through the central part of the country from the east coast to the western border, reducing the travel distance between two important regional capitals, Kigoma and Tabora, by almost 300 km. It will also open up a vast new frontier area with good potential for agricultural and tourism development and encourage increased crop production by enabling surpluses to be marketed more easily.

The project will also accelerate the completion of the trunk road linking Kigoma with Tabora, which is one of the most important connections within the central transportation corridor. The road will also serve as an essential outlet for a number of landlocked countries, such as Rwanda, Burundi, Uganda, Zambia, and the Democratic Republic of Congo, all of which depend on Tanzania to provide them with ocean access to international markets.



Malagarasi Bridge and Associated Roads Project, **Tanzania**

YEMENI-KOREAN HIGH TECHNICAL INSTITUTE PROJECT, YEMEN

As the only least-developed country in a sea of rich ones, the Yemeni government sees education and training—especially technical education and vocational training (TEVT)—as being key drivers in its bid for sustainable economic and human development.

This need for a larger supply of skilled manpower is reflected in the country's educational policy and its sector strategy, both of which assign high priority to the development of technical and vocational training programs. However, while enrollments in these programs have been progressively increasing during the last decade, the current program framework can only serve a limited number of people. As a result, Yemen's primary goals are to expand the range of vocational and technical training facilities, develop relevant curricula, and improve the standards of trainers.

In line with these educational and training policies, the EDCF will aid in providing equipment and services to the High Technical Institute that is being constructed in Sana'a, Yemen's capital. This support includes USD 15.4 million in loans out of the total project cost of USD 19.7 million. To maximize the resources available for the establishment of the Institute, its construction is being conducted by Yemen and financed by the Islamic Development Bank, while major equipment and software needs are to be provided by Korea.

The primary objectives of the project are to contribute to Yemen's economic development by offering high-quality training opportunities and enhance its sustainability by creating skills that meet the needs of the local job market. Another goal is to establish a high-tech institute that meets all global standards, enhancing the competitiveness of Yemen's citizens in the international job market.

The Yemeni-Korean High Technical Institute will be a place of excellence, boasting both state-of-the-art equipment and a favorable training environment. It is hoped that the Institute (which will specialize in ICT) can enhance educational efficiencies by maximizing the utilization of training facilities, lay the groundwork for the future development of information technology in Yemen, and produce highly-skilled technicians who can meet the needs of the market.



Yemeni-Korean High Technical Institute Project, **Yemen**



Yemeni-Korean High Technical Institute Project, **Yemen**

JUIGALPA POTABLE WATER SYSTEM EXPANSION PROJECT, PHASE II, NICARAGUA

The citizens of Juigalpa city have been suffering from an insufficient and irregular supply of potable water due to a lack of water resource management facilities. Except for those living in potable water-serving areas, most citizens depend on underground water that has been exposed to uncontrollable, unsanitary conditions.

Over the past 10 years, the demand for water has increased dramatically, especially during the dry season (December-April), due to a shortage of water caused by the drying up of water sources. From March to May, the water supply does not reach even half the demand, imposing severe inconvenience on residents.

To solve this problem, the Nicaraguan government carried out Phase I of its Expansion Project for the Water Supply System in Juigalpa City, with financial support from the EDCF. This involved building an intake facility using Nicaragua Lake as its source. This project consisted of building an intake tower and pumping station, a booster pumping station, a water transmission line, electrical equipment for pumping stations with a power transmission line, and instruments for pumping stations and clearing wells.

However, the scope of work for Phase I of the project was reduced due to financial limitations and technical problems. In August 2006, the Nicaraguan government, along with the EDCF mission team, agreed to expand the project to meet its original objectives.

In December 2007, the Korean government approved USD 15.9 million, with an interest rate of 1.5% per annum and a repayment period of 30 years for Phase II of the project. This will include the utilization of Lake Nicaragua as an intake facility, expansion of capacity at the water treatment plant, and changes to the water distribution network.

Water quality will be improved, due to a better treatment of water source, Lake Nicaragua. The expanded capacity of the water treatment plant will also benefit more people with its broadened distribution network. By resolving the water deficiency problem in the Juigalpa area, the standard of living of the Nicaraguan people will be enhanced substantially.



Juigalpa Potable Water System Expansion Project, Phase II, **Nicaragua**

GEPCO SUBSTATIONS FOR RURAL DISTRIBUTION CONSTRUCTION PROJECT, PAKISTAN

Despite ongoing improvements, the national electrical coverage in Pakistan has reached slightly more than 50% in recent years, meaning that approximately 7 million people could not get access to electricity. In rural areas, the situation was much worse: approximately 10% of residents there had access to electricity. To some extent, this was caused by lack of substations. To overcome this problem, the Government of Pakistan has given priority to the improvement of facilities in the power sector to establish a reliable electric generation, transmission, and distribution system.

In the project site of Northern Punjab, there are 500 KV, 230 KV, and 132 KV national grid transmission lines and grid stations. The lack of 132/11 KV substations, however, hampered the stable supply of electricity for residents. Under these circumstances, it was also difficult for small- and medium-sized industries to establish themselves.

In general, the 500 KV and 220 KV transmission lines that form the primary transmission system would carry power from generating stations to primary load centers. In order to ensure further dispersal of power to the sub-transmission ends, a reliable secondary system comprising 132 KV, 66 KV, and 11 KV transmission lines and grid stations has to be established.

When this power enhancement project is accomplished, the Pakistani government expects to provide residents in remote areas with the facilities for which they have been waiting, raising the quality of their lives and furnishing infrastructure for industries.

This project includes the design, procurement, and installation of material for seven 132/11 KV substations in six northern rural areas of Punjab province. It also includes the construction of control buildings and associated civil works, training, and maintenance.

For this project, the EDCF will extend to Pakistan USD 45.0 million, which represents 79.6% of the total project cost of USD 56.5 million. It will take 42 months to implement this project from the effective date of the Loan Agreement. It is expected that a stable supply of electricity will result in better conditions for both the people and industry.



GEPCO Substations for Rural Distribution Construction Project, Pakistan

COMPLETION MONITORING IN 2007



BASIC E-GOVERNMENT PROJECT, MYANMAR

This project was designed to provide a stepping stone for the Myanmar e-Government System to increase its competitiveness in ICT. The EDCF loan for the project amounts to USD 12.5 million, 63% of the total project cost of USD 20.0 million.

This project was given a high priority in accordance with the Myanmar Information and Communications Technology Development Master Plan. The Government of Myanmar had attempted to improve its public services by computerizing its administration system, but its technical infrastructure was weak and insufficient to the task.

Against this backdrop, the Myanmar government, recognizing Korea's experience and strength in the field, made a request to the Korean government in 2002 for financial support towards the construction of an e-government system.

The project includes building a national IT infrastructure (such as the ADSL network in Yangon) and a fiber optical network and data center in Nay Pyi Taw. The supply and installation of 35 ministry servers, 37 DBMS software and basic e-Government software packages, training for administrators and users, and consulting services are also parts of the package.

This project commenced in July 2005 and was completed in July 2006. Due to the relocation of the data center to Nay Pyi Taw, the new city, during the project implementation period, the majority of the servers and most of the equipment initially installed in Yangon had to be reinstalled in Nay Pyi Taw.

Thanks to the successful implementation of the project, 43 ministries are now connected with high-speed internet, and all basic government administration processes are computerized. Transparency and efficiency of the administration were both greatly augmented. Decision-making has speeded up, increasing the country's overall national competitiveness.



Basic e-Government Project, Myanmar

FIVE VACCINES PRODUCTION PROJECT, VIETNAM

This project represented the EDCF's first assistance to Vietnam in basic human needs. The Vietnamese government had put a priority on expanding its immunization programs in line with the World Health Organization's world-wide campaign for the prevention of infectious diseases. When this project was initiated, the country's high incidence of hepatitis, cholera, and typhoid were of great concern to the Vietnamese health authorities.

The project aimed to establish new facilities for producing five vaccines in Vietnam by constructing two plants and providing production, inspection, and packing equipment—including the technology transfer of hepatitis B vaccine (HBV). Each capacity target was set at 20 million doses of recombinant HBV, 3 million doses of Japanese encephalitis vaccine (JEV), 10 million doses of oral cholera vaccine (OCV), 0.3 million doses of rabies vaccine, and 6 million doses of typhoid Vi vaccine per year.

To achieve this goal, the first plant was built inside Hanoi's National Institute of Hygiene and Epidemiology (NIHE) for the production of HBV, JEV, OCV, and rabies vaccines. The second plant was located in the Nha Trang Institute of Vaccines in Da Lat City, southwest of Vietnam, for the production of typhoid Vi vaccine.



Five Vaccines Production Project,
Vietnam

Operations began in May 2006 after thorough trials and acceptance tests, and the opening ceremony was held at the NIHE in February 2007. Since it usually takes about two years to conduct trials, obtain government certification, and conduct marketing, an actual project outcome in quantifiable values can be expected around 2009. However, HBV, whose production technology was transferred from Green Cross in Korea, is now in the trial production stage and is expected to be on the market in late 2008. Production of rabies vaccine has been temporarily suspended due to the application of NIHE's new production methodologies, while the other three vaccines are in stable production.

It was noticed during the project evaluation process that a single, harmonized vaccine management system was absent in Vietnam. It was pointed out that a single government authority was needed to supervise the overall vaccination system, establish standard procedures, and manage production quantity and stocks in order to establish a more efficient vaccination program.

This project is especially meaningful in that Korea's advanced HBV vaccine production technology was transferred to Vietnam, helping it to build a cornerstone for increased technological advancement. Through this project, the Vietnamese government will vaccinate young children and low-income neighborhoods for free as its top priority, while supplying vaccines to the market at reasonable prices to guarantee a universal vaccination program. This will help prevent the spread of contagious diseases in Vietnam, greatly enhancing the overall health conditions of the people, and reducing child mortality rates.

ROAD MAINTENANCE EQUIPMENT RENEWAL PROJECT, KENYA

Roads are the principal mode of transportation in Kenya, representing about 80% of its entire transportation sector. Considering this condition, efficient road construction, management, operations, and maintenance play a crucial role in Kenya's economic revitalization. However, the nationwide road network did not meet its need to accommodate traffic volume. Out of the total length of roads (193,000 km), only 33% (63,000 km) were classified, and more than one-third of them needed urgent repairs.

More than 75% of 1,700 pieces of equipment under the management of the Project Executing Agency (the Ministry of Roads, Public Works, and Housing, or MORPH) were beyond their service life, and less than one fourth was readily serviceable. As part of the Economic Recovery Strategy for Wealth & Employment Creation for 2003-2007, which placed top priority on the efficient construction and management of its roads network, the Kenyan government requested a loan from the EDCF in October 2003.

The Korean government's decision to commit USD 25.0 million was made in July 2004. This sum represented 80% of the entire budget of the project, which amounted to USD 31.3 million.

Thanks to the successful implementation of the project, the Kenyan government was able to procure the equipment and spare parts required to conduct road maintenance in 16 regional offices throughout the country, totaling 9 kinds and 314 pieces of equipment. Through the good use of this equipment, Kenya could save vehicle operating costs and time, leading to greater safety and comfort for passengers and less damage to cargoes. The project thus played an important part in promoting sustainable economic growth in Kenya by improving its economic efficiency and reducing the costs of transportation.



Road Maintenance Equipment Renewal
Project, Kenya

EX-POST EVALUATION IN 2007



Procurement of Equipment of Combined Cycle at the Ba Ria Power Plant Project, Vietnam

PROCUREMENT OF EQUIPMENT OF COMBINED CYCLE AT THE BA RIA POWER PLANT PROJECT, VIETNAM

The main objective of this project was to convert three single-cycle power generating units into a combined-cycle power plant to increase generating capacity by about 60 MW without using extra fuel. The Ba Ria Thermal Power Company (BTPC) in Vung Tau-Baria Province was operating eight single-cycle gas turbine generating units. BTPC wanted to convert three units (GT No. 3, 4, and 8) into the combined-cycle power plant, using the EDCF loan. In December 1996, the EDCF committed USD 49 million, which was about 89.7% of the total project cost.

The aim of the project was to add one set of combined-cycle power generating equipment to the three existing gas turbine generating units. This involved engineering, procurement, and construction (EPC) of the combined-cycle power plant. The EPC work was expected to increase the total rated generating capacity by 59.1 MW from the existing capacity of 112.5 MW of three units to a total capacity of 171.6 MW.

Additional power from the combined-cycle power plant would in turn contribute to alleviating power shortages in the whole network of Electricity of Vietnam, particularly in the southern part where power shortages were severe.

The project was successfully completed in February 2002. Although there was a short delay of 55 days, the scope of the project and its original objectives were fully realized.

Procurement of Equipment of Combined Cycle at the Ba Ria Power Plant Project, Vietnam



The combined-cycle power plant has been in operation since its commissioning in February 2002. Its average output for the past 5 years exceeded yearly planned production of 360,000 MWH by about 7%.

The first overhaul of the plant was successfully carried out from November 1, 2007 to December 10, 2007. In view of the excellent performance of the plant over the last 6 years, it is expected to continue performing satisfactorily during the economic life of the project, provided that an adequate level of operations and maintenance is guaranteed.

As the first energy sector project in Vietnam, all aspects of the project were successfully completed, contributing to sustainable development in the region and furthering economic cooperation between the Korean government and the Vietnamese government.

THIEN-TAN WATER SUPPLY PROJECT, VIETNAM

With the goal of developing water resources at the project site (Bien Hoa city), the EDCF funded a total USD 33 million (initial loan: USD 26 million, supplementary loan: USD 7 million) to the Vietnamese government. The project's scope was to construct a new water cleaning plant (including pump, purifying system, reservoir tanks, etc.) to replace the main transmission and extend the distribution network.

The Vietnamese government set up a Project Management Unit (PMU) called Dong Nai Water Supply Construction Company to implement, manage and operate the project. An independent consultant, Korea Consultants International (KCI), was also hired to cover detailed design, support the procurement process, and supervise construction.

Before this project, the water supply capacity of Bien Hoa city was 24,000 m³/day, which was far below the city's needs considering its population and location. Bien Hoa City, the capital of Dong Nai province, is located in one of the country's strategic triangle economic zones, and has a population of more than 300,000. The aim of the project was to enhance water supply capacity to 100,000 m³/day, which would be a four-fold increase.

The initial loan was approved by the Korean government in October 1995, and the KCI was appointed as an external consultant in May 1996. Through competitive bidding,



Thien-Tan Water Supply Project, Vietnam

VIKOLG (a consortium of LG E&C Corporation and Kolon E&C Corporation) was awarded the contract in April 2000. The Korean government approved supplementary loans in July 2000 to support the currency depreciation of the Korean won. Construction of the facilities was successfully completed in May 2004.

Despite the delay due to the complicated procurement process and difficulties in land acquisition, and cost overruns caused by the depreciation of the Korean won, the project's output met the initial goal, with water supply capacity increasing to 100,000 m³/day. A new distribution network of 45 km was laid down and construction of other facilities was completed.

As a result of this project, both the industrial zones and the residents within the site now have a sufficient amount of clean and safe water. About 180 jobs were created through the PMU and the Operation & Management (O&M) units. Five local sub-contractors were also involved in the construction. As a result, the project spreads positive impact on the city.

Since the plant is currently operating at more than 90% of capacity and a team of highly-experienced staff members is working for the PMU, this project is considered to be very sustainable in terms of its technical aspects. There remains one concern over the sustainability aspect, however, as the warranty period ended 2007 and the local government is in a weak financial state. Therefore, appropriate financial support from the central government will likely be needed in order to maintain a proper O&M.

Overall, as the EDCF's first water resource development project in Vietnam, this project serves as a good model for the EDCF to contribute to enhancing the quality of life and sustainable economic growth in other partner countries.

MODI KHOLA HYDROELECTRIC PROJECT, NEPAL

With the goals of achieving economic development and improving the quality of life in Nepal by relieving its chronic shortage of electricity, the EDCF approved USD 15.0 million (55% of the total cost) for this project in 1996, supported by the KOICA's feasibility study.

The project, which involved building a hydroelectric power plant and installing a power transmission line and related transformer facilities, was completed in 2002 and achieved its initial objective. The electricity generated from the power plant is distributed to the Pokhara transformer substation, which in turn manages the electric power supply of Pokhara city, the second-largest city in Nepal, and neighboring regions.

Despite its abundant hydropower potential, Nepal was lacking in electrical power,



Modi Khola Hydroelectric Project, Nepal

and this shortage was an obstacle to its economic development. In this respect, the Government of Nepal gave top priority to water-power development, which is one of the most cost-effective sectors among others. The government viewed the project as being essential to cope with soaring power demands and fix the problem of power insufficiency in a short period of time. Against this backdrop, the EDCF has succeeded in delivering the priorities in relevance with Nepal's economic development policy.

Without this power plant, which makes up almost 4% of the entire power supply, the maximum power supply would not have been able to cover the maximum power demands in 2006. It is estimated that the Modi Khola hydroelectric power plant contributes to stabilizing and strengthening power supply system in Nepal, even with the limited operation due to seasonal water fluctuations.

The completion of this power plant has positive impacts on the regional development and living environment by supplying electricity and other infrastructures to the neighborhood directly. Also, its run-of-river method has minimal negative effect on the environment. Most of the people affected by project-related changes in land-use were satisfied with the level of compensation and their resettlement. Both their standard of living and their lifestyles have been improved.

Although unexpected geographical constraints, such as treacherous terrain that changed the original plan, led to delays and cost overruns, the overall expenses were disbursed adequately within a reasonable range. This has shown, yet again, the importance of thorough planning and preliminary research.

Although the project was completed with success, it still faces a lack of skilled workers, resources, and budget. This demonstrates that attention should be paid throughout an entire project cycle. In order to achieve sustainability, the importance of effectively managing and operating the plant and its related facilities and making technical transfers after its completion cannot be stressed enough. These lessons highlight the importance of setting up an O&M plan for similar projects in the future.



Modi Khola Hydroelectric Project, Nepal

EDCF INTERNATIONAL CONFERENCE AND WORKSHOP IN 2007

EDCF INTERNATIONAL CONFERENCE

To commemorate the 20th anniversary of the EDCF, an International Conference on Aid Effectiveness was held on July 4 in Seoul. It was hosted by the Ministry of Strategy and Finance and organized by the Export-Import Bank of Korea (Korea Eximbank).

The conference brought together experts from bilateral aid agencies and multilateral development banks as well as ODA experts from academia and the private sector. They discussed ways to address one of the key matters being pursued by today's international donors. The conference particularly focused on the merits of supporting development projects through concessional loans and innovative ways of designing loan projects.

Three sessions were held, followed by a joint statement. The objective of the first session was to highlight achievements throughout the EDCF's 20-year history and present a new strategic plan to enhance the effectiveness of its operations. Korea's experience as a former recipient country was also discussed.

The second session focused on current international activities and efforts in achieving aid effectiveness. In particular, it dealt with the activities of development banks and their comparative advantages in supporting projects as major international donors.

The main objective of the third session was to explore ways in which bilateral aid agencies and multilateral development banks could cooperate and interact. The presentations focused on increasing donor complementarity and joint efforts of bilateral and multilateral donors regarding aid effectiveness in such areas as harmonization and aid coordination.

The joint statement, which was given by five bilateral aid agencies, including the AFD, JBIC, KfW, NEDA, and the Korea Eximbank, focused on sustainable debt management. Initiatives on the part of these institutions are expected to be important steps in resolving the problem of international debt.



EDCF International Conference

EDCF WORKSHOP 2007

The 11th Annual EDCF Workshop, sponsored by the Korea Eximbank, was held from October 29 to November 5 to improve the efficiency of the EDCF through reciprocal communications between it and partner countries. This year, government officials from various partner countries were able to learn more about Korea's policies on economic cooperation and its ODA framework while broadening their knowledge of Korea.

Workshop participants were 23 high-level government officials from 20 different countries, making it the largest event ever, in terms of participants. All the participants were members of the Finance and Planning Ministries of their respective countries and thus played responsible roles in official borrowings. Since 1995, 157 participants from 33 countries have completed the program.

This year's workshop was intended to help the participants gain a better understanding of all aspects of the EDCF, including loan procedures and evaluations. In addition, it provided a forum for discussing ongoing issues between the EDCF staff and partner country officials relating to more efficient project implementation. The in-depth, face-to-face meetings also accelerated progress on delayed projects. Finally, the workshop gave the participants an opportunity to establish and strengthen contacts with the EDCF staff and other participants.

During the 8-day event, participants attended lectures on various topics, including "An Overview of the EDCF Program", "Introducing EDCF's New Measures and Programs", "Korea's ODA Policy and the EDCF", and "The History of Korean Economic Development and the Role of Foreign Aids". In addition, they gave presentations on their own countries' policies and procedures regarding ODA loans. During the concluding sessions, they shared their experiences of EDCF-assisted projects with the EDCF loan officers and discussed case studies with other ODA partners. The participants also took field trips to major industrial centers and historical sites, providing them with a firsthand experience of Korea's economic growth as well as the history and culture.

These annual EDCF workshops will continue to develop mutual understanding and build partnerships between it and partner countries.



The 11th EDCF Workshop 2007

FUNDING RESOURCES



The EDCF finances its projects solely from public resources, the bulk of which come from the Korean government's general budget account and its own operational profits. Borrowings from the government's Public Money Management Fund, amounting to a total of KRW 305.0 billion, has been steadily decreasing, standing at KRW 136.7 billion in 2007. Of the EDCF's 2007 total resources of KRW 2,116.9 billion (a 10.0% increase from the previous year), 52.0% came from the general accounts budget, 6.4% from the Public Money Management Fund, and the remaining 41.6% from operational profits and reserves.

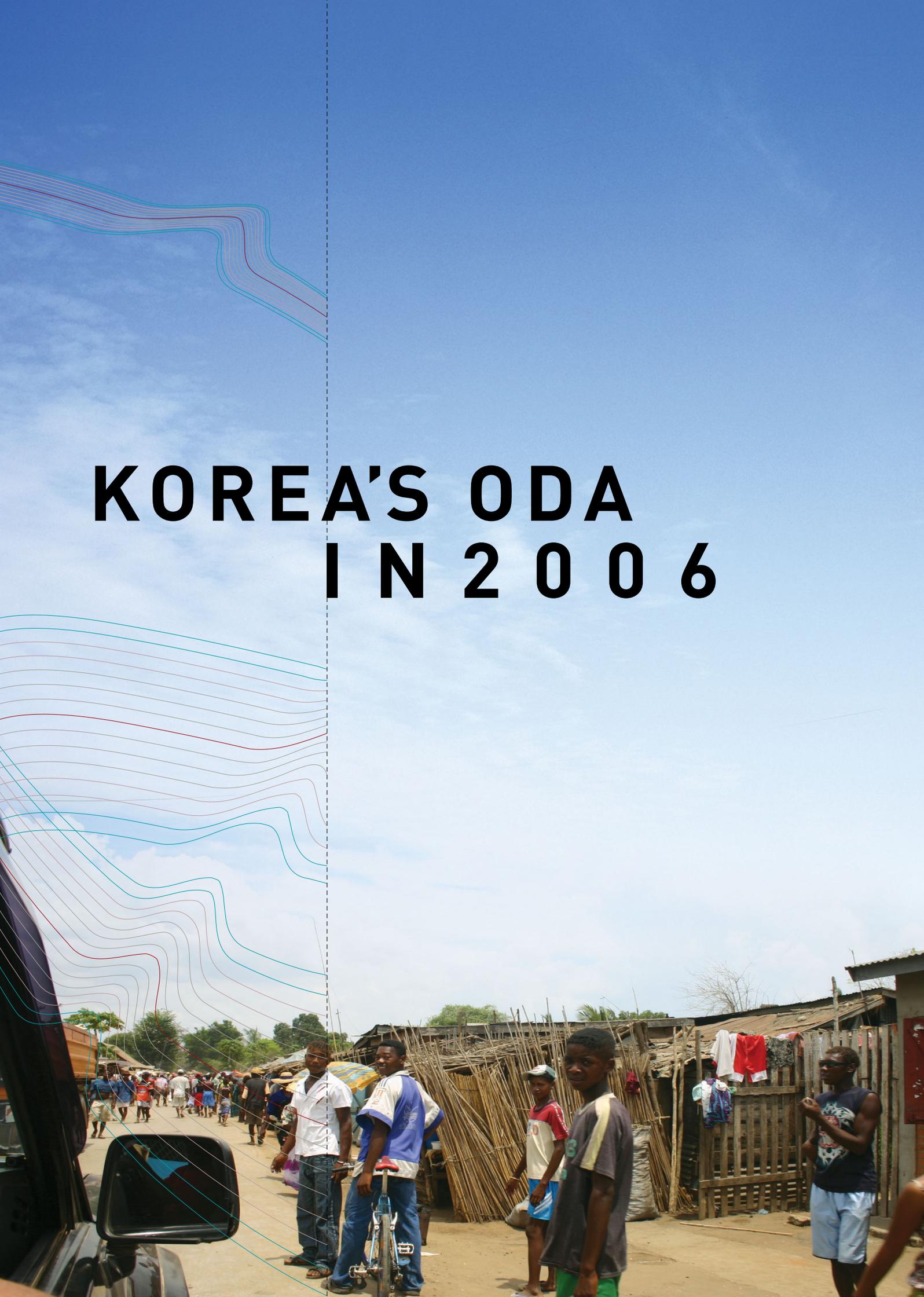
An additional year-on-year amount of KRW 170.0 billion was allocated to ease constraints on the EDCF's short-term funding capacity. Further EDCF contributions, as reflected in the Korean government's mid-term budget plan, will help ensure a stable, long-term balance between the EDCF's funding capacity and its outstanding balance.

The EDCF invests its reserve funds in the Public Money Management Fund, local bond markets, and mid- to long-term time deposits. The fund's net income in 2007 stood at KRW 43.4 billion, KRW 7.8 billion higher than in 2006, due to increases in interest income on loans and deposits with banks.

Sources of Funds ^{a)}

[KRW Billion]

	2003	2004	2005	2006	2007
Contributions from Government	609.9	679.9	779.9	929.8	1,099.9
Borrowings from Government	218.0	197.7	177.3	157.0	136.7
Operational Profits and Reserves	737.5	772.9	801.4	837.0	880.3
Total	1,565.4	1,650.5	1,758.6	1,923.8	2,116.9
Note _ a) Accumulated total at the end of each year					
Contributions from Government	39.0%	41.2%	44.3%	48.3%	52.0%
Borrowings from Government	13.9%	12.0%	10.1%	8.2%	6.4%
Operational Profit and Reserves	47.1%	46.8%	45.6%	43.5%	41.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%



KOREA'S ODA IN 2006



KOREA'S ODA HELPS PARTNER COUNTRIES REDUCE POVERTY
AND PROMOTE SUSTAINABLE DEVELOPMENT
BY SHARING
KOREA'S DEVELOPMENT EXPERIENCE

KOREA'S ODA IN 2006

_40

KOREA'S ODA IN 2006

ODA GOALS

Today, the international community faces many challenges, such as extreme poverty, destruction arising from armed conflicts, a deteriorating environment, and natural disasters, which threaten the stability of the world. As a concerned and committed member of the international community, Korea has made strenuous efforts to fulfill its global role by committing itself to many official development assistance (ODA) activities. By learning from its own development experiences, Korea has helped many of its partner countries to reduce hardship and achieve their development goals through poverty reduction and sustainable growth programs.

Korea implements its ODA projects in line with the development strategies of partner countries and encourages their efforts to help themselves at the same time. It also works with other donors to harmonize its ODA rules and

ODA by Main Categories (Net Disbursements)

[USD Million]

	2002	2003	2004	2005	2006
Bilateral ODA	206.8	245.2	330.8	463.3	376.1
Grants	66.7	145.5	212.1	318.0	259.0
Project and Program Aid	21.6	83.3	123.8	185.0	81.6
Technical Co-operation	30.2	36.9	53.8	80.2	116.8
Emergency/Distress Relief	3.0	3.0	12.9	26.7	24.4
Core support to NGOs ^{a)}	1.4	7.0	2.2	4.5	5.3
Administrative Costs	9.0	13.0	17.5	19.4	25.3
Other Grants ^{b)}	1.5	2.2	1.9	2.3	5.6
Loans	140.1	99.7	118.7	145.3	117.1
Multilateral ODA	72.0	120.7	92.6	289.0	79.2
Grants and Capital Subscriptions	85.2	137.5	102.6	295.7	111.7
UN Agencies	21.5	25.1	21.6	38.3	42.9
World Bank Group ^{c)}	34.5	52.5	44.2	120.1	0.7
Regional Development Banks	19.5	34.3	28.3	125.9	53.9
Other Multilateral	9.8	25.5	8.5	11.4	14.2
Concessional Lending	-13.1	-16.7	-10.0	-6.6	-32.5
Total Net ODA	278.8	365.9	423.3	752.3	455.3
ODA/GNI (%)	0.05	0.06	0.06	0.10	0.05
ODA Commitments	368.8	437.2	780.5	771.7	892.0

Notes _ a) Core Support to NGOs: General (Core) Support to National and International NGOs

b) Other Grants: Promotion of Development Awareness, Other (including recoveries), etc.

c) World Bank Group: IDA and Other World Bank (IBRD, IFC, MIGA)

procedures with global standards. Korea's ODA will continue to contribute to the stability and development of the international community in the years to come.

ODA VOLUME

Korea's net ODA disbursements in 2006 totaled USD 455 million, down 39.5% from the previous year. This large decrease was mainly due to a sharp fall in multilateral ODA, which fell by 72.6%. Bilateral ODA also decreased (by 18.8%), since temporary disbursements for post-conflict and post-tsunami areas had dropped significantly. Bilateral ODA accounted for 82.6% of the total, amounting to USD 376 million, while multilateral ODA constituted 17.4%, or USD 79 million. Due to the sharp fall in total ODA, the overall ODA/GNI ratio went from 0.10% to 0.05%.

ODA COMPOSITION

Bilateral ODA

Net disbursements of bilateral ODA in 2006 amounted to USD 376 million, an 18.8% decrease from the previous year. Bilateral ODA fell significantly, since temporary disbursements for peace-keeping operations in Iraq and humanitarian aid for tsunami-affected areas both lessened. Bilateral grants accounted for 68.9% of total bilateral ODA, amounting to USD 259 million, while the bilateral loan program constituted 31.1% of total bilateral ODA, or USD 117 million.

Among the bilateral grants, technical cooperation (TC) accounted for the largest share (at 45.1%), followed by project aid (at 17.6%). TC is expected to grow in the future, in spite of increased project-type cooperation. TC programs, which mainly involve human resources, include the use of trainers and the dispatching of experts. This type of cooperation allows donors such as Korea, whose ODA volume is relatively small, to generate highly-efficient development cooperation programs and share their unique development experience. Most of these grant programs are supported by the KOICA.

The EDCF, Korea's bilateral loan program, extended a net amount of USD 117 million in 2006. The net disbursement of bilateral ODA loans fell by 17.0 % year-on-year. However, it is expected to grow in the following years as per the Medium-Term EDCF Strategic Management Plan, which is partially reflected in the new commitments of USD 359 million in 2006.

Top 10 Recipients of Bilateral ODA in 2006 (Net Disbursements)

	[USD Million]			
	Grant	Loan	Total	Share(%)
Iraq	57.1	-	57.1	15.2
Sri Lanka	7.4	15.3	22.7	6.0
Bangladesh	4.2	18.0	22.2	5.9
Indonesia	20.3	-1.4	18.9	5.0
Albania	-	16.9	16.9	4.5
Top 5 recipients	88.9	48.9	137.8	36.6
Kenya	1.1	14.4	15.5	4.1
Cambodia	7.4	6.5	13.8	3.7
Laos	5.4	8.2	13.6	3.6
Bosnia-Herzegovina	0.03	12.9	12.9	3.4
China	6.8	3.3	10.2	2.7
Top 10 recipients	20.7	45.3	203.7	54.2

Multilateral ODA

Multilateral ODA (in net disbursements) decreased from USD 289 million to USD 79 million. Multilateral ODA in 2005 was exceptionally high because of large contributions to the International Development Association (IDA) and the Inter-American Development Bank (IDB) amounting to USD 201 million. In 2006, the volume of multilateral ODA returned to previous levels as contributions to the IDA and the IDB decreased. The early repayment of IMF-PRGF (USD 32 million) to the Bank of Korea also made net disbursements lower than in previous years. Contributions to UN agencies and regional development banks added up to USD 97 million. The largest recipients (USD 43 million) were UN agencies such as the UNDP, FAO, UNO, ESCAP, WHO, and UNESCO. These were followed by the Asian Development Bank (USD 41 million) and the African Development Bank (USD 13 million).

GEOGRAPHIC DISTRIBUTION OF BILATERAL ODA

In 2005, a major share (i.e., 60.5%) of bilateral ODA was channeled to the Asian region, followed by Africa (12.7%) and Europe (8.3%). The Asian region received 65.6% of the loans and 49.1% of the grants. The geographical proximity of many Asian countries and the interest shown by many of them in seeking to emulate Korea's experience partially accounts for that concentration.

Iraq, which was the largest recipient in 2006, received 15.2% of Korea's bilateral ODA, followed by Sri Lanka (6.0%), Bangladesh (5.9%), Indonesia (5.0%), Albania (4.5%), Kenya (4.1%), Cambodia (3.7%), Laos (3.6%), Bosnia-Herzegovina (3.4%), and China (2.7%). Korea's top 10 partner countries took a 54.2% share of its bilateral ODA.

Bilateral ODA by Region and Income Group (Net Disbursements)

[USD Million]

	2005		2006	
	Amount	Share(%)	Amount	Share(%)
Africa	39.1	8.4	47.8	12.7
Sub-Saharan Africa	33.4	7.2	38.8	10.3
North Africa	5.7	1.2	9.0	2.4
Asia	374.9	80.9	227.6	60.5
Far-East Asia	97.9	21.1	82.9	22.0
South & Central Asia	99.1	21.4	71.4	19.0
Middle East	177.7	38.4	71.8	19.1
America	19.8	4.3	25.9	6.9
North & Central America	8.8	1.9	13.5	3.6
South America	11.0	2.4	12.4	3.3
Oceania	0.5	0.1	1.2	0.3
Europe	3.3	0.7	31.1	8.3
Unallocated	25.6	5.5	42.5	11.3
Total	463.3	100.0	376.1	100.0
Least-developed	115.1	24.8	92.1	24.5
Other low-income	52.9	11.4	48.3	12.8
Lower-middle-income	264.8	57.2	185.6	49.3
Upper-middle-income	4.8	1.0	5.2	1.4
High-income	-	-	-	-
More advanced developing countries	-	-	-	-
Unallocated	25.6	5.5	44.7	11.9
Total	463.3	100.0	376.1	100.0

Looking at distribution by income group, 24.5% of bilateral ODA went to least-developed countries (LDCs) and 12.8% to other low-income countries (OLICs) with a per-capita GNI of less than USD 825. The ODA to lower-middle-income countries (LMICs) with a per-capita GNI of between USD 825 and USD 3,255 was 49.3% of the total share, amounting to USD 186 million.

SECTORAL DISTRIBUTION OF BILATERAL ODA

As for sectoral distribution, social and economic infrastructure accounted for 59.7% and 25.3% of bilateral ODA commitments, respectively. More specifically, government and civil society (21.0%) took the greatest share, followed by education (20.0%), transport and storage (14.7%), water supply and sanitation (12.0%), and communications (9.7%).

In the past, Korea's bilateral ODA concentrated on economic infrastructure, such as transportation and communications. More recently, however, bilateral ODA for social infrastructure—including education, health, and water supply and sanitation—has shown a remarkable increase, reflecting a wide range of trans-sector assistance.

FINANCIAL TERMS OF KOREA'S ODA COMMITMENTS

For bilateral ODA loans, the average Grant Element was 75.4%, which exceeded the average of 69.2% achieved by other DAC member countries in 2006. This figure will increase in the future, reflecting the EDCF's revision of financial terms to more concessional ones.

Sectoral Distribution of Bilateral ODA (Commitments)

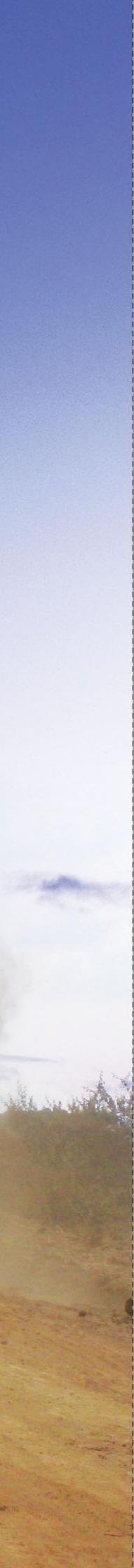
[USD Million]

	2005		2006	
	Amount	Share(%)	Amount	Share(%)
Social Infrastructure & Services	398.0	60.5	403.1	59.7
Education	50.2	7.6	135.2	20.0
Health	89.6	13.6	38.6	5.7
Population Programmes	0.1	0.0	0.5	0.1
Water Supply & Sanitation	101.6	15.4	80.8	12.0
Government & Civil Society	72.3	11.0	141.6	21.0
Other Social Infrastructure & Services	84.3	12.8	6.5	1.0
Economic Infrastructure & Services	138.1	21.0	170.9	25.3
Transport & Storage	82.9	12.6	99.5	14.7
Communications	51.6	7.9	65.2	9.7
Energy	3.3	0.5	5.0	0.7
Banking & Financial Services	0.2	0.0	0.4	0.1
Business & Other Services	0.2	0.0	0.7	0.1
Production Sectors	50.3	7.6	33.5	5.0
Agriculture, Forestry, Fishing	41.3	6.3	11.8	1.7
Industry, Mining, Construction	8.2	1.2	17.4	2.6
Trade & Tourism	0.7	0.1	4.3	0.6
Humanitarian Aid	36.9	5.6	24.6	3.6
Administrative Costs of Donors	19.4	2.9	25.3	3.7
Support to NGOs	4.5	0.7	5.3	0.8
Other ^{a)}	10.6	1.6	12.7	1.9
Total	657.8	100.0	675.5	100.0

Note _a) Includes Multisector, Commodity Aid and General Program Assistance, Action Relating to Debt, and Unspecified

APPENDIX





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KOREA'S ODA IMPLEMENTATION SYSTEM (FOCUSING ON BILATERAL ODA)



OVERVIEW

Korea's official development assistance (ODA) takes two forms: bilateral and multilateral aid. Bilateral aid consists of loans and grants. Of those, bilateral loans are the Economic Development Cooperation Fund (EDCF) loans, while bilateral grants include both grant aid and technical cooperation. Multilateral aid, on the other hand, consists of grants, capital subscriptions, and concessional lending to multilateral agencies.

The Ministry of Strategy and Finance (MOSF) and the Ministry of Foreign Affairs and Trade (MOFAT) are primarily responsible for Korea's ODA. While MOSF is primarily responsible for bilateral loans, capital subscriptions and concessional lending to multilateral financial institutions (including the World Bank Group, the IMF, and the ADB), MOFAT is primarily responsible for bilateral grants and grants to international development institutions (such as the UN and related agencies).

BILATERAL LOANS

The EDCF, a bilateral ODA loan program, was established on June 1, 1987. The vision behind the EDCF was, and continues to support developing countries spur industrial growth and improve economic stability. At the same time, the EDCF provides a positive means by which Korea can develop sound economic relations with other countries.

The Korean government entrusts the Export-Import Bank of Korea (Korea Eximbank) with functions related to the operation and management of the EDCF. Pursuant to governmental guidelines, Korea Eximbank manages the comprehensive monitoring and evaluation of related projects, the execution of loan agreements, and the provision of advisory services.

The EDCF is charged with contributing to the prosperity of the global economic community by assuming responsibilities commensurate with Korea's present international status. In this respect, its activities can be viewed as a means of sharing both its resources and accumulated experience with developing countries around the world.

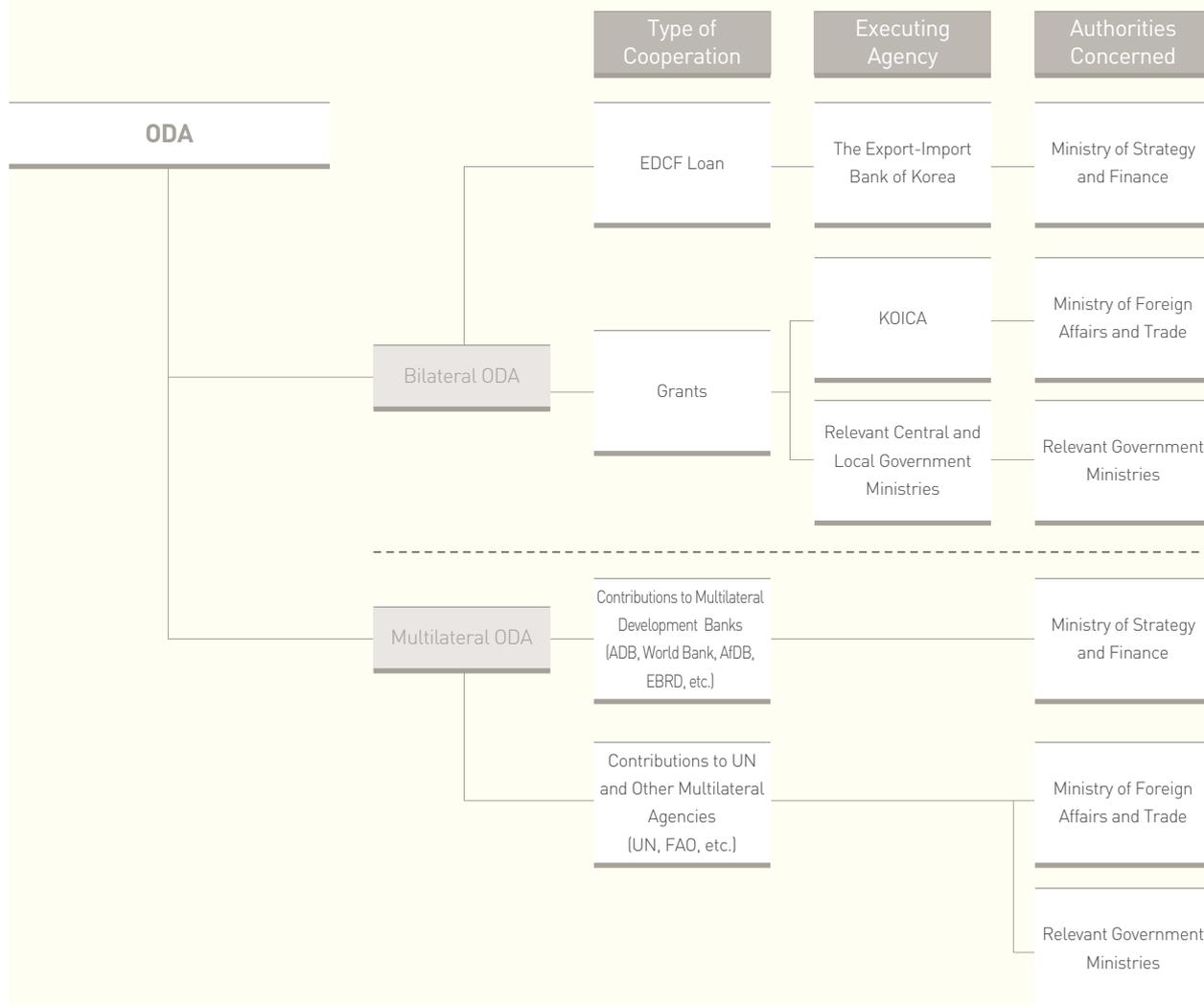
The Korean government regulates the principal policies and oversees the general operation of the EDCF, and bears responsibility for its management. Although MOSF is responsible for overseeing the EDCF, it consults with other ministries, including MOFAT and the Ministry of Knowledge Economy, when making decisions on important matters related to developmental assistance policies.

The Fund Management Council was created to consider issues concerning the operation and management of the EDCF. It is composed of members from various ministries and chaired by the MOSF [see page 53].

BILATERAL GRANTS

The responsibility for Korea's bilateral grants and technical cooperation is shared among relevant government agencies. Specifically, the Korea International Cooperation Agency (KOICA), along with several central government ministries and local governments, is mainly responsible for the implementation of bilateral grants and technical cooperation under the authority of MOFAT.

KOREA'S ODA OPERATION SYSTEM



OUTLINE OF EDCF LOAN



TERMS AND CONDITIONS

Governments and governmental institutions in developing countries are striving to build and expand a foundation for development in a wide range of fields, from social and economic infrastructure to environmental quality. Yet in many instances, they lack the financial resources to carry out their development plans. As the purpose of EDCF loans to foreign governments is to provide assistance for the social and economic development of these countries, such loans are provided for on a concessional basis. The applicable terms and conditions of the loans, as shown below, are organized according to five categories of recipient countries. Such categories take into consideration a country's economic development phase and per-capita income level, as well as other relevant factors.

Terms and Conditions for EDCF Loans

Loan Amount	: Up to 80% of total project cost
Interest Rate	: 0.5~3.0% per annum
Repayment Period	: Up to 30 years, including a maximum 10-year grace period
Loan Currency	: Korean won (In special cases, such as untied loans, US dollars or Euros are acceptable.)
Repayment Frequency	: Semi-annual

TYPES OF LOANS

In recent years, the accumulated external debt and budget deficits of recipient countries have spurred the need for various types of financing. Thus, the EDCF provides several types of lending programs to meet developing countries' diverse needs. Of these lending programs, the Development Project Loans and Equipment Loans for infrastructure building, detailed below, account for the largest portion to date.

- **Development Project Loan**
Provides necessary funds for governments or corporations of developing countries to conduct specific development projects

- **Public-Private Partnership Loan**
Provides necessary funds for governments or corporations of developing countries to conduct Public-Private Partnership (PPP) projects
- **Equipment Loan**
Provides necessary funds for governments or corporations of developing countries to procure equipment and other materials needed for industrial development in specific sectors
- **Two-Step Loan**
Provides necessary funds to governments or financial institutions of developing countries for sub-lending to end-users
- **Commodity Loan**
Provides necessary funds for governments or corporations to import commodities, which will contribute to the economic stabilization of the recipient country
- **Project Preparation Loan**
Provides necessary funds to governments or corporations for the preparation of development projects, including feasibility studies, detailed designs or pilot programs relating to such projects

PROJECT CYCLE

I. Project Identification & Preparation

Most developing countries draw up multi-year development plans to clarify their development objectives and strategies. These plans include envisaged development projects ranked in terms of their importance to the nation and investment priorities.

The government of a developing country must identify and prepare projects that are not only feasible, but consistent with the country's development plan and strategy.

To determine a project's feasibility, economic and technical aspects must be closely examined. Feasibility studies may be carried out either by the governments of developing countries or multilateral organizations such as the World Bank and the ADB, or with technical assistance from donor countries.

If the government of a developing country requires assistance in preparing for a project that will be financed out of EDCF loans, it may also request the Korea Eximbank or the Korean government to assist in carrying out preparations, since developing countries are often unable to undertake detailed project planning due to financial and technical limitations. In such cases, it may request support from the Project Preparation Facility on a grant basis.

A feasibility study should provide all data necessary for the project decision including the economic, financial, technical and environmental aspects.

More importantly, a project under an EDCF loan should comply with the provision on project eligibility under the OECD Arrangement, as Korea is a member of the OECD.

Specifically, the project must pass the commercial non-viability test* in order to be eligible for an EDCF loan.

* To qualify as commercially non-viable, a project with appropriate pricing determined on market principles, must lack the capacity to generate a cash flow sufficient to cover the project's operating costs and service the capital employed.

• **Loan Request**

Once the feasibility study is finalized, the prospective borrower's government makes an official loan request to the Korean government by submitting the required documents to the Korean embassy in its own country.

After receiving the request, the Korean embassy forwards it to MOSF via MOFAT of Korea.

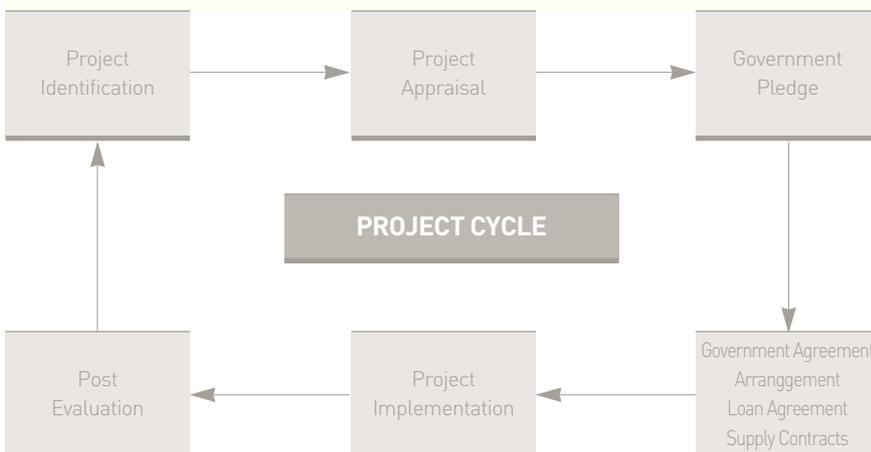
At this stage, the Korea Eximbank may send a fact-finding mission to obtain further information and clarify issues. Such detailed information on all aspects of the proposed project is required to sufficiently justify proceeding to the next stage of appraisal.

II. Appraisal

After receiving the loan request, MOSF makes a preliminary decision on whether to extend the EDCF loan, based on its review of the project's contribution to industrial development or to economic stabilization of the borrowing country. If the project is deemed suitable, MOSF then requests that the Korea Eximbank appraise it.

An appraisal involves a detailed review of the feasibility studies related to the project. It is through the appraisal process that the Korea Eximbank judges whether the project is consistent with its own operational policies and programs, and whether it is suitable for financing.

In addition to the above, the Korea Eximbank sends an appraisal mission to the country to conduct on-site surveys, collect information and hold discussions with officials of the prospective borrowing country.



III. The Korean government's decision on EDCF loans

The Korea Eximbank completes the appraisal report and submits it along with its opinion to MOSF. Then, MOSF confirms the economic, financial and technical soundness of the project based on the Korea Eximbank's appraisal report. After consulting with the ministries concerned, MOSF makes a final decision on the loan request and notifies the borrowing country through MOFAT.

- **Agreement and Arrangement between Governments**

An Agreement is concluded between the Korean government and the borrowing country's government, introducing the basic framework of the EDCF loan and outlining their responsibilities. Once signed by both parties, this Agreement remains in force for a minimum of ten years.

The two governments also sign an Arrangement for an individual project, stating the basic financing terms and conditions. As long as the Agreement is in force, only an Arrangement needs to be signed for any new EDCF loan. If the two governments sign on Framework Arrangement, they are allowed to omit an Arrangement for an individual project.

The Agreement and Arrangement are promises by the Korean government that it will do all in its power to realize the loan.

IV. Loan Agreement

Prior to drafting a Loan Agreement, the Korea Eximbank sends the borrower-country a legally binding questionnaire to determine the legal background pertaining to the loan. Legal answers to the questionnaire should be prepared by the Minister of Justice or someone in the position to provide objective and authoritative answers.

When loan negotiations are completed and the specific terms and conditions are agreed upon, a Loan Agreement is signed between the Korea Eximbank and the borrower. The Loan Agreement becomes effective as soon as condition-precedent documents such as evidence of authority, specimen signature and legal opinion are submitted by the borrower and accepted by the Korea Eximbank.

V. Project Implementation

Once the Loan Agreement is signed, the project is implemented by the Project Executing Agency (PEA) according to the agreed schedule and procedures.

- **Procurement**

The borrower is responsible for implementation of the project, while the Korea Eximbank is responsible for supervision. The PEA prepares the specifications, and evaluates bids for the procurement of goods and services for the project. The Korea Eximbank reviews this activity to ensure that the procurement guidelines have been followed.

The procurement method acceptable to the Korea Eximbank is Competitive Bidding among Korean suppliers. Nonetheless, Limited Competitive Bidding, Shopping or Direct Contracting can also be employed under certain circumstances in accordance with the Guideline for Procurement under the EDCF Loan.

- **Employment of Consultants**

The Korea Eximbank strongly urges the borrower to hire consultants during project implementation. During this period, a consultant is generally employed to prepare detailed engineering designs and draft bidding documents, undertake or assist in the evaluation of bids, supervise the construction of civil projects, and carry out other specified project activities.

Consultants are to be hired in accordance with the Guidelines for the Employment of Consultants under the EDCF Loan.

During the implementation stage, the borrower may request help from the Project Implementation Facility, which is provided on a grant basis to assist the borrower in implementing and managing the project more effectively and efficiently.

The Korea Eximbank conducts mid-term reviews, including on-site visits, to assess the progress of the project throughout the implementation period.

- **Disbursements**

Loan proceeds are disbursed at the borrower's request as the project progresses. Commitment Procedure, Reimbursement Procedure and Direct Payment Procedure may be adopted as the mode of payment in accordance with the Disbursement Procedures under the EDCF loan.

VI. Evaluation

The primary purpose of the evaluation is to improve the quality of EDCF assistance by incorporating lessons learned and recommendations from similar projects in the past and to ensure the accountability and transparency by providing the evaluation results to various stakeholders. In this context, the Korea Eximbank conducts completion monitoring and ex-post evaluation.

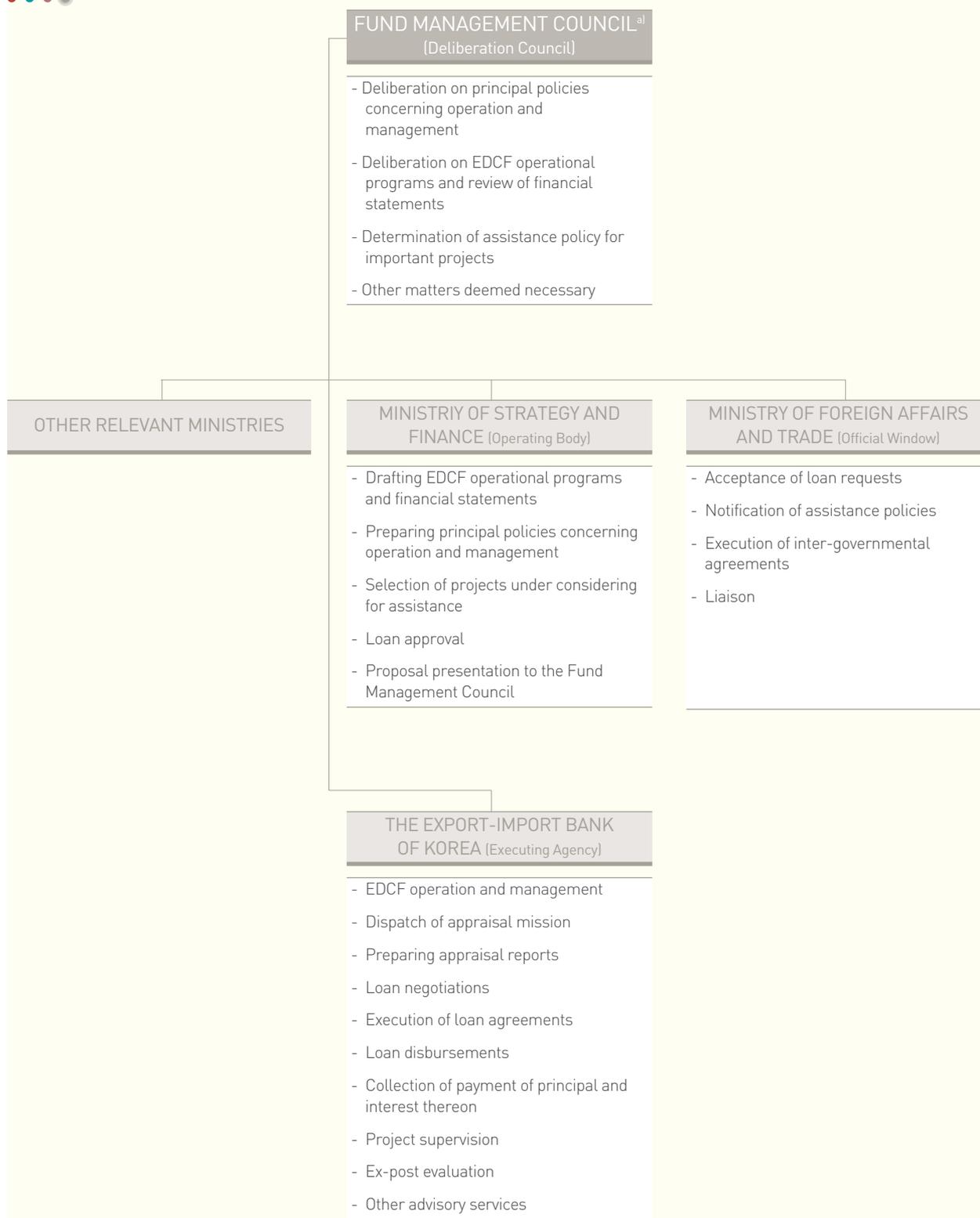
- **Completion Monitoring**

Completion monitoring is carried out on all projects when the project has been fully implemented. This process concentrates on the correspondence between the original plan and the outcome of the project by the check-list method based on the Project Completion Report (PCR), provided by the PEA. The PEA should submit the PCR within six months after the project completion date or such later date as shall be agreed upon between the PEA and the Korea Eximbank.

- **Ex-post Evaluation**

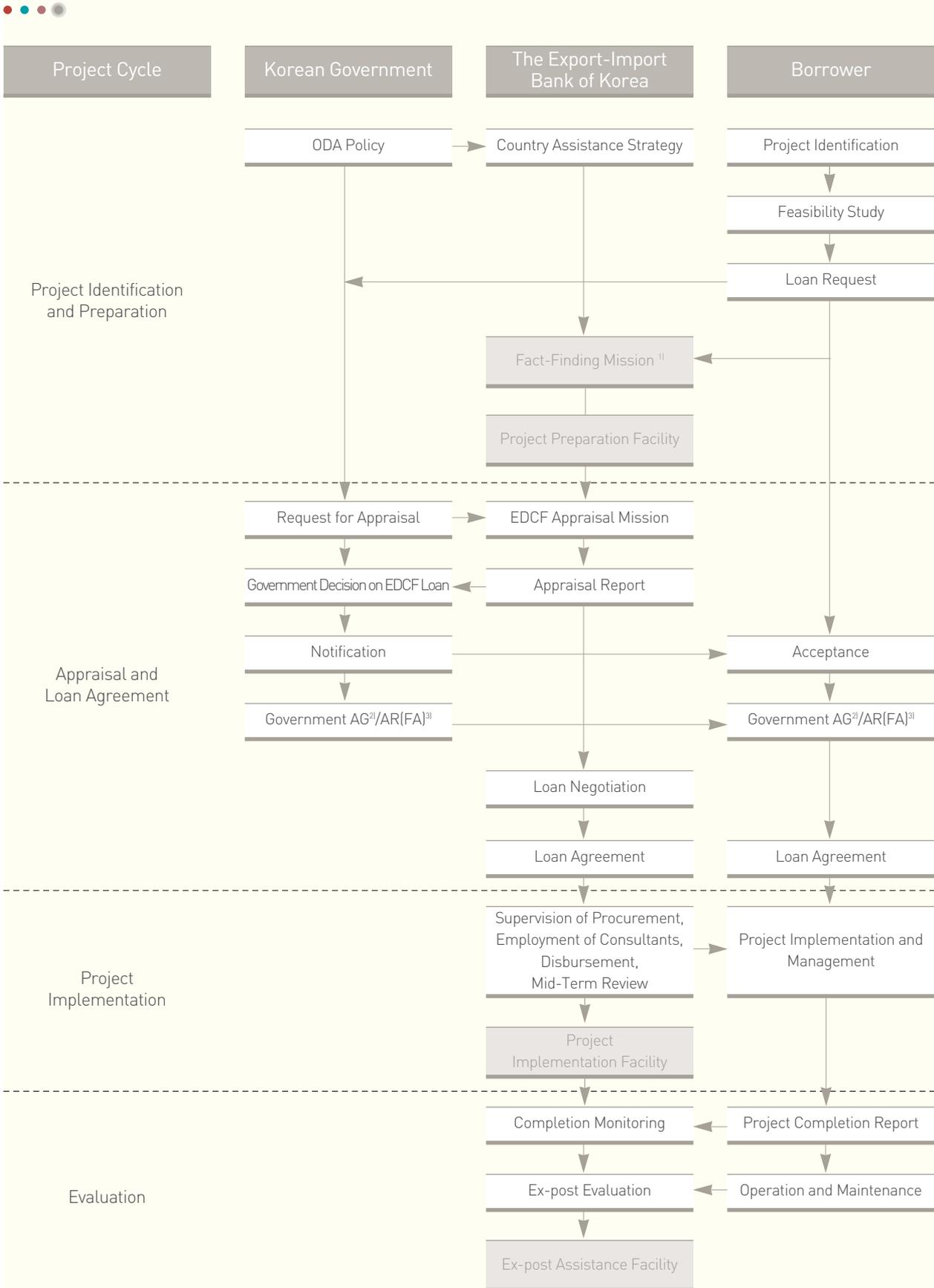
Two years after the completion monitoring, the Korea Eximbank performs an ex-post evaluation, which is carried out by an independent evaluation unit, on the projects based on the international evaluation criteria (Relevance, Efficiency, Effectiveness, Impact, and Sustainability). The lessons learned and recommendations from the ex-post evaluation benefit the partner country by improving its capacity to prepare, implement, and maintain development projects. In order to ensure the long-term sustainability of the project, when necessary and requested by the partner country, the Korea Eximbank may provide the Ex-post Assistance Facility to the partner country to deal with the issues and problems arising from the completed project.

OPERATIONAL SYSTEM OF EDCF



Note _ a) Members of the Fund Management Council: the Minister of Strategy and Finance; the Minister of Foreign Affairs and Trade; the Minister for Food, Agriculture, Forestry and Fisheries; the Minister of Knowledge Economy; the Minister for Health, Welfare and Family Affairs; the Minister of Land, Transport, and Maritime Affairs; the Minister of Education, Science and Technology; the Chief Economic Secretary of the Office of the President; the Deputy Director of the National Intelligence Service; the Minister of the Prime Minister's Office; the Chairman and President of the Export-Import Bank of Korea; the President of the Korea International Cooperation Agency

LOAN PROCEDURE CHART



Note _ 1) Procedure in shaded area is not compulsory 2) AG: Agreement 3) AR: Arrangement, FA : Framework Arrangement

STATISTICAL INFORMATION ON EDCF

LOANS AND SOURCES OF FUND

(1) Loans

[KRW Million]

	1987-2002	2003	2004	2005	2006	2007	Total
Commitments	1,595,500	163,850	237,587	296,873	340,132	554,224	3,188,166
Loans to foreign governments	1,593,904	163,850	237,587	296,873	340,132	554,224	3,186,570
Loans for Korean investments in developing countries	1,596	-	-	-	-	-	1,596
Disbursements	1,024,976	137,039	155,500	164,250	136,079	155,335	1,773,179
Loans to foreign governments	1,023,380	137,039	155,500	164,250	136,079	155,335	1,771,583
Loans for Korean investments in developing countries	1,596	-	-	-	-	-	1,596
Number of Commitments	101	8	13	13	16	21	172
Loans to foreign governments	99	8	13	13	16	21	170
Loans for Korean investment in developing countries	2	-	-	-	-	-	2

(2) Sources of Fund ^{a)}

[KRW Billion]

	2003	2004	2005	2006	2007
Contributions from Government	609.9	679.9	779.9	929.9	1,099.9
Borrowings from Government	218.0	197.7	177.3	157.0	136.7
Reserves	737.5	772.9	801.4	837.0	880.3
Total	1,565.4	1,650.5	1,758.6	1,923.8	2,116.9

Note _ a) Accumulated total at the end of each year

REGIONAL DISTRIBUTION OF LOAN COMMITMENTS ^{a)}

(as of December 31, 2007)

[KRW Million]

	2007			Cumulative Total		
	Number	Amount	Share	Number	Amount	Share
Asia	13	378,540	68.3%	120	2,115,495	66.4%
South & Central Asia	3	88,228	15.9%	35	654,636	20.5%
Far-East Asia ^{b)}	10	290,312	52.4%	85	1,460,859	45.8%
Middle East	1	14,591	2.6%	6	104,025	3.3%
Africa	6	145,968	26.3%	20	408,109	12.8%
North of Sahara	1	28,461	5.1%	2	55,315	1.7%
South of Sahara	5	117,507	21.2%	18	352,794	11.1%
Europe	-	-	-	11	318,467	10.0%
Oceania	-	-	-	2	15,080	0.5%
America	1	15,125	2.7%	13	226,990	7.1%
North & Central America	1	15,125	2.7%	10	149,943	4.7%
South America	-	-	-	3	77,047	2.4%
Total	21	554,224	100.0%	172	3,188,166	100.0%
		(584.19) ^{d)}			(3,308.38) ^{d)}	

Note _ a) Regional classification is based on DAC classification.

b) Includes two loans for Korean investments in developing countries which amounted to KRW 1,596 million

c) USD million at weighted average of current rates at the time of governmental approval of each project

SECTOR DISTRIBUTION OF LOAN COMMITMENTS

(as of December 31, 2007)

[KRW Million]

	2007			Cumulative Total		
	Number	Amount	Share	Number	Amount	Share
Social Infrastructure	9	180,417	32.6%	69	1,297,663	40.7%
Education	3	57,986	10.5%	15	307,725	9.7%
Health	2	34,672	6.3%	15	289,371	9.1%
Water Supply & Sanitation	3	64,042	11.6%	26	468,454	14.7%
Government & Civil Society	1	23,717	4.3%	13	232,113	7.3%
Economic Infrastructure	9	279,886	50.5%	84	1,611,961	50.6%
Transport & Storage	7	213,478	38.5%	45	922,650	28.9%
Communications	1	23,717	4.3%	22	400,554	12.6%
Energy	1	42,691	7.7%	17	288,757	9.1%
Production Sectors	2	74,947	13.5%	9	165,359	5.2%
Agriculture, Forestry & Fishing ^{a)}	2	74,947	13.5%	9	165,359	5.2%
Multisector ^{b)}	-	-	-	3	21,718	0.7%
Unallocated	1	18,974	3.4%	7	91,465	2.9%
Total	21	554,224	100.0%	172	3,188,166	100.0%
		(584.19) ^{d)}			(3,308.38) ^{d)}	

Note _ a) Includes two loans for Korean investments in developing countries which amounted to KRW 1,596 million

b) Includes general environmental protection

c) USD million at weighted average of current rates at the time of governmental approval of each project

DISTRIBUTION BY COUNTRIES (Cumulative Total)

[KRW Million]

	Commitments		Disbursements	
	Amount	Share	Amount	Share
Vietnam	448,300	14.1%	142,726	8.0%
Indonesia	249,160	7.8%	166,880	9.4%
China	233,567	7.3%	209,873	11.8%
Sri Lanka	212,468	6.7%	176,485	10.0%
Bangladesh	204,774	6.4%	124,598	7.0%
Cambodia	172,186	5.4%	98,903	5.6%
Angola	123,607	3.9%	36,374	2.1%
Philippines	113,636	3.6%	48,249	2.7%
Uzbekistan	105,813	3.3%	50,979	2.9%
Turkey	87,496	2.7%	14,707	0.8%
Pakistan	86,757	2.7%	3,459	0.2%
Mongolia	84,596	2.7%	39,252	2.2%
Laos	82,571	2.6%	22,586	1.3%
Romania	80,888	2.5%	80,884	4.6%
Myanmar	76,843	2.4%	76,839	4.3%
Ghana	60,955	1.9%	60,597	3.4%
Jordan	57,359	1.8%	15,314	0.9%
Ecuador	52,858	1.7%	11,164	0.6%
Nicaragua	50,786	1.6%	20,339	1.1%
Kenya	47,102	1.5%	36,911	2.1%
Yemen	46,666	1.5%	32,075	1.8%
Croatia	44,178	1.4%	44,169	2.5%
Tanzania	40,810	1.3%	4,433	0.3%
Poland	38,173	1.2%	38,173	2.2%
Honduras	32,280	1.0%	8,372	0.5%
Albania	28,984	0.9%	28,658	1.6%
Egypt	28,461	0.9%	-	-
Tunisia	26,854	0.8%	24,874	1.4%
Bolivia	24,189	0.8%	16,676	0.9%
Senegal	23,717	0.7%	-	-
Panama	22,668	0.7%	22,463	1.3%
Guatemala	22,389	0.7%	-	-
Dominican Republic	21,820	0.7%	282	0.0%
Bosnia-Herzegovina	19,543	0.6%	19,490	1.1%
Hungary	19,205	0.6%	19,201	1.1%
Nigeria	18,981	0.6%	18,981	1.1%
Equatorial Guinea	18,820	0.6%	-	-
Kazakhstan	16,269	0.5%	16,140	0.9%
Kyrgyz Republic	16,114	0.5%	16,113	0.9%
Papua New Guinea	15,080	0.5%	8,153	0.5%
Madagascar	13,396	0.4%	-	-
Nepal	12,441	0.4%	12,399	0.7%
Uganda	5,406	0.2%	5,406	0.3%
Total	3,188,166	100.0%	1,773,179	100.0%

INDEPENDENT AUDITORS' REPORT

English Translation of a Report Originally Issued in Korean



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To the Trustee of
the Economic Development Cooperation Fund

We have audited the accompanying balance sheet of Economic Development Cooperation Fund (the "Fund") as of December 31, 2007 and the related statements of income, changes in contributions and reserves, appropriations of retained earnings and cash flows for the year then ended, all expressed in Korean Won. These financial statements are the responsibility of the trustee of the Fund, The Export-Import Bank of Korea. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying financial statements for the year ended December 31, 2006, which are presented for comparative purposes, were audited by other auditors whose report dated January 24, 2007, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the trustee of the Fund, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2007, and the results of its operations, changes in its contributions and reserves, retained earnings and its cash flows for the year then ended in conformity with the relevant laws ("the EDCF Act") and regulations and accounting principles generally accepted in the Republic of Korea.

Without qualifying our opinion, we draw your attention to Note 2 to the financial statements, which states that no provisions for loan losses are recognized in the accompanying financial statements considering that the borrowers are the governments of other countries and they have no history of default. However, as of December 31, 2007, there are uncertainties with respect to the collection of loans extended to countries that are already heavily indebted due to occurrence of an unfavorable event. The ultimate effect of these significant uncertainties on the financial position of the Fund as of the balance sheet date cannot be presently determined, and accordingly, no adjustments related to such uncertainties have been recorded in the accompanying financial statements.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

January 16, 2008

Notice to Readers _ This report is effective as of January 16, 2007, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the accompanying financial statements and may result in modifications to the auditors' report.

FINANCIAL STATEMENTS

BALANCE SHEET

As of December 31, 2007 and December 31, 2006

	(KRW Million)	(USD Million)	(KRW Million)
	2007		2006
Assets			
Current Assets			
Cash & Cash Equivalent	4,077	4.3	40,378
Short-term Financial Instruments	401,016	427.4	270,500
Accrued Income	10,754	11.5	4,810
Trading securities	976	1.0	-
Available-for-sale securities	31,144	33.2	25,076
Held-to- maturity securities	-	-	34,851
Deposit in the Public Money Management Fund	50,000	53.3	100,000
Current portion of Long-term loans	45,594	48.6	34,692
Non-Current Assets			
Long-term financial instruments	81,500	86.9	30,000
Long-term loans in local currency	1,495,368	1,593.9	1,390,430
Long-term loans in foreign currency	3,127	3.3	-
Total Assets	2,123,556	2,263.4	1,930,737
Liabilities			
Accrued Expenses	214	0.2	232
Current Portion of the Long-term Borrowings	20,332	21.7	20,332
Suspense Payable	4	0.0	9
Current Portion of Unearned Revenues	1,251	1.3	1,233
Long-term Borrowings (Deposit with Public Money Management Fund)	116,324	124.0	136,656
Long-term Unearned Revenues	4,089	4.4	5,367
Total Liabilities	142,214	151.6	163,829
Contributions and Reserves			
Contributions from Government	1,099,870	1,172.3	929,870
Appropriated Retained Earnings	836,962	892.1	801,442
Unappropriated Retained Earnings	43,366	46.2	35,520
Accumulated Other Comprehensive Income	1,144	1.2	76
Total Contributions and Reserves	1,981,342	2,111.8	1,766,908
Total Liabilities, Contributions and Reserves	2,123,556	2,263.4	1,930,737

Note _ Details may not add to total because of rounding.

STATEMENT OF INCOME

For the fiscal years ended December 31, 2007 and December 31, 2006

	[KRW Million]	[USD Million]	[KRW Million]
	2007		2006
Income			
Interest Income on Loans	31,252	33.3	28,639
Commission Received	164	0.2	83
Interest Income on Cash and Cash Equivalent	19,869	21.2	10,880
Interest Income on Securities	436	0.5	2,758
Interest Income on Deposit in Public Money Management Fund	4,054	4.3	4,753
Gain on sales of available-for-sale securities	114	0.1	
Profit on foreign exchange transition	12	0.0	
Total Income	55,901	59.6	47,113
Expenses			
Management Fee	2,963	3.2	2,664
Administration Fee of Loan	2,023	2.2	460
Interest Expense on Deposit with Public Money Management Fund	7,550	8.0	8,469
Total Expenses	12,536	13.4	11,593
Net Income	43,365	46.2	35,520
Total Expense and Net Income	55,901	59.6	47,113

Note _ Details may not add to total because of rounding.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) These financial statements have been prepared in conformity with the EDCF Act, its related regulations, Government Accounting Standard of Korea, and accounting principles generally accepted in the Republic of Korea
- (b) USD amounts are converted, for convenience only, at the 2007 year-end rate of KRW938.20/USD
- (c) Available-for-sale securities are stated at fair market value. The unrealized gain/loss of the available-for-sale securities are reflected in the balance sheet in the Accumulated other comprehensive income account until it is realized when sold.
- (d) Held-to-maturity securities are carried at cost, adjusted for the discounts and premiums which are amortized over the term of the debt using the effective interest method.
- (e) Recognition of Interest Income and Expense: Interest income on loans and interest expense are recorded on an accrual basis.

2. CASH & CASH EQUIVALENT

Cash & Cash Equivalent from Banks as of December 31, 2007 and 2006 are as follows :

	(KRW Million)	(USD Million)	(KRW Million)
	2007		2006
Money Market Deposit Amount (MMDA)	4,046	4.3	8,378
Time Deposit	15	0.0	32,000
Ordinary Deposit	16	0.0	-
Total	4,077	4.3	40,378

3. FINANCIAL INSTRUMENTS

Financial Instruments as of December 31, 2007 and 2006 are as follows :

	(KRW Million)	(USD Million)	(KRW Million)
	2007		2006
Time Deposit	472,516	503.6	261,500
Certificate of Deposit	10,000	10.7	39,000
Total	482,516	514.3	300,500

4. MARKETABLE SECURITIES

Marketable Securities as of December 31, 2007 and 2006 are as follows:

	(KRW Million)	(USD Million)	(KRW Million)
	2007		2006
Current Asset			
Trading Securities	976	1.0	-
Available-for-Sale Securities	31,144	33.2	25,076
Held-to-Maturity Securities	-	-	34,851
Total	32,120	34.2	59,927

5. LOANS

Long term loans as of December 31, 2007 and 2006 are as follows:

	(KRW Million)	(USD Million)	(KRW Million)
	2007		2006
Project Loans	974,186	1,038.4	862,269
Equipment Loans	562,936	600.0	558,985
Equipment Loans in Foreign Currency	3,127	3.3	-
Two-step Loans	3,840	4.1	3,867
Total	1,544,089	1,645.8	1,425,121

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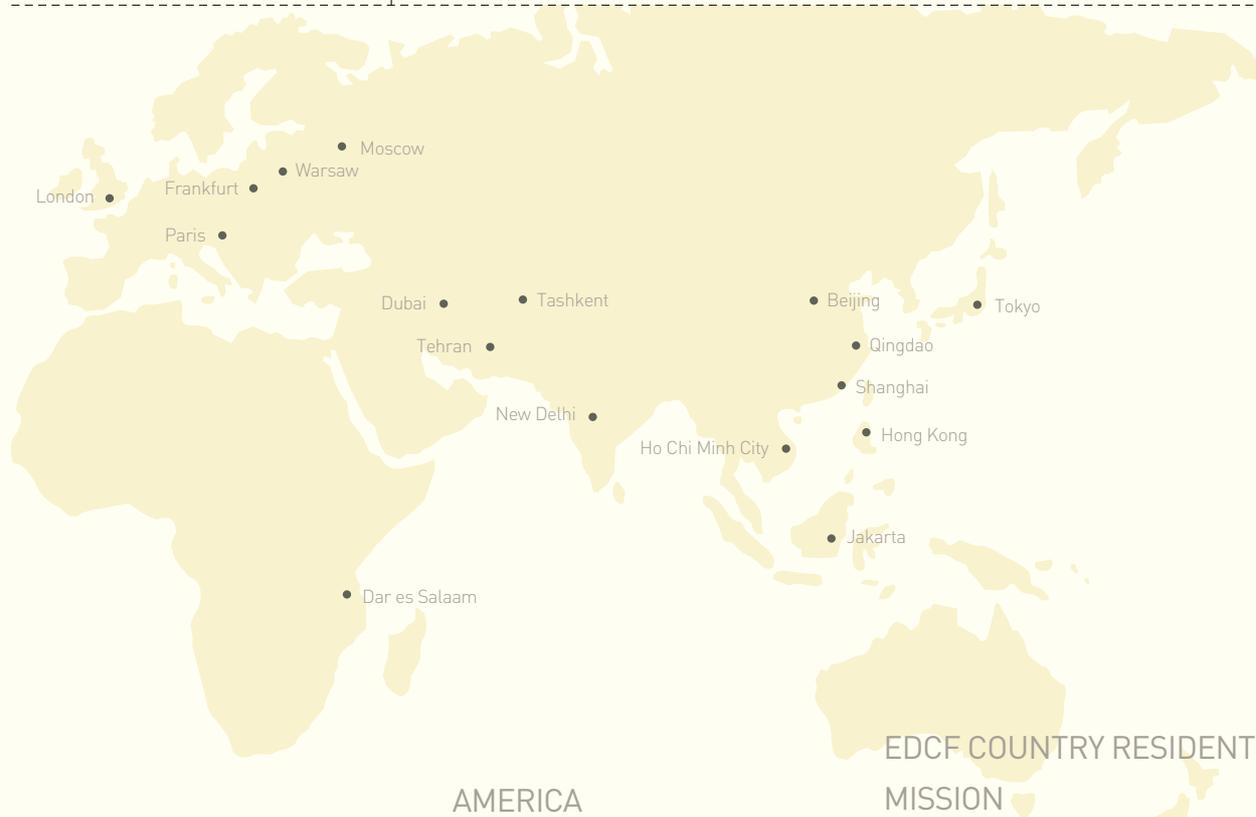
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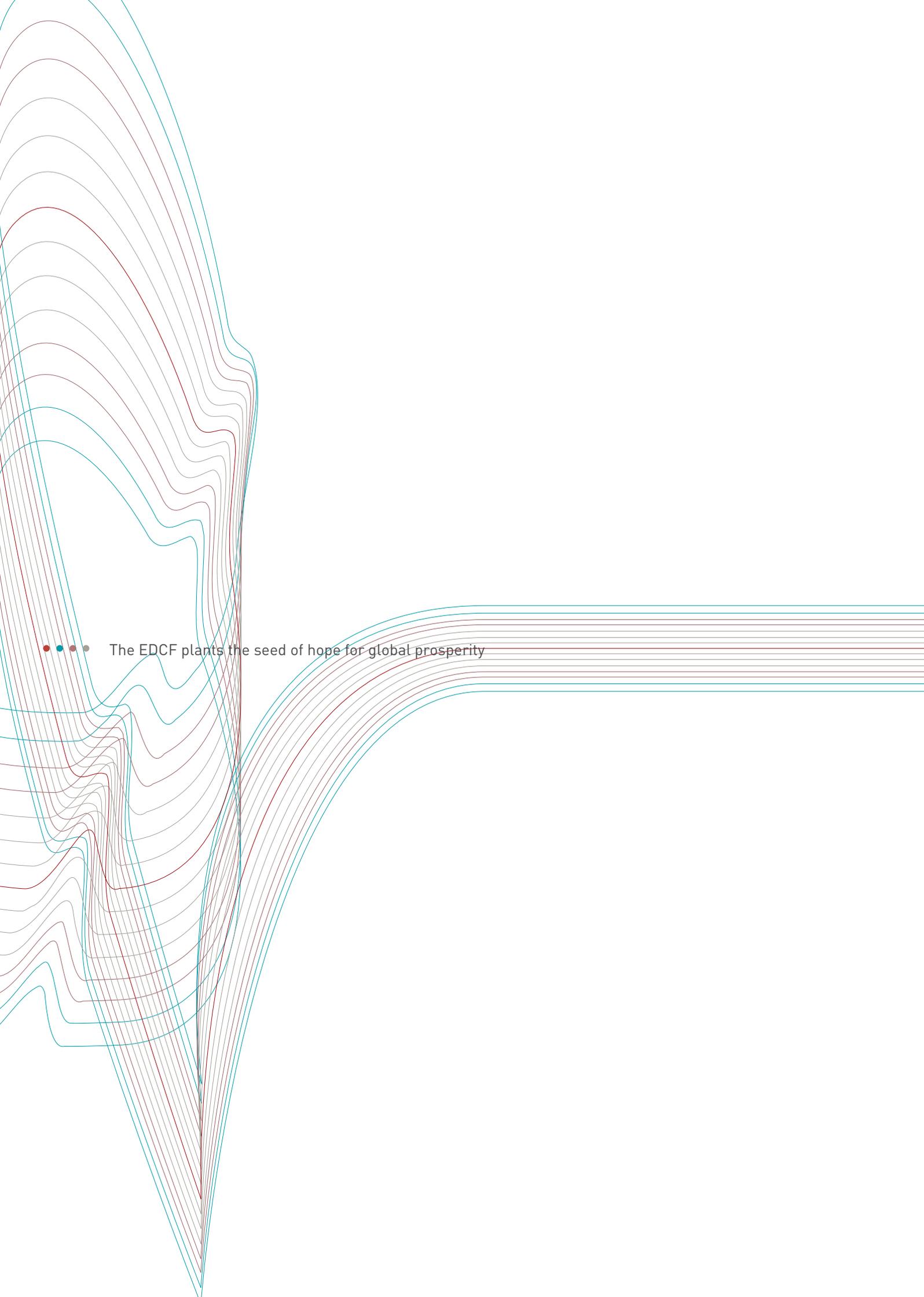
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The image features a complex, abstract graphic composed of numerous thin, overlapping lines in shades of red, teal, and grey. These lines flow from the left side of the frame, where they are more densely packed and curved, towards the right, where they become more parallel and horizontal. The overall effect is one of dynamic movement and organic growth. In the center of this flow, there is a small cluster of three colored dots (red, teal, and grey) followed by the text 'The EDCF plants the seed of hope for global prosperity'.

● ● ● The EDCF plants the seed of hope for global prosperity

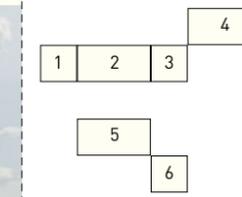
THE EDCF IS IMPLEMENTING VARIOUS AID PROGRAMS



Korea's own economic development experience provides valuable lessons for developing countries



Korea has cooperated with developing countries through loan programs to help them deliver economic developments



1. Five Vaccines Production Project, **Vietnam**
2. Modi Khola Hydroelectric Project, **Nepal**
3. Basic e-Government Project, **Myanmar**
4. Yemeni-Korean High Technical Institute Project, **Yemen**
5. Procurement of Equipments of Combined Cycle at the Ba Ria Power Plant Project, **Vietnam**
6. Road Maintenance Equipment Renewal Project, **Kenya**

The EDCF is strengthening global partnership to foster the economic prosperity of developing countries

