

# BUILDING A BETTER FUTURE

<http://www.edcfkorea.go.kr>

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# Shaping the future with EDCF

EDCF has contributed to the economic development and welfare of developing countries while expanding Korea’s economic exchanges with developing countries by supporting social and economic infrastructure projects in such sectors as transportation, communication, power, environment, health, and education



# EDCF at a glance

Economic  
Development  
Cooperation  
Fund






## EDCF Contributions

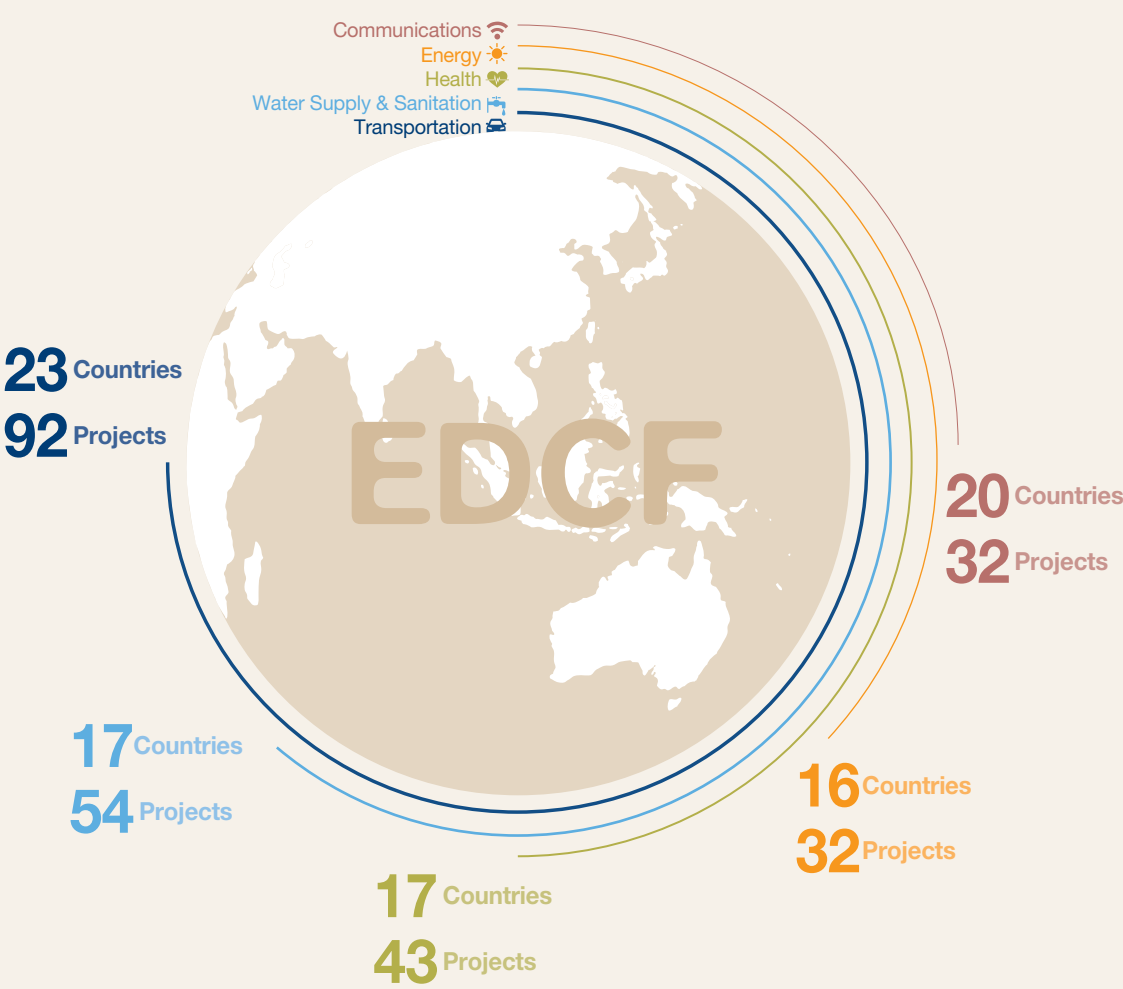
(Cumulative Total at the end of 2014)














## Contribution to Major Sectors

(Cumulative Total at the end of 2014)

	 Transportation	 Water Supply & Sanitation	 Health	 Energy	 Communications
Commitments	3,720	1,807	1,186	1,002	733
Disbursements	1,616	621	487	495	463





# History of EDCF

BUILDING A BETTER FUTURE

# EDCF at a glance

Economic  
Development  
Cooperation  
Fund

## EDCF Contributions

(Cumulative Total at the end of 2014)

52 Countries 337 Projects

Total Commitments

10,621

(Unit: USD Million)  
Total Disbursements

4,564

### History of EDCF



1987 – 1990  
1991 – 2000

#### EDCF Start-up



- 07.1987  
Establishment of EDCF
- 12.1988  
First Contributions from Government
- 05.1989  
Conclusion of the First Loan Agreement: Nigeria
- 11.1989  
Procurement and Disbursement of the First EDCF Loan: Nigeria



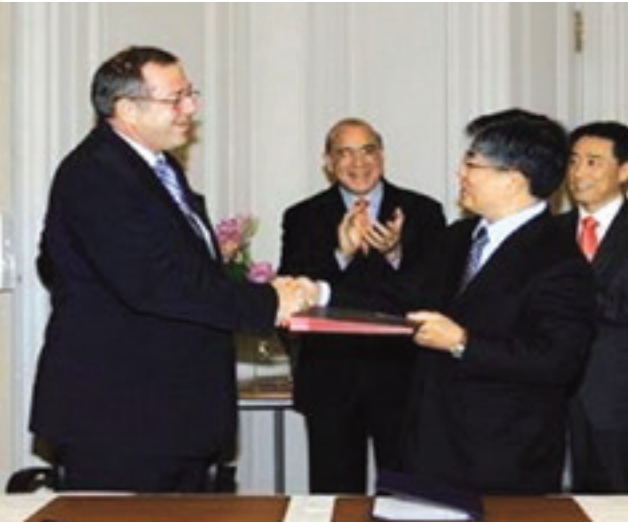
- 06.1991  
Approval of EDCF's First Two-Step Loan: Pakistan
- 02.1992  
Completion of the First EDCF Project: the Philippines
- 10.1992  
Conclusion of Co-financing Arrangement with WB
- 06.1993  
Conclusion of Co-financing Arrangement with ADB
- 07.1994  
Approval of EDCF Loan for the First Co-financing Project with ADB: the Philippines



- 05.1995  
Hosting of the First EDCF Workshop for Government Officials from Nine Partner Countries
- 07.1995  
First Issuance of EDCF Annual Report
- 10.1995  
First Approval of Support Linking ODA with Grants of KOICA



- 12.1996  
Recording USD 1 Billion in Cumulative EDCF Loan Commitments
- 07.1997  
Conclusion of the Framework Arrangement with KOICA
- 02.1998  
First Approval of EDCF's Mixed Credit: the Philippines
- 12.1998  
Recording USD 1 Million in Cumulative EDCF Loan Disbursements
- 07.2000  
First Approval of Co-financing with IDB



2001 – 2010

- 02.2003  
Conclusion of Co-financing Arrangement with IDB
- 12.2003  
Resumption of Government Contributions to EDCF in 5 years
- 06.2004  
Reaching over USD 2 Billion in Cumulative EDCF Loan Commitments
- 01.2006  
Establishment and Launch of the ODA Statistical Reporting System

- 03.2006  
Establishment of Committee for International Development Cooperation
- 10.2006  
Conclusion of MOU with JBIC
- 08.2007  
Introduction of the Compact Loan and Public Partnership Loan
- 05.2008  
First External Ex-post Evaluation of EDCF Project
- 12.2008  
Yearly Commitment Amount First Exceeding USD 1 Billion
- 01.2010  
Korea's Accession to the OECD DAC



# EDCF at a glance

Economic  
Development  
Cooperation  
Fund

## EDCF Contributions

(Cumulative Total at the end of 2014)

52 Countries 337 Projects

Total Commitments

10,621

(Unit: USD Million)  
Total Disbursements

4,564



2011 –  
2014

09.2011

Hosting of the First Joint Evaluation  
with Partner Countries

11.2011

Resumption of EDCF Aid to  
Myanmar

12.2011

Establishment and Launch of the  
ODA Monitoring System

12.2012

Approval of First Commitment for a  
Program Loan  
Launch of the OECD DAC Peer  
Review on EDCF

05.2013

Hosting of EDCF Development  
Finance Seminar

12.2013

Hosting of Climate Finance  
International Forum  
Recording USD 10 Billion  
in Cumulative EDCF Loan  
Commitments



05.2014

Conclusion of MOU with IFAD

08.2014

Introduction of Private Sector Loan,  
Sector Development Loan, and  
Loan to International Development  
Financial Institution

The government of Korea has established the Economic Development Cooperation Fund (EDCF) on 1 July, 1987 as part of the Korean Official Development Assistance (ODA) with the purpose of promoting economic cooperation between Korea and developing countries. By extending concessional loans, EDCF provides support to build socioeconomic infrastructure in developing countries, helping them achieving poverty reduction and economic development.

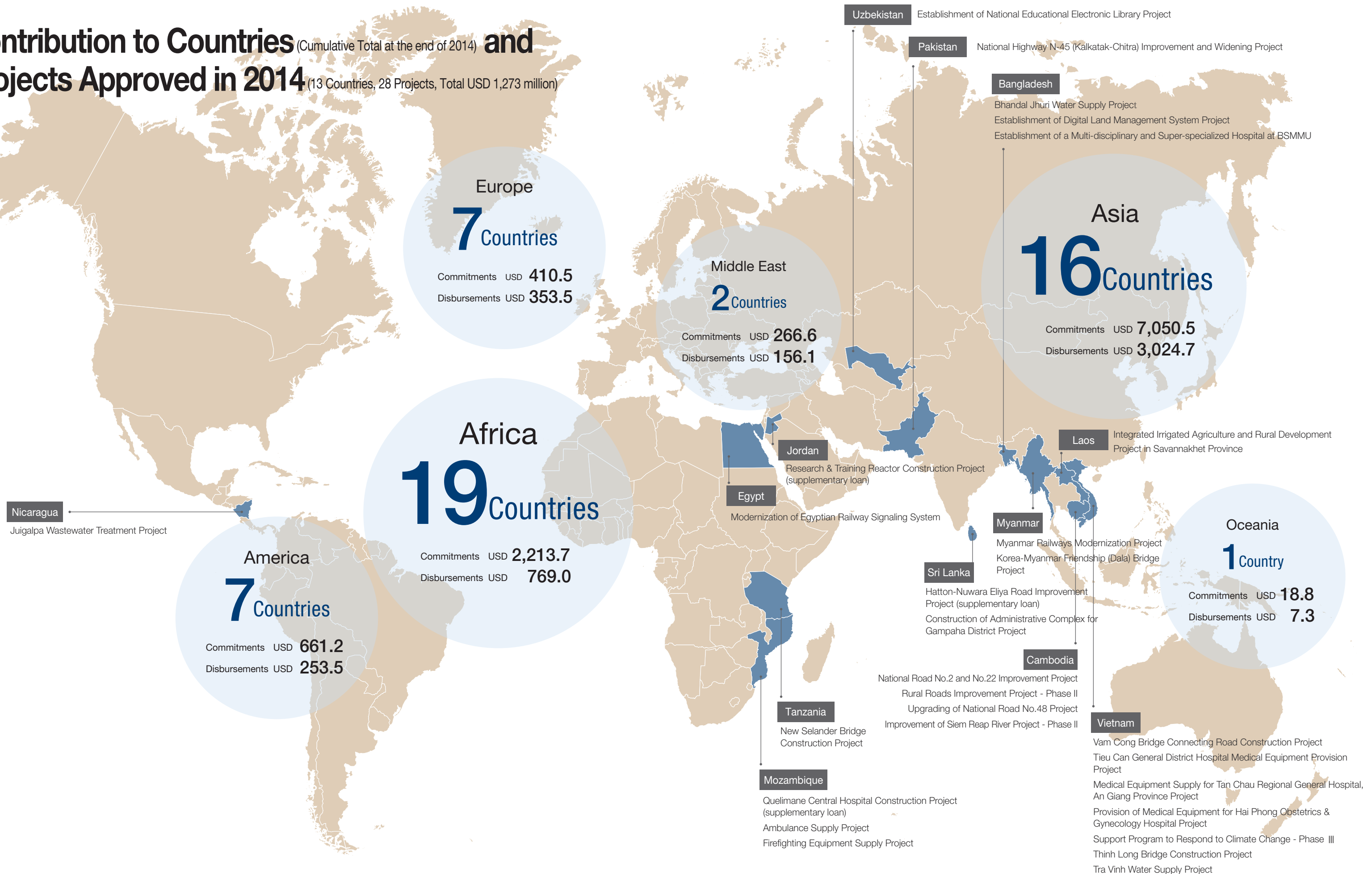
The authority of EDCF operations and principal policy-making responsibilities rest with the Ministry of Strategy and Finance (MOSF). Entrusted by the MOSF, The Export-Import Bank of Korea conducts all EDCF operations such as project appraisal, loan agreement execution, loan disbursements and project evaluation, etc.

Since its foundation in 1987, EDCF has approved USD 10,621 million for total 337 projects in 52 countries and disbursed USD 4,564 million. The annual approval of loans exceeded USD 1 billion for the first time in 2008. In an effort to pursue Korean government's goal of expanding ODA to developing countries, EDCF approved USD 1,273 million for 28 new projects in 2014.

EDCF will strive to expand its aid volumes to help developing countries achieve economic development and sustainable growth based on Korea's own development experiences over the years.

# Contribution to Countries (Cumulative Total at the end of 2014) and Projects Approved in 2014

(13 Countries, 28 Projects, Total USD 1,273 million)





# Highlight 2014



## 01

### Identifying Large-scale Projects through Country Program Missions

In 2014, EDCF established a new project identification system based on Country Partnership Strategies (CPS) and strategic resource allocations for priority partner countries. Using the new system, EDCF carried out Country Program Missions in major partner countries such as Vietnam and Indonesia and identified large-scale infrastructure projects (e.g. metro projects). In October 2014, when the General Secretary of Vietnam visited Korea, the 'Memorandum of Understanding on Korea-Vietnam Financial Cooperation' was signed, further stepping up economic cooperation between the two countries.

## 02

### Promoting the Globalization of the Korean Rural Development Model

EDCF made efforts to globalize the 'Integrated Rural Development Model' that copies Korea's Saemaul Undong (New Village Movement) in hopes of helping partner countries reduce poverty and achieve self-sustainable economic growth. Specifically, EDCF supported the Korean model based agricultural development projects in Laos and Cambodia, while enhancing cooperation with domestic and international rural development agencies. For example, it signed an MOU with IFAD and co-hosted a seminar on Saemaul Undong with IFAD and Yeungnam University.

## 03

### Supporting PPP Projects for Large-scale Infrastructure Development

With infrastructure projects under PPP fast growing in developing countries, EDCF has been increasing its support for PPP projects to help developing countries short of financial resources utilize private sector resources. For example, EDCF supported the Thanh Long Bridge Project in Nam Dinh province of Vietnam which is essential to build the Nam Dinh thermal power plant in a PPP project. EDCF is also discussing to support the Xepian-Xenamnoy Hydroelectric Power Generation project under PPP. In addition, EDCF held the seminar on comprehensive financing that mixes export credits and EDCF loans to provide companies with information and know-how required to participate in PPP projects.

## 04

### Building Strong Partnerships with International Development Community

In April 2014, EDCF co-hosted the Climate Finance International Forum in Mexico to enhance partnerships in international development. Moreover, EDCF participated in the 7th EDCF-JICA Meeting in May and the 5th Asian Development Forum (ADF) in September to share ideas on development such as how to facilitate PPP projects. In December, EDCF strengthened regional partnerships in Asia by participating in the 4th Korea Eximbank-China Eximbank-JICA-NEDA workshop to discuss key development issues concerning Asian loan aid programs and future prospects of cooperation.

## 05

### Supporting Landmark Projects with High Development Impact

In 2014, EDCF opened a new chapter in Korea's ODA history by supporting a number of landmark projects that have a lasting impact in Myanmar, Bangladesh and Vietnam for their economic development. For instance, the Korea-Myanmar Friendship (Dala) Bridge Construction in Myanmar and the Establishment of Multi-disciplinary and Super-specialized Hospital at BSMMU in Bangladesh will contribute greatly to achieving the partner countries' national development goals in transportation and health sectors.

## 06

### Diversifying Regional Support

While keeping its focus on Asia, EDCF increased support to Africa and Latin America where development needs are high. In particular, the Modernization of Railway Signaling System in Egypt marked the first EDCF project to the country. The success of this project will not only improve transportation efficiency in Egypt by applying Korea's railway technologies and operational know-how, but also contribute to closer economic cooperation between the two countries.

## 07

### Reinforcing the Evaluation System and Partnership

EDCF upgraded its evaluation system to raise evaluation quality and successfully strengthened its networks with domestic and international evaluation agencies. To be more specific, EDCF developed new evaluation criteria and applied them in evaluating development projects. It also hosted a workshop for Korean ODA agencies to enhance their evaluation capacity. Furthermore, EDCF shared the results of the pilot test on its new criteria at the OECD DAC Evaluation Network, contributing to the broader discussion on how to improve ODA evaluation.

# Message from the Deputy Prime Minister



The Economic Development Cooperation Fund (EDCF) is Korea's principal ODA fund that supports the economic development of developing countries and effectively promotes economic cooperation between Korea and partner countries by sharing Korea's development experiences and financial resources with them.

Established in 1987, EDCF made its first commitment of USD 23 million in concessional loans. Since then, it has steadily increased development aid; in 2014 alone, EDCF provided USD 1.3 billion in loans to support 28 projects. As of 2014, its total commitments have exceeded USD 10.6 billion. Today, EDCF has built extensive partnerships with developing countries stretching from Asia and Africa to South America and the CIS.

EDCF's activities in 2014 were marked not only for significant increases in aid volume and scope of support, but also for the great progress in the quality of aid effectiveness.

First of all, EDCF supported an array of large-scale infrastructure projects in Asia and Africa through policy dialogues with multilateral development banks (MDBs) such as the World Bank, Asian Development Bank (ADB), Inter-American Development Bank and African Development Bank. A good example is Vietnam's Vam Cong Bridge Construction Project co-financed with ADB.

Furthermore, it played a leading role in the discussions at the Global Partnership for Climate Finance and Effective Development Cooperation and made key contributions to the development of the Post-2015 agenda, which is a new global development framework.

On the domestic front, EDCF has stepped up inter-agency coordination through the four-party consultation meetings among the Ministry of Strategy and Finance (MOSF), Ministry of Foreign Affairs (MOFA), EDCF and KOICA. As a result, a range of integrated projects that combine concessional loans and grants have been identified such as the Integrated Irrigated Agriculture and Rural Development Project in Savannakhet Province in Lao PDR. It is also important to note EDCF's contribution to the introduction of ODA specialist training programs.

In addition, EDCF has diversified efforts to flexibly respond to the various development needs of partner countries. It approved Vietnam's Thanh Long Bridge Project to pave the way for the private sector to develop the Nam Dinh thermal power plant.

Lastly, EDCF introduced new loan programs. It launched a private sector loan to support projects for private sector development in developing countries and a sector development loan that sets a credit limit comprehensively applicable to a number of small loan projects by sector.

In 2015, the Korean government will set up the Mid-term ODA Policy for 2016-2020, opening up a new chapter in international development cooperation. Against this background, while leveraging its past policy outcomes and development experiences, EDCF will realign its ODA strategies to deliver greater development impact for partner countries.

EDCF will drive efforts to ensure that ODA delivers mutual benefits to partner countries and Korea. To this end, EDCF will offer customized support that fully meets the different development needs of partner countries. In particular, it will renew the Country Partnership Strategies for priority partner countries. It will also drive efforts to maximize the availability of development resources by linking export financing, development finance and MDB loans, and leverage the mobilized funds for large-scale infrastructure projects in developing countries.

Moreover, EDCF will enhance the transparency of its development projects that consequently boosts the competitiveness of Korean companies. It plans to disclose reports on planned and ongoing EDCF projects and envisages joining the International Aid Transparency Initiative (IATI).

In 2015, EDCF will continue to share Korea's development experiences with developing countries and stay devoted to ending poverty. It will help developing countries design their future and visions for themselves just like Koreans did decades ago. In the midst of all these efforts, EDCF will do its utmost to provide sincere and hearty assistance by placing itself in the shoes of partner countries.

I look forward to your continued support and encouragement on EDCF's journey towards building a better future for all by serving the global community as a trusted friend in need.

Deputy Prime Minister  
(Minister of Strategy and Finance)  
**Kyung Hwan Choi, Ph. D.**



# Message from the Chairman and President



Today the international development community is focused on defining the Post-2015 Development Agenda, a new development framework to replace the Millennium Development Goals (MDGs), in order to achieve sustainable growth in developing countries and mobilize development resources to this end.

In line with such international developments, EDCF made new commitments of a total of USD 1.27 billion in 2014 despite the global economic recession. To date, EDCF has provided over USD 10 billion in cumulative total commitments. Moreover, EDCF successfully diversified its regional support by increasing projects to Africa and Latin America where development needs are high, while remaining its focus on Asia.

Along with the growth in aid volume, EDCF made improvements to the quality of its official development assistance (ODA) to better respond to the increasing development demands from partner countries in their rapid economic growth.

First, we carried out Country Program Missions for priority partner countries to identify large-scale infrastructure projects such as Vietnam's metro project and to fully accommodate each partner country's specific development needs. Furthermore, we developed medium and long-term strategies tailored to each developing country's distinctive characteristics to generate more development impact with limited resources.

Moreover, we actively identified Public-Private Partnership (PPP) projects such as the Xe Pian-Xenamnoy Hydroelectric Power Generation Project in Laos, opening up more windows of opportunities for developing countries to harness private financial resources for development. By supporting landmark projects that have a lasting development impact such as the bridge construction projects in Vietnam and Myanmar, EDCF has also contributed to building stronger economic cooperation between Korea and developing countries.

EDCF also made strong efforts to support agricultural development in developing countries by promoting the globalization of the Korean rural development model built upon Saemaul Undong (New Village Movement), the most representative development experience of Korea that has driven the modernization of its rural communities. For example, we supported agricultural development projects based on the Korean model for Laos and Cambodia, providing a broad range of support from agricultural infrastructure development to capacity building such as lead-

ership training, agricultural skills training, and community organization. Furthermore, EDCF signed the MOU with the International Fund for Agricultural Development (IFAD) to help rural communities in developing countries achieve poverty reduction and self-sustaining growth.

We also built stronger partnerships for development cooperation through international discussions. In 2014, EDCF held the Focus Session on Climate Finance and Development in Mexico. We also shared our experience in applying new ODA evaluation criteria at the OECD DAC evaluation meeting, contributing to the greater discussion on improving ODA measurements. Moreover, EDCF discussed current issues on ODA loan projects and potential development cooperation across Asia at the 4th Korea Eximbank-China Eximbank-JICA-NEDA seminar.

Last but not least, we made great progress in the Knowledge Sharing Program (KSP), an initiative led by the Korean government that aims to share with developing countries Korea's development experiences in successfully transforming from a least developed country to the world's 13th largest economy. In particular, joint consulting programs with international organizations (IOs) enabled Korean development experiences to be well-blended with each IO's region-specific knowledge in offering customized support to partner countries.

In 2015, EDCF will stay fully aligned with Korea's ODA goals for the year. To this end, EDCF will reinforce Country Program Missions to identify development projects that can create bigger development impact. We will continue to take the lead in mobilizing more development resources to achieve sustainable development. We will also actively pursue co-financing opportunities with multilateral development banks (MDBs) and initiate development finance that can effectively mobilize private resources increasingly needed by developing countries. In all these development activities, EDCF will provide loans and guarantees together with export credit from Korea Eximbank on a project basis to ensure strong development effectiveness.

EDCF will continue to drive efforts to help developing countries shape a better future by serving as their stepping-stone for development. We ask for your full support and encouragement. Thank you.

이 덕 훈

Chairman and President  
The Export-Import Bank of Korea

Lee, Duk-hun



# Message from the Goodwill Ambassador of EDCF



2014 was a meaningful year for me. After officially retiring from my 30-year career in baseball, I was granted the honor and opportunity to spread my message of hope to the rest of the world as a goodwill ambassador of EDCF.

In 1994, I became the first Korean baseball player in Major League Baseball. It was the time when Korean people were suffering from the Asian financial crisis and my success as a major league baseball player meant hope to many Koreans. Then I suffered a back injury and underwent an intestinal surgery, but I overcame all odds and made a new record of marking the most wins for an Asian player in 2010 by never giving in to the challenges coming my way.

My next goal is to share what I learned from playing baseball with people living in developing countries: the importance of having an undying passion to make my dreams come true and never giving up on myself.

A few years ago, I visited a developing country to take part in a volunteer activity. I remember the big bright smiles the children had. I felt sorry for them because they were so poor that they were left without any hope or dream, simply living from day to day.

Life for Koreans was no different only half a century ago. However, Korea has achieved the stunning transformation from a least developed country to a donor of aid for the first time in the world thanks to the unwavering dedication and tireless efforts of our entire nation.

EDCF has built a significant foundation for Korea to assist and grow together with other countries as a donor of development aid. Just like I took the mound as a relief pitcher when the team needed help, EDCF serves as a reliever for developing countries to make their hopes and dreams come true.

As a goodwill ambassador of EDCF, I would like to contribute in however small a way to the efforts of developing countries to emulate Korea's brilliant success story, which I am certain they are capable of achieving by harnessing the strong will and determination of their people. I am tremendously grateful for this opportunity to serve the global community on behalf of my country, and promise to do my utmost to elevate the EDCF's public profile as well as to give hope and dreams to developing countries.

Thank you once again.

Formal Member of National Baseball Team of South Korea  
Former Major League Baseball Player and  
Gold Medalist of the 13th Asian Game, South Korea

**Park Chan-ho**



# Key Acronyms (A to Z)

**ADB**

Asian Development Bank

**ADF**

Asian Development Forum

**AFD**

Agence Française de Développement

**AfDB**

African Development Bank

**AusAID**

Australian Agency for International Development

**CIDC**

Committee for International Development Cooperation

**CIS**

Commonwealth of Independent States

**CPS**

Country Partnership Strategy

**DAC**

Development Assistance Committee

**EBRD**

European Bank for Reconstruction and Development

**EDCF**

Economic Development Cooperation Fund

**EU**

European Union

**F/S**

Feasibility Study

**GCF**

Green Climate Fund

**HIPC**

Heavily Indebted Poor Countries

**IBRD**

International Bank for Reconstruction and Development

**IDB**

Inter-American Development Bank

**IDFIs**

International Development Financial Institutions

**IFAD**

International Fund for Agricultural Development

**IFC**

International Finance Corporation

**IMF**

International Monetary Fund

**JICA**

Japan International Cooperation Agency

**KfW**

Kreditanstalt für Wiederaufbau

**KOICA**

Korea International Cooperation Agency

**Korea Eximbank**

The Export-Import Bank of Korea

**KSP**

Knowledge Sharing Program

**L/A**

Loan Agreement

**MDBs**

Multilateral Development Banks

**MDGs**

Millennium Development Goals

**MOU**

Memorandum of Understanding

**ODA**

Official Development Assistance

**OECD**

Organization for Economic Cooperation and Development

**PBA**

Program-Based Approach

**PCR**

Project Completion Report

**PPP**

Public Private Partnership

**SDGs**

Sustainable Development Goals

**SMEs**

Small and Medium-sized Enterprises

**SOC**

Social Overhead Capital

**UNDP**

United Nations Development Programme

**WB**

World Bank



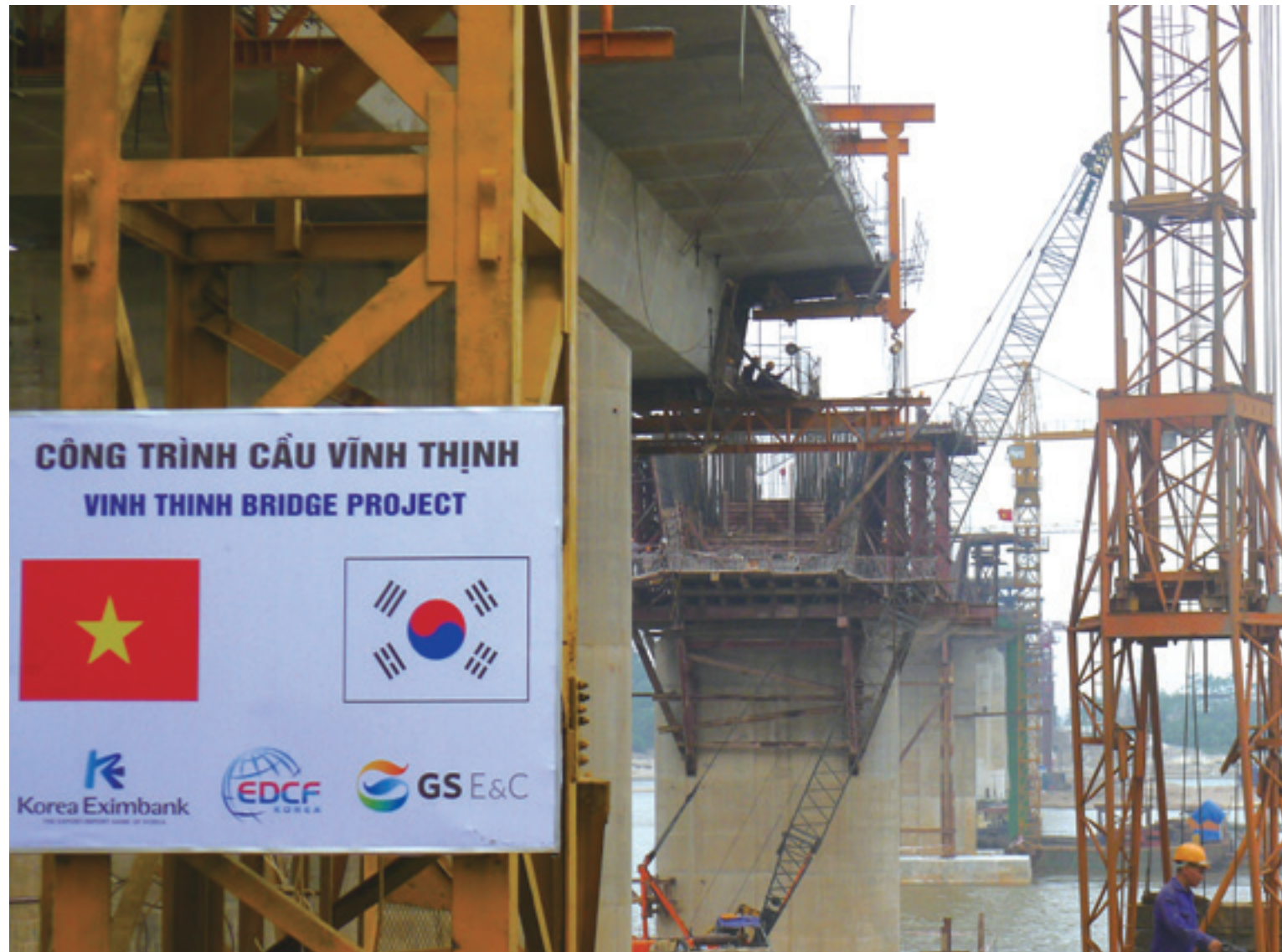
# 1. Policies and Status

24 · EDCF Policies and Status in 2014

28 · EDCF Loan Commitment and  
Disbursement in 2014







## EDCF Policies and Status in 2014



In line with the international development discussions on economic growth and poverty elimination as well as development demands from partner countries, EDCF has steadily increased its ODA volume and successfully carried out major activities to enhance development effectiveness.

### International Trends in Development Cooperation

The international development community, in the face of the Post-2015 era, has begun to promote sustainable development in developing countries as its primary objective for development cooperation, going beyond the focus on improving the delivery of conventional aid. In this context, efficiently utilizing development resources for developing countries to achieve self-sustaining growth is becoming a major challenge for the international community. While ODA's share in development resources has been declining since the recent outbreaks of financial and fiscal crises, concerns are being raised that more ODA should be concentrated on the least developed countries that are urgently in need of development aid.

The outcomes of the OECD DAC High Level Meeting (HLM) held in December 2014 clearly showed that the international development community's transition towards the Post-2015 development agenda is underway. Donor countries formed the consensus that the international community needs to increase ODA for the least developed countries and decided to modify ODA measurements to enable more concessional loans to flow into the least developed and low income countries. By doing so, with the same amount of ODA, share of eligible ODA for low income countries will grow and higher minimum grant elements can be allocated in supporting low income countries to boost aid to these countries.

Meanwhile, discussions are ongoing on how to measure peace, security and private resources while ways to mobilize various development resources to meet the diverse development needs of developing countries are also on the table.

### EDCF Policies and Directions in 2014

In line with the international development discussions on economic growth and poverty elimination as well as development demands from partner countries, EDCF has steadily increased its ODA volume and successfully carried out major activities to enhance development effectiveness. For example, EDCF focused its efforts on establishing systemic project identification mechanism through Country Program Mission and Policy Dialogues to offer customized aid packages that reflect both the development needs of partner countries and Korea's strengths. Moreover, EDCF has enhanced the evaluation of social and environmental impact of its projects to improve the sustainability and quality of ODA projects. It also applied the lessons learned from ex-post evaluation to new projects through a feedback system in an effort to improve the quality of its projects.

EDCF has also put in place an institutional framework to promote private sector participation in development cooperation projects. It has actively identified public-private partnership (PPP) projects, upgraded EDCF guarantee programs, and expanded overseas networks to increase support for large-scale infrastructure projects.



The 2nd EDCF Advisory Committee



2014 EDCF Support Strategy Briefing Session



## Main Achievements of EDCF in 2014

In 2014, EDCF made great progress on a number of areas. It identified and supported economic and social infrastructure projects according to the Basic ODA Plan of Korea with the aim to support the economic development of developing countries while promoting economic cooperation. In parallel, it improved the related programs to effectively upgrade the aid system and reinforce international cooperation.

### Increasing Support for Strategic Projects

#### 1) Growth of ODA Volume & Diversification of Regional Support

In 2014, EDCF made commitments of USD 1,273.42 million in total, an 8% increase from the previous year. While remaining its focus on Asian countries, EDCF has diversified regional support to African and Latin American countries. To respond to diversified needs, EDCF opened new representative offices in Ghana, Mozambique and Colombia. Moreover, EDCF executed program missions for major partner countries including Vietnam, Myanmar and Latin American countries to establish effective project identification processes, and stepped up governmental cooperation through policy dialogues.

#### 2) Implementation of Large-scale Infrastructure Projects and Public-Private Partnership (PPP)

Thanks to the increasing development needs of developing countries and enhanced economic exchanges between Korea and partner countries, there is a growing demand for EDCF to provide support for large-scale infrastructure projects. In 2014, EDCF made commitments for three large projects whose size amounts to over USD 100 million each:

the Korea-Myanmar Friendship (Dala) Bridge Project in Myanmar, Establishment of a Multi-disciplinary and Super-specialized Hospital at BSMMU Project in Bangladesh, and Modernization of Railway Signaling System on Nagh Hamady and Luxor Corridor Project in Egypt. Furthermore, EDCF has identified and is planning to support PPP projects such as the Laos Xepian-Xenamnoy Hydroelectric Power Generation Project to efficiently implement large-scale projects.

#### 3) Building Up the System for Country Programs

EDCF took an effort to make Country Programs successfully put in place in 2014. First of all, EDCF is developing mid-term strategies tailored to the needs of partner countries to efficiently support them with limited financial resources. By expanding the Country Program Team into Country Partnership Strategy Department and building a strategic portfolio that complies with EDCF policy objectives through conducting integrated program missions linking loans, grants, export financing and KSP, EDCF contributed to improving project coordination and creating synergies.

#### 4) Building Up Global Networks to Boost On-site Support

EDCF is reinforcing its on-site focus to implement projects more efficiently. It stepped up its overseas networks from 11 offices and 14 employees in 2013 to 13 offices and 21 employees in 2014. In particular, EDCF opened new representative offices in Ghana, Mozambique and Colombia and dispatched its staff to Bangladesh. In 2015, EDCF is planning to dispatch 29 staff to 15 overseas offices and secure more budget to hire local experts in overseas offices to reinforce its focus on meeting on-site needs.



Conclusion of MOD on Korea-Myanmar Friendship Bridge



Opening Ceremony of Representative Office in Bogota, Columbia

## Improving EDCF Support System

### 1) Launching New Loan Programs to Better Meet the Partner Country's Needs

In 2014, EDCF launched new loan programs to more flexibly respond to the diverse development demands from partner countries. While increasing the scale of Compact Loans, EDCF introduced the Sector Development Loan Program that provides comprehensive credit limit for a number of Compact Loans by sector in order to simplify the application procedure. In addition, EDCF put in place its first loan program for Korean firms having entities in developing countries, to provide long term equipment loans and working capital loans if they engage in ODA projects.

### 2) Paving the Way for Development Finance

Taking into account the fast growing development needs of partner countries and their need to utilize private financing, EDCF has driven efforts to transition into the development finance framework. EDCF benchmarked advanced donor agencies such as the AFD (France), KfW (Germany) to establish an effective supporting model. With the bill to revise the EDCF Act that will enable EDCF to indirectly support development finance proposed at the National Assembly in May 2014, discussions are ongoing on laying the foundation for development finance.

### 3) Setting Up the Institutional Framework to Support Fragile States and Least Developed Countries

EDCF has laid the institutional framework to support the sustainable development of fragile states and Least Developed Countries (LDCs). In January 2014, EDCF made the EDCF Guidelines for Supporting Fragile States for the appraisal, evaluation, and monitoring of EDCF projects to meet the global standards. In November 2014, EDCF co-hosted a workshop with the IMF and WB on the Debt Sustainability Framework (DSF) for the LDCs and Heavily Indebted Poor Countries (HIPC)s to reorganize its concessional loan strategies for LDCs/HIPC)s. The workshop confirmed EDCF's support for LDCs sufficiently met the IMF

and WB standards thanks to the EDCF's highest level of concessionality in DAC member countries. EDCF is planning to develop a concessional loan aid measure for LDCs.

## Participation in International Development Community

### 1) Participation in Discussion on International Development Cooperation

In 2014, EDCF actively participated in the discussions on major international development agenda such as ODA statistics modernization through redefining concessionality and measurements, mobilization of innovative, various development resources, and climate change adaptation. Through these efforts, EDCF is recognized to have taken steps forward as a donor agency that goes beyond simply complying with the given international development guidelines to proactively propose new ones for international development aid.

### 2) Partnerships with International Donor Institutions

EDCF co-hosted the 5th Asian Development Forum (ADF) in September 2014 in Hanoi, Vietnam to share Korea's development experiences with Asian countries and strengthen cooperation. In addition, it hosted the 4th Four Parties Meeting with China, Japan and Thailand in December in Beijing, China to discuss financing cooperation on development projects in the Asian region. EDCF has gained growing international recognition by establishing global cooperation networks with ODA agencies of major donor countries such as JICA (Japan) based on regular policy dialogues.

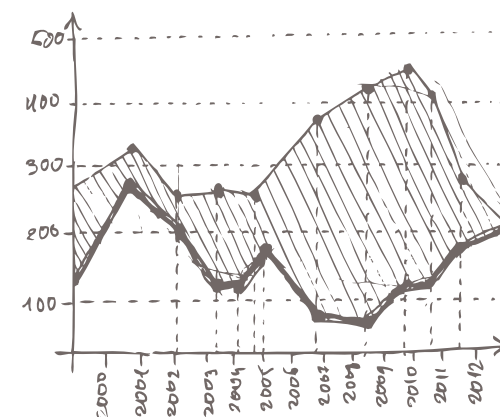


The 5th Asian Development Forum





## EDCF Loan Commitment and Disbursement in 2014



In 2014, EDCF made commitments of USD 1,273 million in loans to 28 new projects in 13 countries. Also, loan disbursements totaled USD 568 million for 90 projects in 31 countries, recording a 2.6% year-on-year increase.

### Loan Commitment in 2014

In 2014, EDCF made commitments of USD 1,273 million in loans to 28 new projects in 13 countries. As of the end of 2014, cumulative EDCF commitments reached around USD 10.6 billion for 337 projects across 52 countries.

### Commitment by Region

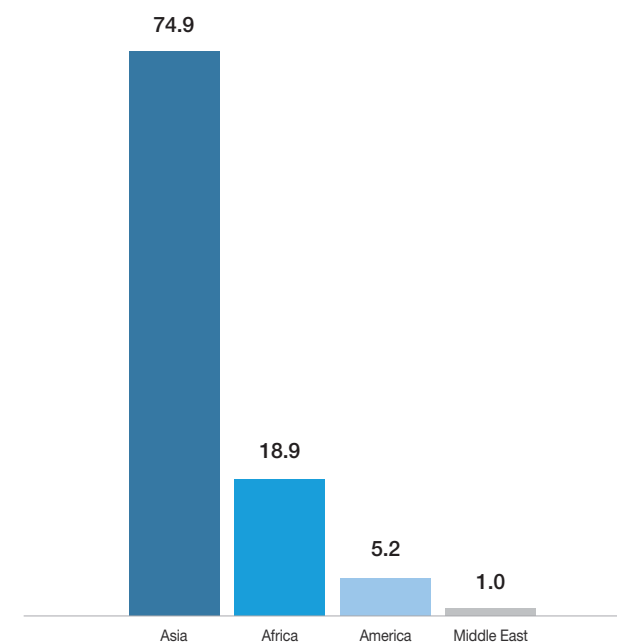
Asia took up the largest share in new commitments in 2014, reflecting Korea's close economic and diplomatic ties with numerous Asian countries. Loan commitments to Asian countries represented 74.9% of total new loans of the year, with the two of the top three partner countries being Asian countries. By country, Vietnam remained the largest recipient for eight consecutive years with new commitments reaching around USD 2 billion. Bangladesh ranked the second with USD 848 million, and the Philippines the third with USD 709 million. Reflecting Korean government's efforts to strengthen economic cooperation with African countries, Africa became the second largest region to benefit from EDCF support, taking up 18.9% of new commitments in 2014, followed by Latin America accounting for 5.2% of total commitments in 2014.

### Commitment by Sector

In 2014, EDCF provided the largest support to the transportation sector (58.7%), reflecting a sharp rise in demand for infrastructure development in accordance with the economic growth of developing countries. In order to join the international efforts on achieving MDGs, EDCF has made new commitments for social infrastructure projects in sectors such as water supply and sanitation (15.9%), health (13.3%), and public administration (7.0%). EDCF also allocated a substantial portion of financial resources to partake in the international efforts to address climate change.

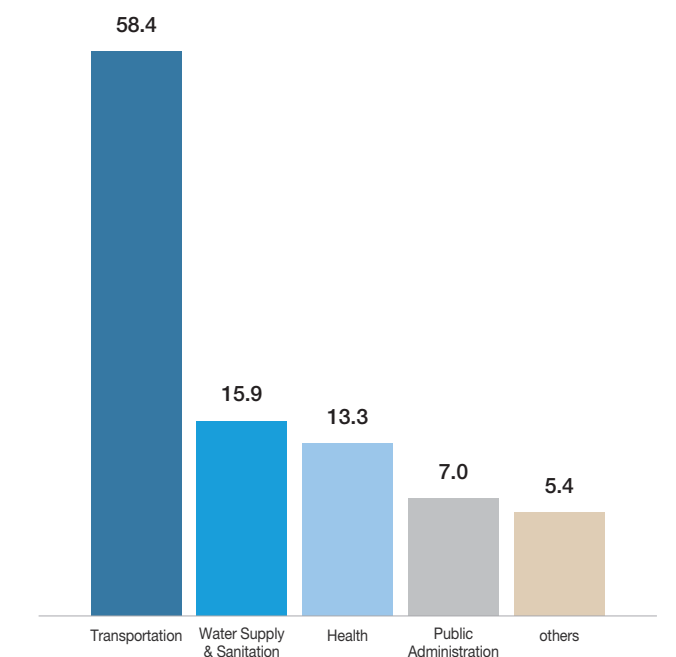
#### COMMITMENT BY REGION IN 2014

(Unit: %)



#### COMMITMENT BY SECTOR IN 2014

(Unit: %)



## Loan Disbursement in 2014

In 2014, loan disbursements totaled USD 568 million for 90 projects in 31 countries, recording a 2.6% year-on-year increase. Disbursements are expected to continue to increase over the years as a result of the recent surge in new commitments. Total cumulative EDCF loan disbursements reach about USD 4.6 billion disbursed for 266 of 337 committed projects, accounting for 43.5% of total cumulative commitments. As of the end of 2014, the outstanding balance of EDCF loans totaled around USD 4 billion, representing a 14.3% increase from USD 3.5 billion in 2013.

## Disbursement by Region

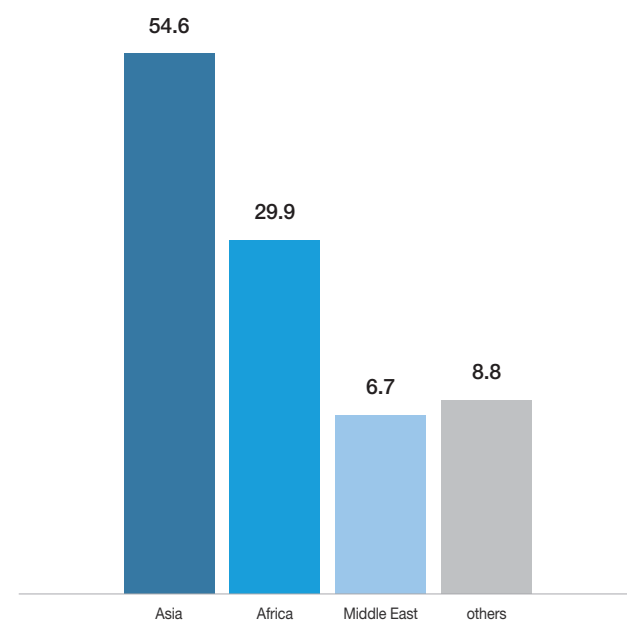
By region, Asia (54.6%) was the largest recipient of the year, followed by Africa (29.9%) and Middle East (6.7%). By country, Vietnam was the largest recipient with USD 129 million in disbursements, followed by Tanzania, Bangladesh and Mozambique.

## Disbursement by Sector

In 2014, the transportation sector accounted for 36.4% of total loan disbursements, followed by water supply and sanitation (20.4%), energy (14.4%) and education (10.6%). With the timely loan disbursements, EDCF has contributed to the economic development and improved quality of life in partner countries by constructing socio-economic infrastructure.

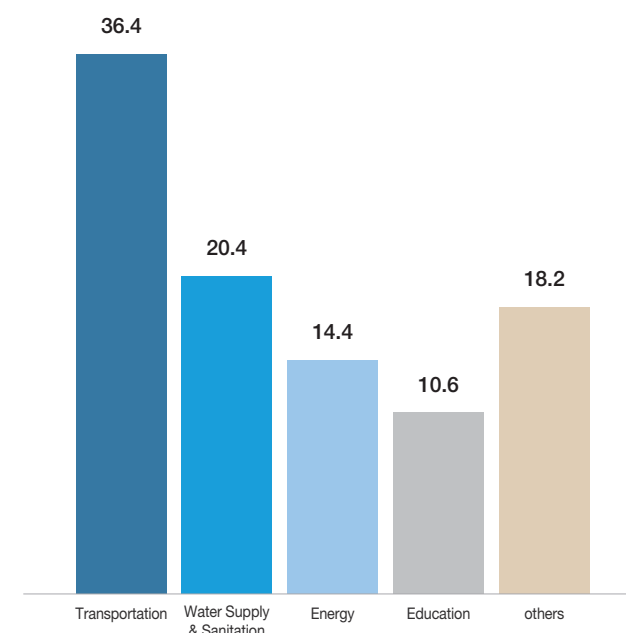
DISBURSEMENT BY REGION IN 2014

(Unit: %)



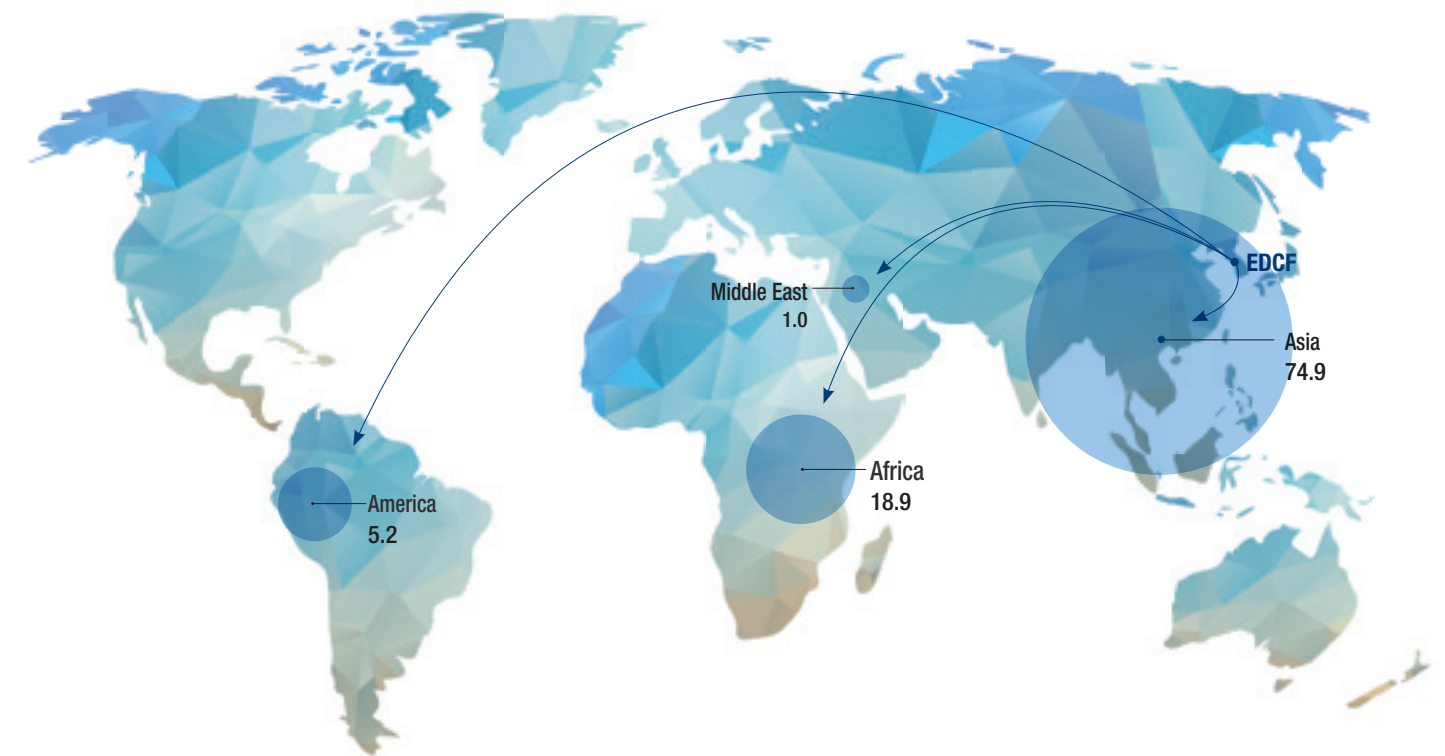
DISBURSEMENT BY SECTOR IN 2014

(Unit: %)



WORLD MAP ON COMMITMENT IN 2014

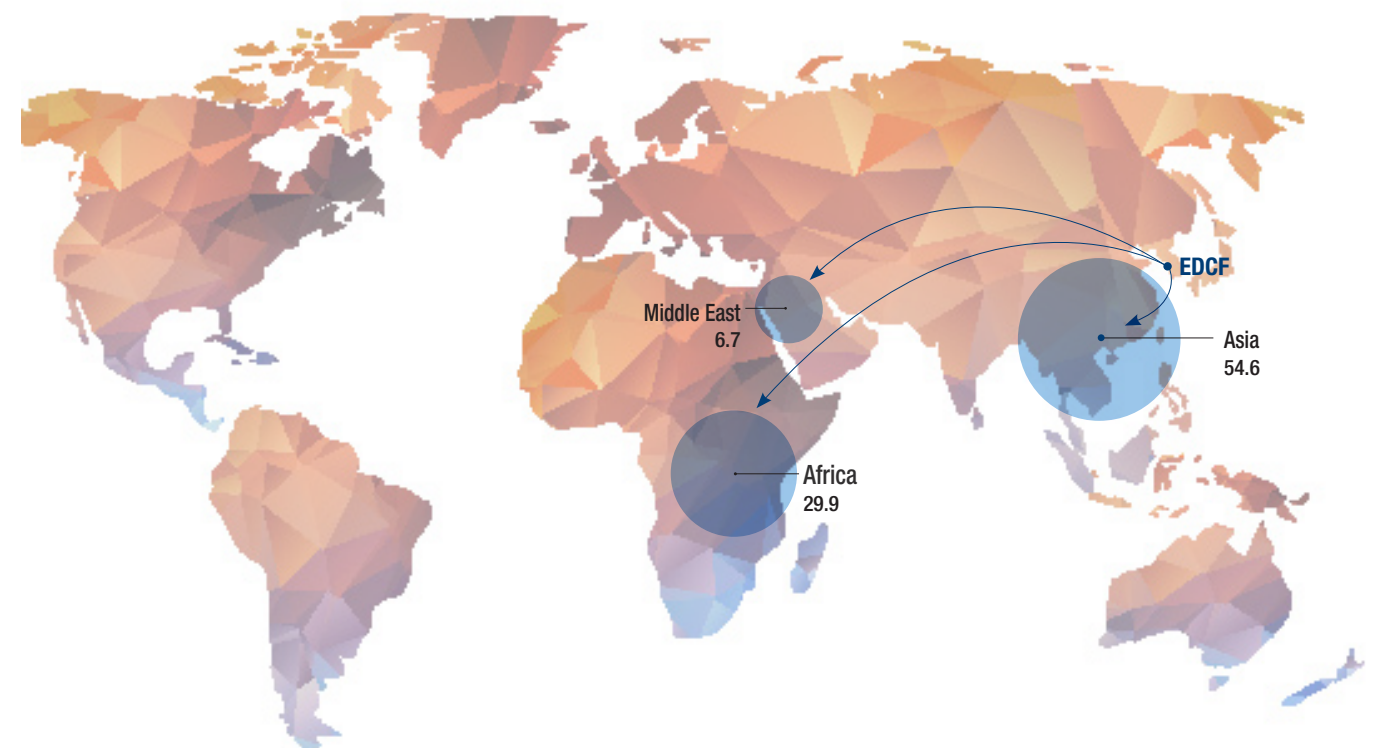
(Unit: %)



WORLD MAP ON DISBURSEMENT IN 2014

(Unit: %)

\* Three Largest Continents by Disbursement





## 2. Activities and Achievements

34 · Major Activities in 2014

44 · New Projects Approved in 2014

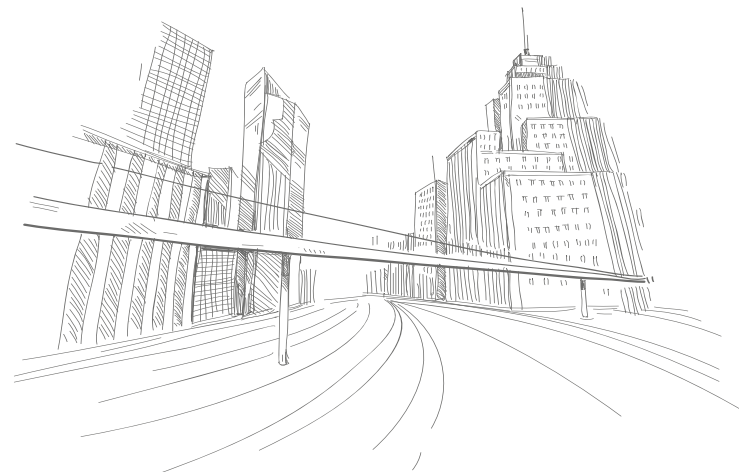
54 · Key Evaluations in 2014







## Major Activities in 2014



## Identifying Large-scale Infrastructure Projects through Country Program Missions

### Overview and Status of Country Programs

With the aim to establish strategic portfolios and actively identify potential projects, EDCF expanded the Country Program Team into the Country Partnership Strategy (CPS) Department in 2014. This organizational upgrading aimed to develop a new project identification system based on Country Partnership Strategies (CPS) and strategic resource allocation by region/country, allowing EDCF to step away from the stand-alone project approach it used to take.

As a result, partner countries can enhance both aid predictability and development effectiveness by formulating mid-term pipelines in line with their national development priorities, strategies, and detailed sectoral plans.

From EDCF's perspectives, the CPS Department will help meet various policy objectives more efficiently such as identification of large-scale infrastructure projects and increase in joint ODA projects with other ODA agencies by discussing with various stakeholders at the initial stage of project development. Furthermore, EDCF will be able to more effectively use limited ODA resources by combining a range of loan and grant programs<sup>1)</sup> from the project planning to implementation stages, creating synergies based on various aid tools.

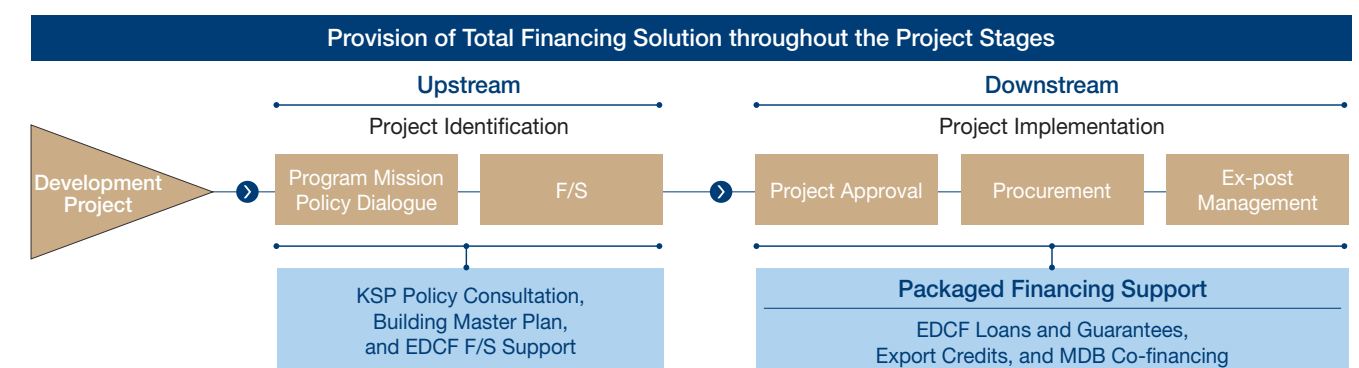
### Achievements of Country Program Missions

In 2014, EDCF became capable of providing more effective and efficient aid by deploying the selection and concentration strategy in Country Program Missions for major partner countries such as Vietnam.

More specifically, EDCF conducted Country Program Missions for Vietnam, Indonesia, and Myanmar in 2014 and identified previously overlooked large-scale infrastructure projects such as Vietnam's metro project. In particular, when the General Secretary of Communist Party of Vietnam visited Korea in October 2014, the Memorandum of Understanding (MOU) for Korea-Vietnam Financial Cooperation was signed for the projects discussed during the Country Program Mission in Vietnam, stepping up bilateral economic cooperation. Furthermore, EDCF has discussed with Indonesia the establishment of what is tentatively called The Korea-Indonesia Project Development Fund (K-PDF) to support the identification and preparations of PPP projects to boost bilateral cooperation on PPP projects. Further discussions on how to establish K-PDF are expected to take place in 2015.

Moreover, EDCF has been developing the comprehensive infrastructure development program to meet the rising demands from partner countries for large-scale infrastructure projects. The program will provide tailor-made support to partner countries that includes F/S assistance, KSP, development finance, and co-financing. With this program, EDCF will be able to build a consistent mid-term framework to be applied from project preparation stage to financing. It is also expected that EDCF will be able to create synergy by harnessing various aid tools, improve development effectiveness, and foster EDCF's leadership in strategically identifying projects.

<sup>1)</sup> Combination between GRANT program such as Knowledge Sharing Program (KSP) and F/S assistance, and LOAN program such as concessional loans & guarantees and co-financing with MDBs.





# Promoting the Globalization of the Korea's Rural Development Model

## Integrated Rural Development Model based on Korea’s Development Experience

Recently, the international development community has raised questions about whether aid is actually increasing the developing countries' aid dependency rather than promoting their self-sustaining economic growth. There is no disagreement, however, that aid needs to be steadily provided to the rural areas in developing countries since over roughly 70% of the total population in developing countries and more than 90% of the poor live in rural areas. Hence, there is a growing need for a sustainable rural development model by which rural residents can build their capacity to overcome poverty.

The agricultural projects of EDCF have mostly been focusing on providing stand-alone projects to build infrastructure such as agricultural irrigation dams or canals. The lack of understanding in the socio-economic and regional context and insufficient efforts in improving the quality of life of

local residents have made it difficult to create sustainable development impact.

To address this, EDCF proposed the Integrated Rural Development Model in 2014 that copies Korea's Saemaul Undong (New Village Movement) that has successfully driven rural development of the country. Helping developing countries eradicate poverty and achieve self-sustaining economic growth, the model includes multi-lateral, simultaneous support for a number of infrastructure constructions necessary to local development and agricultural production. Furthermore, it will comprehensively provide technology and capacity-building services required in every step of the value chain in the agricultural sector. At the same time, it will apply the basic principles of the Saemaul Undong (i.e. diligence, self-development and cooperation) in all aspects of the project to achieve the goal of sustainable rural development.

Through the Integrated Rural Development Model, EDCF aims to improve agricultural productivity and increase income levels of rural residents. In addition, it will encourage the voluntary participation of local residents and their self-sustaining growth to ensure project sustainability. At the same time, EDCF will do its best to build best practices based upon Korea's rural development model and share them with the global community by cooperating with international development organizations such as the WB.



## Supporting PPP for Large-scale Infrastructure Projects

### The Significance and Necessity of EDCF's Support for PPP Projects

A PPP project is a development cooperation project in which the public and private sectors jointly invest in building infrastructure or providing public services. The PPP mitigates the financial burden of the public sector as the private sector provides infrastructure and services instead of the government, sharing the risk involved in the implementation of the projects. Accordingly, a PPP project enables both the public and private sectors to achieve their respective objectives.

Investments in PPP-led infrastructure projects in developing countries have grown sharply, more than doubling from USD 68.6 billion in 2003 to USD 150.3 billion in 2013. The reason behind the increase of the private sector's participation in development projects is that the public sector has reached its limitations in its financial capacity to accommodate all the growing demands for infrastructure development in developing countries.

EDCF's participation in PPP projects improves the project's cash flow that facilitates investments from the private sector and enhances the likelihood of combining export credits and EDCF loans. As a result, availability of development resources can be maximized.

It is expected that cooperation between the private and public sectors in the form of PPP will continue to grow. Hence, the share of PPP projects in total development aid projects is predicted to steadily increase. EDCF also plans to increase its participation in PPP projects by utilizing various financial tools to better support infrastructure development and improve public services in developing countries.

### EDCF's Efforts in Supporting PPP projects

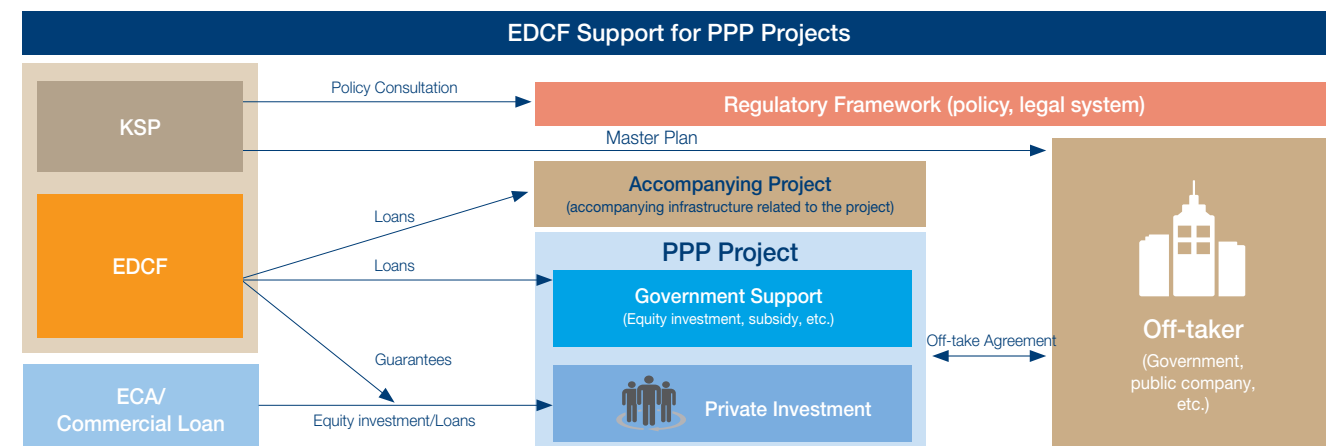
To increase support for PPP projects, EDCF provides loans to SPCs (Special Purpose Companies) on behalf of the government or to the public projects that involve private sector participation (construction of access roads or relevant facilities of the PPP projects initiated by the partner country's government).

Good examples of such PPP projects are the Xe-pian Xe-Namnoy Hydroelectric Power Generation Project in Lao PDR and the Nam Dinh Province Thinh Long Bridge Construction Project in Vietnam.

The Xe-pian Xe-Namnoy Hydroelectric Power Generation Project in Laos consists of the development, construction, and operation of a 410 MW hydroelectric power generation plant at the southern Thai-Lao border. EDCF will provide loans to the government of Laos so that it can pay government contributions to SPCs. Generated electricity will be sold to the Electricity Generating Authority of Thailand (EGAT) and Electricite Du Laos (EDL), thereby ensuring a stable source of electricity needed for the country's industrialization and increasing foreign currency income.

The Nam Dinh Province Thinh Long Bridge Construction Project in Vietnam is EDCF's joint project related to the Nam Dinh coal-fired electricity generation project, a PPP project to construct a bridge crossing the Ninko river (829m) and its access road (1.8km). Not only will the Think Long Bridge Construction Project contribute to improving the effectiveness of the construction and operation of power plants through a steady supply of equipment and labor, but it will increase the possibility of economic cooperation between EDCF and the Vietnamese government.

Furthermore, EDCF held the Comprehensive Financing Seminar in September 2014. This seminar provided companies which lacked in overseas information and networks with know-hows about participating in PPP projects.



## Reinforcing Development Cooperation Partnership

### The 1st Global Partnership Ministerial Meeting on Climate Change

During the first Global Partnership (GP) Ministerial Meeting held in Mexico City in April 2014, EDCF co-hosted the Climate Finance International Forum with Argentine Secretary of State for Environment and Sustainable Development, El Salvador's Ministry of Foreign Affairs, OECD and UNDP.

Under the theme *Climate Finance and Development Partnership: Challenges, priorities and ways forward in the Post-2015 era*, the forum helped raise the development community's awareness of climate finance and discussed the roles of climate finance partnership in achieving the Post-2015 development goals.

Taking the momentum from the establishment of the Green Climate Fund (GCF) in Korea in 2012, EDCF has been continuously expanding its scope of activities, for example, by leading the international discussion on climate finance. It will continue to actively involve in climate finance discussions as a way to promote international development cooperation.



The 1st Global Partnership Ministerial Meeting on Climate Change

### The 5th Asian Development Forum

Marking its 5th anniversary, the Asian Development Forum (ADF) was held under the theme of *Challenges and Strategies toward Sustained Growth of Asia* in Vietnam in September 2014. ADF was initiated by Korea in 2010 with the purpose of offering Asian countries' perspectives based on their own development experiences to the international development community. The forum was held under such sessions as Overcoming the Middle Income Trap, Mobilization of Development Finances for Sustained Growth, and Knowledge Sharing and Mutual Learning.

At the forum, EDCF stressed the importance of promoting private sector participation in development projects in the Post-2015 era by using innovative financial instruments such as PPP, guarantees and development finance.

Going forward, ADF will seek to become the representative development cooperation forum in Asia by driving international development discussions on the Post-2015 Development Goals, Global Partnership (GP) and so on.



IMF-WB Debt Sustainability Framework Workshop

### Reinforcing Inter-Agency Coordination and Hosting EDCF Workshop

Marking its 7th anniversary, the EDCF-JICA Bilateral Meeting was held in Tokyo in May 2014. The two institutions discussed an array of key development issues from the promotion of PPP projects and co-financing opportunities in Africa to ODA modernization and untied aid.

In November 2014, EDCF invited specialists from the IMF and WB and hosted a joint workshop on the Debt Sustainability Framework (DSF) for the Least Developed Countries (LDCs).





The 4th Korea Eximbank-China Eximbank-JICA-NEDA Workshop

and Heavily Indebted Poor Countries (HIPC), increasing the understanding of the two institutions' DSFs while discussing EDCF's support policies for LDCs and HIPCs.

In the following December, the 4th Korea Eximbank-China Eximbank-JICA-NEDA Seminar on poverty reduction and development was held in Beijing to discuss ways to cooperate on these global challenges.

Furthermore, the EDCF Workshop, which celebrated its 18th anniversary in 2014, invited 14 government officials in charge of ODA from 13 countries including Mozambique, Pakistan, Vietnam, and Bolivia. The workshop participants had the opportunity to get a first-hand look at the economic success of Korea by visiting the Seoul Resource Recovery Facility, the Incheon Bridge and so on. They were able to enhance their understanding of Korea's development history and operation

procedures of EDCF through this workshop. It is expected that current EDCF projects in partner countries will be expedited through these workshops by building networks between EDCF staff and public officials from partner countries.

### Joint Evaluation Workshop with Partner Countries

Since its first joint evaluation with Cambodia in 2011, EDCF has enhanced cooperation with partner countries in evaluating ODA projects.

In 2014, EDCF conducted five joint evaluations with Indonesia, Myanmar, Sri Lanka and Vietnam. EDCF shared evaluation results with relevant stakeholders in partner countries and encouraged their participation in evaluation by gathering their opinions.

EDCF will reflect these joint evaluation results on setting up future strategies and continue its efforts to help partner countries reinforce their administrative capacity and project ownership.



EDCF-Myanmar Ex-Post Evaluation Feedback Meeting

## Sharing Korea's Development Experiences

### KSP Achievements in 2014

Korea has transformed itself from an aid-recipient to a donor country by achieving the Miracle of Han River in just half a century. Korea has become the benchmark of unprecedented growth for many developing countries, receiving requests to share its development experience and knowledge. In response, the Ministry of Strategy and Finance (MOSF) launched the Knowledge Sharing Program (KSP) in 2004.

KSP consists of four pillars; policy consulting, joint consulting with IOs (International Organizations), system consulting, and development modularization projects. Korea Eximbank, an executing agency of KSP entrusted by the Korean government, is in charge of joint consulting, system consulting, and policy consulting on construction and infrastructure sectors.

Joint consulting improves effectiveness by linking KSP projects with IO projects, enabling three-way cooperation among Korea, IOs, and partner countries. Since its launch in 2011, a total of 53 joint consulting projects have been implemented. Despite its short history, joint consulting has established itself as a new mode of ODA that enhances project effectiveness

and efficiency. In 2014, 16 joint consulting projects with six IOs including the ADB, IDB, and WB were successfully completed.

In system consulting, comprehensive consultations are provided to partner countries to establish and operate ICT systems such as e-procurement, patent administration system in which Korea has a comparative advantage. Since the launch in 2013, 14 system consulting projects concerning nine systems have been conducted.

In policy consultation, policy recommendations are provided especially in the construction and infrastructure sectors. Since 2014 when policy consultation was initiated, five projects have been implemented jointly with the Korean Research Institute for Human Settlements.

In 2014, KSP projects managed by Korea Eximbank reached USD 6.4 million in volume, a 4.2-fold increase from 2011 (USD 1.5 million). Over the past ten years, KSP has strengthened its role as a new paradigm in development cooperation based on knowledge sharing and as Korea's development cooperation model. Building further momentum, Korea Eximbank is expected to take on a larger role in the future.



The 18th EDCF Annual Workshop for Government Officials from Partner Countries



(KSP-WB Joint Consulting) Support for the Development Plan for Establishing a National-level Land Information Management System Project in Tunisia



(KSP-ADB Joint Consulting) Support for Improving Energy Efficiency for Low-income Households in Tajikistan



## EDCF PR Activities

### Reaching Out to People

As a government fund for concessional loans, EDCF has initiated various PR activities to raise public awareness of its activities and draw support for the government's increasing ODA commitments. In 2014, EDCF appointed Park Chan-ho, the first Korean Major League Baseball Player, as its goodwill ambassador and aired a special documentary film about EDCF activities to further reach out to the public. EDCF also strengthened existing PR programs such as Young EDCF Story (YES) for university students and EDCF SNS channels in 2014.

#### Appointment of Goodwill Ambassador, Park Chan-ho

In July 2014, EDCF announced Park Chan-ho as its goodwill ambassador to help the general public better relate to the significance of EDCF activities. Park Chan-ho is an icon of success because his tireless efforts in his baseball career gave hope to Koreans during the 1997 financial crisis. The partnership between Park Chan-ho and EDCF is expected to provide similar hope and inspirations to all the developing countries that want to become the next Korea.

#### Broadcasting Special Documentary Film on EDCF

A documentary film titled *Seed that Makes Miracles Happen: EDCF* was aired on channel SBS in September and October 2014. Produced to raise the public's understanding of EDCF activities, this documentary explained the activities in plain terms by telling personal stories of people whose lives have been transformed by EDCF's support. The film successfully received warm reviews from the viewers.

#### EDCF Camp for University Students

EDCF Camp for University Students has been running biannually since its first launch in 2010. The camp has received favorable reviews from the students who participated and has expanded its programs over the years. During the 9th camp in August 2014, an honorary professor Kim Sung-soo delivered his experience as a Korean miner dispatched to



Appointment of EDCF Goodwill Ambassador, Park Chan-ho

The 2nd Welcoming Ceremony for EDCF Supporters



SBS Special Documentary Film on EDCF

The 3rd EDCF International Development Essay Contest



The 9th EDCF Camp for University Students

Welcoming Ceremony for 2014 EDCF Global Interns

Germany in the 1960s. EDCF Camp for University Students will continue to be a stepping stone for growth of young students who aspire to become ODA experts in the future.

### EDCF Supporters

The EDCF Supporters program initiated in June 2013 and recruits supporters twice every year. Supporters represent EDCF both on and off the campus, helping the public better understand EDCF and the importance of ODA. In 2014, the 2nd and 3rd groups of supporters posted articles on EDCF blog, volunteered at senior welfare centers, worked as guides at EDCF events among other things.

### EDCF International Development Contest

Since 2012, EDCF International Development Contest has been a venue for sharing young people's idea on the future of Korean ODA. In November 2014, team Nudgers won the contest with an essay titled *Measure to Improve Development Effectiveness through the Saemaul Nudge ODA*, and was given the opportunity to visit the actual essay topic's project site in Vietnam to take a firsthand look at how effective EDCF projects are.

### EDCF Global Internship Program

EDCF has been offering internship programs to prospective ODA professionals since 2010. This program sends young professionals to EDCF project sites and provide them with hands-on experience. In 2014, 24 interns were sent to EDCF offices in seven different countries, including Vietnam and the Philippines, where they could experience a wide range of development work experiences such as preparing a meeting with international organizations and supporting filed work for EDCF projects.

### EDCF on SNS

Created in March 2013, EDCF's SNS account has been a communication channel between EDCF and stakeholders whose request for information has been growing. EDCF on SNS provides information about EDCF and ODA in easily understandable ways and it is expected to become a representative interactive communication channel between EDCF and the general public.





## New Projects Approved in 2014



## Landmark Projects for High Development Effect

### Korea-Myanmar Friendship Bridge Project

After reinitiating its support to Myanmar in 2011, EDCF has actively identified new projects through summit meetings, Korea-Myanmar Economic Cooperation Council and Policy Dialogues. In 2014, the Framework Arrangement (F/A) was established, indicating full-fledged support is to be given in the years to come.

The Korea-Myanmar Friendship (Dala) Bridge Project, approved in December 2014, is the largest EDCF project that has been implemented in Myanmar, with total commitments amounting to USD 137.8 million. The project consists of the construction of a 2.5km long cable-stayed bridge and its approach roads. For the successful project implementation, EDCF loan will be used for the procurement of goods and services required for the construction of the bridge, technology transfer training, and consulting services on, for example, detailed design and bid preparation.

The bridge is expected to drastically improve the transportation environment around the Yangon river, heavily dependent on waterborne transportation such as ferries. It will also be able to meet the increasing transport demands resulting from the city's rapid economic growth. In addition, the bridge will contribute to the balanced development between Yangon and Dala by promoting personal, physical and economic exchanges, which leads to the improvement of the quality of life in the Dala region.

The Korea-Myanmar Friendship Bridge, the first bridge that crosses the Yangon river, is expected to become a national landmark which symbolizes Korea's contribution through ODA and will enhance EDCF's global reputation. For these reasons, this project plays a crucial role in strengthening mutual cooperation and friendship between Korea and Myanmar.



Korea-Myanmar Friendship Bridge Project Site, Myanmar



Inside of BSMMU Hospital, Bangladesh

### Establishment of a Multi-disciplinary and Super-specialized Hospital at BSMMU in Bangladesh

The government of Bangladesh has been making strong efforts to improve medical accessibility and services through continuous healthcare reforms. Due to the lack of healthcare facilities and medical professionals, however, healthcare indicators show that overall services in Bangladesh are still very poor. To address this, the government of Bangladesh has put top priority on increasing sickbeds in the BSMMU hospital, the largest public hospital in Bangladesh, and establishing a multi-disciplinary hospital with a research center. To this end, it made a request to the Korea government in September 2014 to extend EDCF loans.

The project aims at establishing a 700 bed multi-disciplinary, super-specialized hospital in Dhaka, the capital of Bangladesh. The estimated total cost is USD 160 million, of which USD 130 million (about 80% of the estimated cost) will be covered by the EDCF loan. The project includes not only the construction of a new hospital, but also the provision of medical equipment and supplies, and establishment of the hospital information system. Consulting services such as medical program planning, procurement support, and project supervision will be provided as well during the project implementation stages. Medical personnel such as doctors and nurses, and hospital management personnel will receive education and training for the efficient operation of the hospital.

The establishment of the multi-disciplinary, super-specialized hospital is expected to substantially contribute to enhancing the quality of medical service through the improvement of the medical staff's capacity and healthcare services in Bangladesh. It is also expected to facilitate R&D in a range of medical sectors based on cutting-edge diagnosis and treatment equipment and medical information system, which will enable Bangladesh to achieve its MDGs in the health sector.



## Vam Cong Connecting Road Construction Project, Vietnam

To date, EDCF has supported 48 road construction projects to meet partner countries' demands for road development. EDCF's projects on the road construction sector are mostly considered as successful, with recipient countries showing high satisfaction on the project results. Especially in Vietnam's case, ODA provided by Korea has enabled the effective establishment of infrastructure, serving as a vehicle of growth for Vietnam to enter the middle income group.

The Mekong Delta region where the project takes place holds an important position in the country's development strategy for its recent socio-economic development. However, insufficient road networks in the region unable to meet the rapidly increasing traffic is becoming an impediment to further growth. To address this, the Vietnamese Government has been working on the Central Mekong Delta Connectivity Project (CMDCP), placing top priority on expanding transportation infrastructure in Mekong Delta. The Vam

Cong Connecting Road Constructing Project covers the third section of a total of five sections in the CMDCP.

The project approved in February 2014 aims at constructing interconnecting roads between the Vam Cong Bridge, which is the first cable-stayed bridge, and the national highway NH80 in order to improve and expand the transportation infrastructure in the region.

Once completed, the roads will effectively accomodate rapidly growing road traffic volumes by creating synergy with other EDCF road construction projects in the same region such as GMS Southern Coastal Corridor Project, Rach Gia Bypass and Lo Te - Rach Soi Highway. The project is also expected to facilitate trade and tourism, resulting in poverty reduction.

Moreover, EDCF has decided to support the Vam Cong Bridge Project and Vam Cong Bridge Connecting Road Project through co-financing with the ADB and AusAID. These co-financing projects, based on aid harmonization with international development organizations, are expected to raise EDCF's status in the international development community.



Vam Cong Connecting Road Construction Project Site, Vietnam



Interviewing Relocated Residents

## Korean Rural Development Experience Sharing

### Integrated Irrigated Agriculture and Rural Development Project in Savannakhet Province

In Laos, which is a low-income agricultural country, agriculture occupies 35% of its GDP and 80% of employment, but only 30% of the people are able to self-supply food in a stable manner due to low agricultural productivity and financial constraints caused by limited water usage, lack of advanced agriculture technology, and poor distribution structure.

In its 7th National Socio-Economic Development Plan 2011-2015, the Lao government has prioritized agricultural development, setting agricultural growth rate target at 4%. According to the plan, the Lao government selected agricultural infrastructure development and improvement of quality of life as key tasks to achieve through mobilizing FDI and international aid.

In order to meet such development needs in Laos, EDCF has put priority on the development of water resource infrastructure including irrigation and bank facilities and approved the Integrated Irrigated Agriculture and Rural Development Project in Savannakhet in June 2014.

Savannakhet is one of the main granary zones in Laos where more than 90 percent of the population engage in agriculture. However, crop production shows wide seasonal variations due to the lack of irrigation facilities. In particular, in the aftermath of the heavy rain storms in 2011, approximately 100 irrigation facilities were damaged or swept away. As a result, Savannakhet has been in great need of a comprehensive rebuilding of its rural communities by expanding, upgrading, and repairing irrigation facilities.

The scope of this project covers building rice processing complexes (RPCs) and village development centers and providing agricultural machinery. In order to enhance the sustainability of this project, a capacity building program was developed to help farmers efficiently operate facilities through voluntary participation in order to create stable flows of revenue from a long-term perspective.

EDCF not only seeks to provide joint aid by linking EDCF loan and KOICA's grant for the project, but also aims to align the project with the Three-Pillar Policy of Laos. Such efforts are expected to greatly contribute to the successful rural development movement by transferring Korea's rural development model known as Saemaul Undong (New Village Movement).



Integrated Irrigated Agriculture and Rural Development Project Site, Laos



Integrated Irrigated Agriculture and Rural Development Project Site, Laos



## Integrated Rural Development Project in Cambodia (F/S)

Agricultural development is one of the highest development priorities of the Cambodian government. Hence, the Cambodian government has been driving various efforts to improve agricultural productivity under the goal of achieving the development of rural communities, where 80% of the population currently live.

In 2013, the Korea Trade-Investment Promotion Agency (KOTRA) conceived the Rice Industry Cluster Project to create added value for the rice industry. Meanwhile, the Cambodian government requested EDCF to conduct the feasibility study (F/S) to effectively implement its rural development project and mobilize required financing.

In response, EDCF provided the F/S as a grant whereby Cambodia's rural development project was redesigned as an integrated development project that consists of a number of subordinate projects. The project aims at setting up the rice processing complex (RPC) to boost resident income, building resident capacity by applying Korea's Saemaul Undong model (New Village Movement), and improving the irrigation facilities of the downstream region by utilizing abundant water resources from the Krang Ponley dam, for which EDCF also previously financed.

In particular, this project applied EDCF's Integrated Rural Development Model to increase resident income and improve living conditions in rural communities, which enables the residents to feel the change for themselves.

The project encouraged residents' voluntary participation in the project by stepping up capacity building for community organization and leadership training. Furthermore, it enabled residents to evaluate the project for themselves and provided further support to high-performing villages, applying the principles of Saemaul Undong. EDCF also shared the district-level Saemaul master plan that provides specific details on project concept, project planning and implementation methods to ensure that Samaeul Undong principles are effectively applied on-site.

With the provision of F/S support as a grant, EDCF expects that this project will minimize the financial burden of Cambodia's government that is facing difficulties in mobilizing large amounts of financial resources for the agricultural industry. The project is also expected to spread Korea's integrated rural development model throughout Cambodia, and become a best practice of a sustainable and creative rural development project in the global community.



Integrated Rural Development Project Site, Cambodia



Integrated Rural Development Project Site, Cambodia

## Implementation of PPP Projects Responding to International Development Trends

### Thinh Long Bridge Construction Project, Vietnam

Since the establishment of the National Transportation Development Strategy 2020 in December 2004, the Vietnamese government has been steadily investing in the transportation sector. However, road transportation has not improved much because transportation demands grow faster than road constructions as a result of rapid economic growth in Vietnam. Moreover, the geographical characteristics of Vietnam long stretching from the north to south and infrastructure development concentrated on major cities have caused imbalanced regional development. As a result, there is an urgent need to build road infrastructure such as coastal and interconnecting roads to connect the broader regions.

Nam Dinh province where the project will be implemented is one of Vietnam's largest granaries and located in the central region of the Red River Delta, an economic hub that accounts for approximately 30% of Vietnam's GDP. This region has potential for further growth, recording an approximately 10% of economic growth rate in 2013. However, due to growth policies focusing on major city development, achieving balanced regional development is becoming a major challenge. In particular, there are many rivers in the area, requiring a number of bridges to be built. Without bridges and roads, transportation between regions is unlikely to be improved.

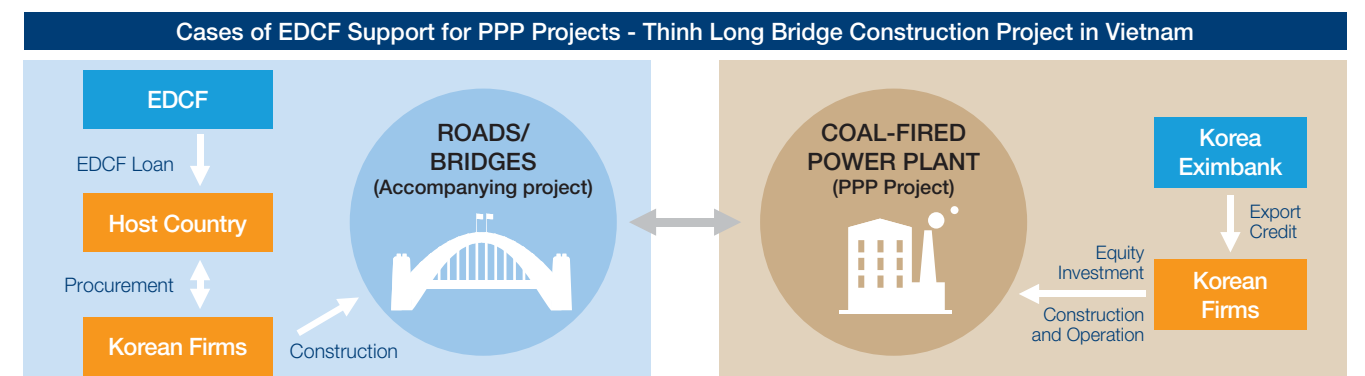
In December 2014, EDCF approved the Thinh Long Bridge Construction Project to address this situation in Vietnam. The project will construct a bridge that lies above the Ninh Co River in Nam Dinh province. It will contribute to achieving balanced economic development by connecting east and west regions previously divided by the Ninh Co River and also spur economic growth in the region by connecting major roads in the province with coastal roads in east Vietnam.

In addition, economic value added is expected to be created by improving the distribution networks and transportation of raw materials and workforce, vital to the construction and operation of the Nam Dinh thermal power plant, a PPP project undergoing nearby. The Nam Dinh Thermal Power Plant Construction Project is a PPP project in which a Korean company will be leading the project. This project was proposed by the Vietnamese government to enhance development effectiveness and attract more investments from the private sector.

The Thinh Long Bridge Project which is linked with the Nam Dinh thermal power plant project, meets the current development strategy of the Vietnamese government that underscores PPP projects as well as the EDCF's policy direction to expanding support for PPP projects. Furthermore, the success of this project under the PPP is expected to bring about more PPP projects being pursued by Vietnam and other developing countries going forward.



Potential Project Site Visit on Thinh Long Bridge Project Site, Vietnam





## Flexible Response to Partner Countries' Needs: Compact Loan

### Three Compact Loans for Medical Equipment Provision Projects in Vietnam

Vietnam has achieved rapid economic growth in recent years by successfully implementing economic reform and open market policies. At the same time, it has reformed the health sector, greatly contributing to the improvement of health indexes of Vietnam. However, benefits of economic development are not evenly distributed, showing huge gaps by region and class. To reduce these disparities, Vietnam needs to make continuous investments.

To this end, the Vietnamese government has developed the Overall Planning for the Development of Vietnam Medical System 2010-2020 to enhance the overall quality of health care by reducing the gaps in health care service levels by region and class. In this context, EDCF is seeking to increase support to Vietnam's health care sector to fully meet the country's development demands.

By the end of 2013, EDCF provided support for 11 health care projects. And in 2014, it approved three loans for the provision of medical supplies and equipment to Tieu Can

General Hospital in Tra Vinh Province, Tan Chau General Hospital in An Giang Province and Obstetrics & Gynecology Hospital in Hai Phong city.

The three projects have been identified based on the strong demands by local residents. Taking into account the fast growing regional demand for medical service and risk of medical accidents caused by old medical equipment, EDCF plans to provide Compact Loans for the projects in a swift manner.

The three hospitals to receive EDCF loans are unable to secure adequate medical supplies and equipment due to lack of funds. Furthermore, most of the existing equipment at the hospitals is seriously outmoded and suffers low compatibility. As a result, residents have been depending on large hospitals located far from their regions. Taking this situation into account, EDCF will help the hospitals purchase medical equipment, provide medical equipment training and medical staff training, and offer maintenance and repair services for three years in order to improve medical service accessibility, provide high-quality health service, and enhance health care efficiency in the regions.



Waiting Room at Tan Chau General Hospital, Vietnam



Tieu Can General Hospital, Vietnam

### Ambulance and Firefighting Equipment Supply Project in Mozambique

Mozambique, located in the south-east of Africa, is one of the fastest growing economies in Africa. However, rapid economic growth brought huge inflows of population into the cities, increasing crimes and the homeless. Hence, there is a rising need for protecting the safety and properties of the people.

The government of Mozambique has established the Emergency Management Informational System Master Plan which aims at achieving Safe Mozambique by 2017. As part of such efforts, the Emergency Management Information System Project (EMIS) has been implemented to protect people's lives and properties, requiring more specialized firefighting equipment to be used.

Futhermore, the Mozambique government has developed the Strategic Plan for Health Sector which contains the plan to strengthen and improve hospital referral networks that connect five main hospitals for emergency patient transport.



Ambulance Supplied to Mozambique

To do so, fully equipped ambulances are highly needed to efficiently connect with key hospitals in emergency situations.

As a reply to the request from the Mozambique government, EDCF approved the Compact Loan in December 2014 for Mozambique to acquire 21 fire trucks with firefighting accessories attached, and 45 ambulances with medical devices installed. EDCF will also provide on-site training for the effective use of the equipments in Mozambique.

The Mozambique government expects that the project will prevent accidents and diseases, and improve the general quality of life of the people in Mozambique.



Fire Truck Supplied to Mozambique



## Diversifying Regional Support

### Modernization of Egyptian Railway Signaling System in Egypt

The Egyptian railway stretching 5,085 km in length is the longest in Middle East and North Africa (MENA) and plays a key role in tourism and logistics of the country: it serves approximately 1.4 million passengers and transporting roughly 20 thousand tons of freight per day. However, due to the government's financial shortfalls, railway facilities are getting old without timely upgrading, causing frequent accidents and malfunctioning.

To address this problem, the Egyptian government developed the Egypt National Railway Restructuring Project (ENRRP) by working together with the WB to ensure the safety of the railway system, increase transportation volume, and enable efficient management and operation of the railway. According to the ENRRP, Egypt will be carrying out the project in three stages.

The Modernization of Railway Signaling System Project covers the first stage of ENRRP, which consists of establishing the railway signaling system at 24 stations from Nagh Hamady to Luxor.

This project is not only the first EDCF project to Egypt but also the first KSP joint project in this country. The success of this project will lead to improved transportation efficiency and a significant decline in safety accidents. Furthermore, by sharing Korea's railway technology and management know-how, the project is expected to contribute to the sustainable development of the African railway sector.



Project Site for Modernization of Egyptian Railway Signaling System, Egypt

### New Salendar Bridge Construction Project in Tanzania

To diversify its regional support, EDCF has been strengthening cooperation with African countries; it has supported 58 projects in 19 African countries totaling USD 2.2 billion in loans. Tanzania is the biggest recipient of EDCF support in Africa, where a total of 11 projects amounting to USD 0.4 billion have been supported so far.

Dar es Salaam, where the project will take place, is the economic center of Tanzania and the second largest port city in East Africa. It is also the trading route with the nearby landlocked countries. However, rapid growth in population and vehicles has resulted in serious traffic congestion over the years. Against this backdrop, the government of Tanzania has launched the New Salendar Bridge Construction Project as part of its Dar es Salaam Transport Policy and System



Simulated Aerial View of Salendar Bridge, Tanzania

Development Master Plan which aims to set up efficient transportation systems in Dar es Salaam.

At the request of the Tanzanian government, EDCF decided to support the project in December 2014. The project will construct the 1km-long Salendar Bridge connecting the eastern coasts of Dar es Salaam, extend the existing coastal roads, and build new access roads to connect the Central Business District (CBD) to the residential district in Msasani.

The new bridge is expected to greatly mitigate chronic traffic congestions in Dar es Salaam, promote balanced regional development by connecting the severed northern and southern areas, and improve logistics infrastructure. Furthermore, the bridge can become a landmark tourist attraction that can revitalize the regional economy and also enhance Korea's international image as a donor.



Discussion with the Ministry of Finance of Tanzania

### Establishment of National Educational Electronic Library in Uzbekistan

In Uzbekistan, the Navoi National Library is the only national library in the country, which is located in the capital city of Tashkent. Currently, there are about 12,000 individual information centers and local libraries throughout the country. However, these individual libraries are facing difficulties in managing the vast quantity of diverse materials that have come under their custodianship. As a result, there has been a rising need to establish a national information management system for library consolidation.

In this regard, the Uzbekistan government has put top priority on establishing a national educational electronic library and requested the EDCF loan, whereby EDCF approved it in June 2014. The project aims at establishing a national educational electronic library including the Digitalizing Center for informatization of books and materials, Multimedia Center to enable multimedia activities on digitalized materials, Integrated Electronic Library System, and Portal Service System for the public. By completing the project, the Uzbekistan government plans to build communications networks that connect 20 regional libraries to the Navoi National Library. It also plans to expand the networks to all libraries in the country by 2017.

The project is the first e-library establishment project launched by EDCF and will provide a good opportunity to introduce Korea's top-notch Information and Communication Technologies (ICT) to Uzbekistan. Furthermore, it is expected to lay the foundation for preserving key national information and government publications while contributing to improving the overall quality of education by enhancing user convenience through information sharing among libraries.



National Library of Uzbekistan (named after Alisher Navoi)





## Key Evaluations in 2014



## Improvement in Evaluation System and Major Evaluations in 2014

### Improvement in Evaluation and Strengthening of Evaluation Partnerships

EDCF has successfully raised the evaluation quality, diversified its evaluation topics, and strengthened partnerships with internal and external aid agencies and partner countries.

EDCF adapted new quality control standards for evaluation quality assurance. Furthermore, it made strong efforts to increase the utilization of evaluation results. For instance, recommendations drawn from evaluations were reflected into strategic planning, and progress of action plans was monitored periodically.

The topics covered in evaluation were also broadened. EDCF implemented a pilot test of the new EDCF evaluation criteria which were designed to more sufficiently assess the development effectiveness of EDCF projects. Moreover, thematic evaluations on a number of projects including the evaluation of EDCF's Small and Medium-sized Enterprise Support Program were conducted in 2014.

In addition, EDCF enhanced cooperation with domestic ODA agencies and foreign governments. For example, it held regular meetings with KOICA and carried out two joint evaluations. At the international level, EDCF conducted five joint evaluations with partner countries. EDCF also contributed to the capacity building of ODA agencies in Korea by holding an evaluation workshop for about 20 domestic ODA agencies to share field experiences and practices in October 2014.

EDCF regularly participated in the OECD DAC Evaluation Network to strengthen cooperation with international aid agencies and keep up with evaluation trends. In particular, EDCF shared its experience of testing its newly-developed evaluation criteria at the 17th DAC Network meeting in November 2014, drawing a positive response from the attendants.

### Thematic Evaluation

#### Field Trial of EDCF's New Evaluation Criteria

In 2013, EDCF developed the new evaluation criteria to respond to the changing international development paradigm. The new evaluation criteria reflect the characteristics of EDCF projects that focus on economic infrastructure. In EDCF's new criteria, 'impact' of the DAC's five evaluation criteria, rather abstract in concept, was replaced by 'significance' that concretely assesses the economic development impact of the EDCF project. In other words, 'significance' measures EDCF's contributions to the economic development of the partner country.

In 2014, EDCF conducted a trial run on the new evaluation criteria, using them for the ex-post evaluation of Vietnam Highway No.18 Improvement Project to test their feasibility and usefulness. The significance criterion is composed of three indicators: i) the size of yearly budget or expenditure on infrastructure management to ensure project sustainability, ii) the contribution of the project as a catalyzer to the overall national development of the partner country, and iii) the need of additional investments to achieve development effectiveness. Furthermore, EDCF redefined the DAC's other four criteria (relevance, efficiency, effectiveness, and sustainability) in applying them to better assess development effectiveness.

The result of the pilot evaluation suggested that EDCF's new evaluation criteria were able to successfully capture the significance and the contributions made by the Vietnam Highway No.18 project to the socio-economic development of the region. The significance criterion appeared to be more useful in impact evaluation than the traditional ex-post evaluation since the three indicators required prolonged review. Therefore, the trial evaluation recommends the flexible application of the criteria, taking into account the level of administrative capacity of the partner country.



EDCF-Indonesia Joint Evaluation Workshop



## Evaluation of EDCF Projects with SME Participation

To respond more flexibly to various development needs of partner countries, EDCF has increased not only large-scale infrastructure projects but also small and medium-scaled projects in which SMEs can participate. Against this backdrop, EDCF conducted thematic evaluation on its SME support programs and EDCF projects with SME participation and derived important lessons.

The evaluation was conducted by an external evaluation agency to ensure independence and objectivity. Extensive literature review and quantitative analysis on the current status of SMEs' participation in EDCF projects were carried out. Stakeholders in partner countries were interviewed to assess the level of their satisfaction with the projects and draw recommendations. In addition, surveys on SME staff participated in the EDCF projects were conducted to evaluate EDCF's support programs for SMEs.

According to the evaluation results, SMEs' participation in EDCF projects was relatively low compared to that of large companies. However, the respondents said that their experience in participating in an EDCF project had a positive impact on both financial and non-financial growth of their firms. Partner countries were also satisfied with the overall quality of the projects SMEs engaged in, except that follow-up management such as repair and maintenance was rated as somewhat insufficient. Moreover, the effectiveness of most of EDCF support programs for SMEs was rated high while the awareness of such assistance appeared to be low.

Based on the findings, the evaluation drew up a few recommendations, among which are i) strengthen ex post project management by combining loan and grant programs, ii) improve SME support programs to encourage SME participation, and iii) establish cooperation networks in partner countries. EDCF will reflect these recommendations in its program development to enhance the effectiveness of the projects and facilitate SMEs' participation in EDCF projects.

## Impact Evaluation of the Water Supply Project in Sri Lanka

The importance of the water supply sector is emphasized in the international development community as water is closely related to basic human needs and is highly associated with other development sectors. In order to assess the impact of the Greater Galle Water Supply Project on socio-economic and environmental sectors in Sri Lanka, EDCF proposed an impact evaluation model to assess the water supply project and drew out valuable lessons and recommendations.

According to the impact evaluation, the water supply project has contributed to improving the general health conditions and quality of life of the residents by enabling the steady supply of clean and safe water throughout the Greater Galle area. The project is also seen to have positive impact on revitalizing the local economy and enhancing gender awareness. Furthermore, the evaluation finds that the water treatment plant has not made any direct negative impact on the nearby environment. And the possibility to have indirect negative impact on the environment was also concluded to be insignificant.

Based on the evaluation results, EDCF reconfirmed the importance of the partner country's capacity to maintain the effectiveness of the water supply project. EDCF plans to recommend joint water supply and sewerage system projects or establishment of a comprehensive water management information system to partner countries whenever it gets the opportunity to conduct a new water supply project. It also plans to support the improvement of water management institutions to reduce potentially harmful environmental impact.



Hapugala Water Purification Plant at Galle, Sri Lanka

## Sectoral Evaluation

### Energy Sector Evaluation

In sector evaluation, comprehensive assessment is made on all EDCF projects in a particular sector. EDCF's first sector evaluation was carried out on the water and sewage sector in 2011. Then EDCF conducted sector evaluation on ICT in 2012, transportation in 2013, and energy in 2014.

The energy sector evaluation was conducted according to the five DAC criteria on 33 energy projects approved during the period of 1990-2013 to review the adequacy of strategic direction, project planning and implementation of EDCF energy projects. The evaluation result shows that the strategic direction of energy sector assistance was overall consistent with the trends of Korean ODA as well as international development aid. In project planning and implementation, the performance of energy sector projects was rated as overall successful with high scores in the relevance, effectiveness and impact criteria. However, small scale of the projects in the energy sector and previously undetermined performance indicators for some projects were pointed out as shortfalls.

EDCF needs to fully meet the international energy sector aid trends by i) promoting PPP in energy sector projects, ii) scaling up the projects through jointly support with other donor agencies, iii) increasing support for energy efficiency and renewable energy projects, and v) designing inclusive projects reflecting the needs of the vulnerable.



Trincomalee Substation, Sri Lanka



# 3. Statistical and Financial Information

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## Statistics of Korea's ODA

\* This report contains the statistical information of 2013 since the statistical data of 2014 will be confirmed and released on August, 2015.

Despite the continued downturn in the global economy over the last few years, net ODA from DAC members reached USD 134 billion, representing an increase of 5.9% from 2012. Korea has also been increasing ODA to contribute to achieving the development goals of the international community.

In 2013, Korea provided USD 1.8 billion in total ODA (in net ODA disbursement), a 9.9% increase from the previous year. As a result, Korea ranked the 16th largest donor country among 29 DAC members in terms of ODA volume.

Korea has made great efforts to enhance Korea's global status in development cooperation by expanding aid volume since its successful hosting of the 4th High Level Forum (HLF-4) held in Busan in November, 2011.

### Bilateral ODA

Net disbursements of bilateral ODA in 2013 amounted to USD 1.3 billion, a 10.7% increase year-on-year. Bilateral loans accounted for 38.2% of total bilateral ODA, amounting to USD 500.6 million, a 6.9% increase year-on-year, while bilateral grants accounted for 61.8%, amounting to USD 809.0 million, a 13.2% increase from the previous year.

### Multilateral ODA

Multilateral ODA (in net disbursements) increased to USD 446 million in 2013, a 7.8% increase from 2012. Contributions and subscriptions to the WB Group including IDA (USD 170 million) accounted for the largest portion with 10.7%, followed by those to regional development banks (USD 127 million), recording a 0.37% rise year-on-year. The reason why multilateral ODA increased is that contributions and subscriptions to the WB Group and other international organizations have sharply risen.

#### Korea's ODA by Category (Net Disbursements)

(unit: USD million)						
Category	2008	2009	2010	2011	2012	2013
<b>Bilateral ODA (A)</b>	<b>539.2</b>	<b>581.1</b>	<b>900.6</b>	<b>989.6</b>	<b>1,183.2</b>	<b>1,309.6</b>
Loans	170.5	214.1	326.7	414.6	468.3	500.6
Grants	368.7	367.0	573.9	575.0	714.9	809.0
<b>Multilateral ODA (B)</b>	<b>263.1</b>	<b>234.9</b>	<b>273.2</b>	<b>335.0</b>	<b>414.3</b>	<b>445.8</b>
UN Agencies	46.7	55.8	77.4	82.0	114.5	113.5
IDA	69.7	71.3	79.1	83.4	124.1	128.5
Other World Bank	9.0	21.9	31.7	39.7	29.8	42.0
Regional Development Banks	125.9	68.7	66.5	104.1	126.2	126.7
Global Environment Facility	1.6	1.6	1.7	2.1	-	-
Montreal Protocol	0.1	0.1	0.1	0.1	0.1	0.1
Other Agencies	1.0	15.5	16.7	23.7	19.6	35.0
<b>Total Net ODA (A+B)</b>	<b>802.3</b>	<b>816.0</b>	<b>1,173.8</b>	<b>1,324.6</b>	<b>1,597.5</b>	<b>1,755.4</b>
<b>ODA/GNI (%)</b>	<b>0.09</b>	<b>0.10</b>	<b>0.12</b>	<b>0.12</b>	<b>0.14</b>	<b>0.13</b>
<b>ODA Commitments</b>	<b>1,667.8</b>	<b>1,980.1</b>	<b>1,996.3</b>	<b>1,922.7</b>	<b>2,295.7</b>	<b>2,646.4</b>

### Regional and Income Group Distribution of Bilateral ODA

In 2013, more than half (58.9%) of bilateral ODA was channeled to Asia, while 20.7% went to Africa and 7.4% went to Central and Latin America. The geographical proximity of many Asian countries along with their intention to emulate Korea's development experience partially accounts for the concentration of ODA on Asia. Africa's share of ODA has grown over the decade from 7.4% in 2003 to 20.7% in 2013. The sharp increase in the amount of ODA to Africa demonstrates the strengthened ties between Korea and African countries.

The distribution of ODA according to income groups shows that 39.4% of bilateral ODA was allocated to the lower-middle-income countries (LMICs) and the least-developed countries (LDCs) while 6.7% of ODA went to the upper-middle-income countries (UMICs) and 0.8% to other the low-income countries (OLICs). The share of bilateral ODA to the upper-middle-income group was slightly low compared to that of last year but the share of lower-middle-income countries increased by 4.2%p.

#### Bilateral ODA by Region and Income Group (Net Disbursements)

(Unit: USD million)

Category		2012		2013		
		Amount	Share(%)	Amount	Share(%)	
Region	Arfica	261.0	22.1	271.7	20.7	
	Sub-Saharan Africa	230.8	19.5	251.0	19.2	
	North Africa	17.9	1.5	17.7	1.3	
	Africa Unallocated	12.3	1.0	3.1	0.2	
	Asia	679.9	57.5	771.7	58.9	
	Far-East Asia	389.7	32.9	416.8	31.8	
	South & Central Asia	240.3	20.3	300.9	23.0	
	Middle East	42.3	3.6	40.6	3.1	
	Asia Unallocated	7.7	0.6	13.4	1.0	
	America	76.2	6.4	96.5	7.4	
	Central America	22.4	1.9	27.5	2.1	
	South America	53.2	4.5	68.7	5.2	
	America Unallocated	0.6	0.1	0.3	0.0	
	Oceania	3.4	0.3	3.9	0.3	
	Europe	16.6	1.4	2.6	0.2	
	Unallocated	146.1	12.3	163.2	12.5	
	Total		1,183.2	100.0	1,309.6	100.0
	Income Group	Least-Developed Countries	417.0	35.2	515.6	39.4
		Other Low-Income Countries	11.9	1.0	10.1	0.8
		Lower-Middle-Income Countries	480.9	40.6	515.2	39.4
Upper-Middle-Income Countries		98.2	8.3	87.5	6.7	
Unallocated		175.2	14.9	181.2	13.7	
Total		1,183.2	100.0	1,309.6	100.0	



Top 10 Recipients of Bilateral ODA

Country distribution of bilateral ODA shows that Vietnam (17.9%) continued to be the largest recipient of Korea’s ODA in 2013, followed by Afghanistan (9.3%), Cambodia (4.6%), Mozambique (4.4%), and Tanzania (4.3%). Korea’s top 10 partner countries accounted for 55.8% of Korea’s total bilateral ODA.

Top 10 Recipients of Bilateral ODA in 2013 (Net Disbursements)

(Unit: USD million)

Country	Grant	Loan	Total	Share(%)
Vietnam	36.0	198.6	234.6	17.9
Afghanistan	122.4	-	122.4	9.3
Cambodia	32.6	27.9	60.5	4.6
Mozambique	3.6	53.5	57.1	4.4
Tanzania	10.7	46.2	56.9	4.3
Top 5 Recipients	205.3	326.2	531.5	40.6
Sri Lanka	14.6	30.3	44.9	3.4
Bangladesh	19.4	25.3	44.7	3.4
Philippines	33.4	9.4	42.7	3.3
Pakistan	3.7	32.1	35.9	2.7
Indonesia	24.3	7.2	31.5	2.4
Top 10 Recipients	300.7	430.5	731.2	55.8

Sectoral Distribution of Bilateral ODA

Sectoral distribution of bilateral ODA shows that social infrastructure and economic infrastructure accounted for 58.7% (USD 1,314.0 million) and 25.2% (USD 563.3 million) in bilateral ODA commitments, respectively. More specifically, water supply and sanitation (16.3%) received the largest amount of ODA followed by education (15.1%), transportation and storage (13.9%), and health (13.7%).

Reflecting the growing demand for infrastructure development, Korea's bilateral ODA continues to focus on establishing economic and social infrastructure and related services. In particular, water supply and sanitation projects given top priority in EDCF support for the infrastructure sector are expected to greatly contribute to providing safe drinking water and making the environment sustainable.

Sectoral Distribution of Bilateral ODA (Commitments)

(Unit: USD million)

Sector	2012		2013	
	Amount	Share(%)	Amount	Share (%)
SOCIAL INFRASTRUCTURE & SERVICES	768.3	43.8	1,314.0	58.7
Education	127.5	7.3	337.1	15.1
Health	187.7	10.7	307.0	13.7
Population Programs	11.0	0.6	23.8	1.1
Water Supply & Sanitation	187.4	10.7	365.3	16.3
Government & Civil Society	228.4	13.0	241.8	10.8
Other Social Infrastructure & Services	26.3	1.5	39.1	1.7
ECONOMIC INFRASTRUCTURE & SERVICES	488.3	27.9	563.3	25.2
Transportation & Storage	324.8	18.5	311.6	13.9
Communications	103.5	5.9	87.1	3.9
Energy	56.9	3.2	159.8	7.1
Banking & Financial Services	1.6	0.1	1.5	0.1
Business & Other Services	1.5	0.1	3.2	0.1
PRODUCTION SECTORS	291.2	16.6	142.2	6.4
Agriculture, Forestry, Fishing	268.7	15.3	116.0	5.2
Industry, Mining, Construction	15.7	0.9	16.5	0.7
Trade & Tourism	6.7	0.4	9.7	0.4
MULTI-SECCTOR <sup>1)</sup>	102.6	5.9	74.8	3.3
HUMANITARIAN AID	16.6	0.9	36.8	1.6
ADMINISTRATIVE COSTS OF DONORS	59.4	3.4	57.3	2.6
SUPPORT TO NGOs	-	-	-	-
OTHERS <sup>2)</sup>	26.6	1.5	49.8	2.2
TOTAL	1,753.0	100.0	2,238.2	100.0

1) Spending on cross-cutting issues included.  
2) Unallocated/unspecified: aid which does not fall under a specific category in this table.

UNTIED AID

Share of untied aid reached 60.7%, a 5.6%p increase year-on-year. According to its ODA advancement plan, Korea will increase the share of untied aid up to 75% (50% for loans, 100% for grants) of total aid by 2015.



# EDCF Statistical Information

## Loans and Sources of Fund

### Loans

(Unit: KRW million)

Category	1987-2009	2010	2011	2012	2013	2014	Total
Commitments <sup>1)</sup>	5,433,374	1,219,121	1,033,619	1,233,543	1,314,445	1,413,759	11,647,861
Loans to foreign governments	5,431,778	1,219,121	1,033,619	1,233,543	1,314,445	1,413,759	11,646,265
Loans for Korean investments in developing countries	1,596	-	-	-	-	-	1,596
Disbursements	2,323,130	410,698	509,716	577,942	614,818	630,845	5,067,150
Loans to foreign governments	2,321,534	410,698	509,716	577,942	614,818	630,845	5,065,554
Loans for Korean investments in developing countries	1,596	-	-	-	-	-	1,596
Number of Commitments	222	23	25	18	21	28	337
Loans to foreign governments	220	23	25	18	21	28	335
Loans for Korean investments in developing countries	2	-	-	-	-	-	2

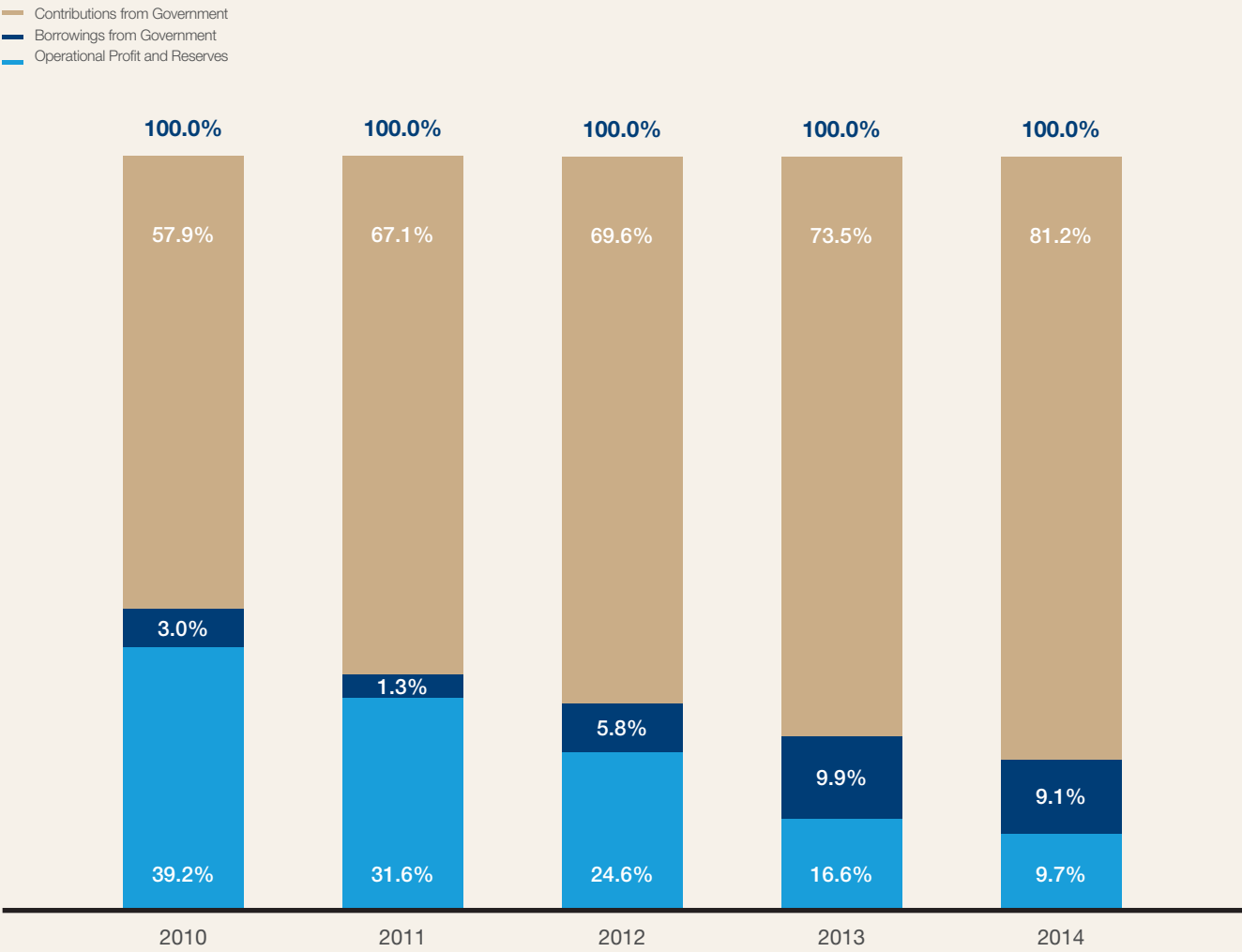
1) Yearly EDCF commitment amounts were converted at the 2014 year-end foreign exchange rate.

### Funding Resources

Sources of Fund (Cumulative total at the end of each year)

(Unit: KRW million)

Category	2010	2011	2012	2013	2014
Contributions from Government	1,529,870	1,879,870	2,178,845	2,488,845	2,947,803
Borrowings from Government	78,328	37,331	180,332	335,472	328,472
Operational Profit and Reserves	1,035,260	883,988	769,299	560,462	352,864
Total	2,643,457	2,801,189	3,128,476	3,384,779	3,629,139





Regional Distribution<sup>1)</sup> of Loans (as of December 31, 2014)

Commitments (Unit: KRW million)						
Region	2014			Cumulative Total		
	Number	Amount <sup>2)</sup>	Share	Number	Amount <sup>2)</sup>	Share
Asia · Middle East	22	1,072,532	75.9%	240	8,053,780	69.1%
South & Central Asia	7	469,577	33.2%	68	2,386,474	20.5%
Far East Asia <sup>3)</sup>	14	588,740	41.6%	162	5,381,756	46.2%
Middle East	1	14,215	1.0%	10	285,550	2.5%
Africa	5	267,567	18.9%	58	2,426,045	20.8%
North of Sahara	1	127,647	9.0%	2	154,501	1.3%
South of Sahara	4	139,920	9.9%	56	2,271,544	19.5%
Europe	-	-	0.0%	13	427,314	3.7%
Oceania	-	-	0.0%	2	16,102	0.1%
America	1	73,660	5.2%	24	724,620	6.2%
North & Central America	1	73,660	5.2%	17	472,964	4.1%
South America	-	-	0.0%	7	251,656	2.2%
Total	28	1,413,759	100.0%	337	11,647,861	100.0%
		1,273.42 USD million			10,621.42 USD million	

1) Regional classification is based on DAC classification.  
2) Yearly EDCF commitment amounts were converted at the 2014 year-end foreign exchange rate.  
3) Includes two loans for Korean investments in developing countries, which amounted to KRW1,596.00 million.

Sector Distribution of Loans (as of December 31, 2014)

Commitments (Unit: KRW million)						
Sector	2014			Cumulative Total		
	Number	Amount <sup>1)</sup>	Share	Number	Amount <sup>1)</sup>	Share
Social Infrastructure	15	526,555	37.2%	152	4,895,460	42.0%
Education	1	14,215	1.0%	31	806,812	6.9%
Health	6	188,641	13.3%	43	1,315,940	11.3%
Water supply & sanitation	4	224,747	15.9%	54	1,996,369	17.1%
Government & civil society	4	98,952	7.0%	24	776,339	6.7%
Economic Infrastructure	11	825,033	58.4%	156	5,990,195	51.4%
Transport & storage	11	825,033	58.4%	92	4,126,995	35.4%
Communications	-	-	0.0%	32	759,772	6.5%
Energy	-	-	0.0%	32	1,103,428	9.5%
Production Sectors	1	51,069	3.6%	13	538,467	4.6%
Agriculture, forestry & fishing <sup>2)</sup>	1	51,069	3.6%	13	538,467	4.6%
Multisector <sup>3)</sup>	1	11,102	0.8%	6	88,530	0.8%
Unallocated	-	-	0.0%	10	135,209	1.2%
Total	28	1,413,759	100.0%	337	11,647,861	100.0%
		1,273.42 USD million			10,621.42 USD million	

1) Yearly EDCF commitment amounts were converted at the 2014 year-end foreign exchange rate.  
2) Includes two loans for Korean investments in developing countries, which amounted to KRW1,596.00 million.  
3) Includes general environmental protection

Regional Distribution<sup>1)</sup> of Loans (as of December 31, 2014)

Disbursements (Unit: KRW million)						
Region	2014			Cumulative Total		
	Number	Amount	Share	Number	Amount	Share
Asia	57	386,436	61.3%	193	3,531,310	69.7%
South & Central Asia	13	109,777	17.4%	52	1,119,957	22.1%
Far East Asia <sup>2)</sup>	40	234,702	37.2%	132	2,238,052	44.2%
Middle East	4	41,957	6.7%	9	173,300	3.4%
Africa	26	188,859	29.9%	42	853,761	16.8%
North of Sahara	-	-	0.0%	1	24,874	0.5%
South of Sahara	26	188,859	29.9%	41	828,887	16.4%
Europe	1	14,228	2.3%	12	392,480	7.7%
Oceania	-	-	-	1	8,153	0.2%
America	6	41,323	6.6%	18	281,447	5.6%
North & Central America	3	19,459	3.1%	13	164,528	3.2%
South America	3	21,864	3.5%	5	116,918	2.3%
Total	90	630,845	100%	266	5,067,150	100%

1) Regional classification is based on DAC classification.  
2) Includes two loans for Korean investments in developing countries, which amounted to KRW1,596.00 million.

Sector Distribution of Loans (as of December 31, 2014)

Disbursements (Unit: KRW million)						
Sector	2014			Cumulative Total		
	Number	Amount	Share	Number	Amount	Share
Social Infrastructure	47	274,693	43.5%	115	1,864,205	36.8%
Education	11	66,843	10.6%	26	418,197	8.3%
Health	12	58,999	9.4%	31	540,369	10.7%
Water supply & sanitation	18	128,947	20.4%	41	689,545	13.6%
Government & civil society	6	19,904	3.2%	17	216,095	4.3%
Economic Infrastructure	39	348,199	55.2%	127	2,858,403	56.4%
Transport & storage	27	229,893	36.4%	71	1,794,530	35.4%
Communications	4	27,198	4.3%	28	514,246	10.1%
Energy	8	91,108	14.4%	28	549,626	10.8%
Production Sectors	4	7,953	1.3%	11	180,496	3.6%
Agriculture, forestry & fishing <sup>1)</sup>	4	7,953	1.3%	11	180,496	3.6%
Multisector <sup>2)</sup>	-	-	0.0%	4	69,477	1.4%
Unallocated	-	-	0.0%	9	94,569	1.9%
Total	90	630,845	100.0%	266	5,067,150	100.0%

1) Includes two loans for Korean investments in developing countries, which amounted to KRW1,596.00 million.  
2) Includes general environmental protection



Distribution by Countries (Cumulative total at the end of 2014)

(Unit: KRW million)

Countries	Commitments	Share	Disbursements	Share
Vietnam	2,266,268	19.5%	1,017,793	20.1%
Bangladesh	946,570	8.1%	408,145	8.1%
Philippines	755,317	6.5%	160,790	3.2%
Cambodia	669,716	5.8%	296,595	5.9%
Sri Lanka	652,544	5.6%	430,426	8.5%
Indonesia	604,506	5.2%	274,530	5.4%
Tanzania	502,026	4.3%	189,777	3.7%
Myanmar	452,873	3.9%	76,839	1.5%
Mozambique	389,689	3.3%	144,795	2.9%
Pakistan	326,136	2.8%	70,413	1.4%
Uzbekistan	275,217	2.4%	109,935	2.2%
Angola	252,295	2.2%	162,992	3.2%
Laos	242,499	2.1%	116,967	2.3%
Nicaragua	241,652	2.1%	87,320	1.7%
Jordan	235,497	2.0%	137,243	2.7%
China	233,567	2.0%	217,987	4.3%
Ghana	197,020	1.7%	85,167	1.7%
Ethiopia	195,422	1.7%	31,556	0.6%
Mongolia	157,010	1.3%	76,553	1.5%
Ecuador	138,441	1.2%	58,308	1.2%
Egypt	127,647	1.1%	-	0.0%
Honduras	118,745	1.0%	33,342	0.7%
Bosnia-Herzegovina	115,470	1.0%	111,821	2.2%
Cameroon	103,861	0.9%	20,631	0.4%
Turkey	100,416	0.9%	69,247	1.4%
Republic of South Sudan	93,280	0.8%	-	0.0%

(continued)

(Unit: KRW million)

Countries	Commitments	Share	Disbursements	Share
Dominica Republic	89,899	0.8%	21,404	0.4%
Nepal	80,907	0.7%	68,785	1.4%
Romania	80,888	0.7%	80,884	1.6%
Senegal	80,497	0.7%	76,143	1.5%
Azerbaijan	72,717	0.6%	-	0.0%
DR Congo	72,114	0.6%	2,220	0.0%
Mali	69,003	0.6%	29,154	0.6%
Bolivia	68,807	0.6%	32,310	0.6%
Sierra Leone	61,045	0.5%	1,271	0.0%
Rwanda	56,895	0.5%	-	0.0%
Yemen	50,053	0.4%	36,058	0.7%
Kenya	49,164	0.4%	47,953	0.9%
Madagascar	48,982	0.4%	11,684	0.2%
Zambia	46,108	0.4%	-	0.0%
Colombia	44,408	0.4%	26,300	0.5%
Croatia	44,178	0.4%	44,169	0.9%
Poland	38,173	0.3%	38,173	0.8%
Uganda	35,162	0.3%	6,560	0.1%
Albania	28,984	0.2%	28,984	0.6%
Tunisia	26,854	0.2%	24,874	0.5%
Panama	22,668	0.2%	22,463	0.4%
Hungary	19,205	0.2%	19,201	0.4%
Nigeria	18,981	0.2%	18,981	0.4%
Kazakhstan	16,269	0.1%	16,140	0.3%
Kyrgyz Republic	16,114	0.1%	16,113	0.3%
Papua New Guinea	16,102	0.1%	8,153	0.2%
Total	11,647,861	100.0%	5,067,150	100.0%



# EDCF Financial Report

## Report of independent Auditors

To the Trustee of The Economic Development Corporation Fund

### Management’s

We have audited the accompanying statement of financial position of Economic Development Corporation Fund (the “Fund”) as of December 31, 2014 and 2013, the related statement of financial operations, changes in net assets for the years then ended and a summary of significant accounting policies and other explanatory information.

### Management’s Responsibilities

Management is responsible for the preparation and fair presentation of these financial statements in accordance with National Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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, 2014 and 2013 and its financial operations and its changes in net assets for the years then ended in accordance with National Accounting Standards as adopted by Republic of Korea.

### Other Matters

The financial statements of financial position as of December 31, 2013 and the related statements of financial operations, changes in net assets for the year then ended were audited based on previous auditing standards.

KPMG Samjong Accounting Corp. Seoul, Korea  
February 9, 2015

This report is effective as of February 9, 2015, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

## Financial Statements

### Statements of Financial Position (December 31, 2014 and 2013)

(in millions)

Category	2014		2013
	(KRW)	(USD)	(KRW)
Assets			
Current Assets:	128,663	117.1	189,760
Cash and cash equivalents	12,053	11.0	83,644
Short-term financial instruments	5,000	4.5	5,000
Short-term investments	17,515	15.9	12,777
Accrued income	8,661	7.9	8,874
Short-term loans, net	85,002	77.3	78,684
	-	-	0
Outher current assets	432	039	782
Investment Assets:	3,503,373	3,187.2	3,198,639
Long-term loans, net	4,296,537	3,908.8	3,756,244
	(817,328)	(743.6)	(583,950)
Long-term investments	22,066	20.1	4,279
Outher investments assets	2,098	1.9	4,279
Total assets	3,632,035	3,304.3	3,388,399
Liabilities			
Current liabilities:	10,260	9.3	8,841
Current portion of long-term borrowings	7,000	6.4	7,000
Other current liabilities	3,261	3.0	1,842
Long-term borrowings	321,473	292.5	328,472
Other non-current liabilities	121	0.1	1
Total liabilities	331,854	301.9	337,315
Equity			
Base net assets	1,259,870	1,146.2	1,259,870
Reserves and surpluses	2,040,797	1,856.6	1,789,437
Adjustments of net assets	(485)	(0.4)	1,777
Total equity	3,300,182	3,002.3	3,051,084
Total liabilities and equity	3,632,035	3,304.3	3,388,399



Statements of Operations (Years ended December 31, 2014 and 2013)

(in millions)									
Category	2014						2013		
	Total cost		Revenue		Net cost		Total cost	Revenue	Net cost
	(KRW)	(USD)	(KRW)	(USD)	(KRW)	(USD)	(KRW)	(KRW)	(KRW)
Net program costs									
The economic development cooperation program	272,045	247.5	(66,070)	(60.1)	205,975	187.4	270,598	(58,328)	212,270
Administration and operating expenses					-	-			-
Non-distributed expenses									
Interest expenses					10,442	9.5			6,631
Losses on valuation of derivatives and foreign exchange translation					5,659	5.1			1,911
Losses on disposal of assets					0	0.0			451
Other expenses					10,046	9.1			8,746
					26,147		23.8		17,739
Non-distributed revenues									
Interest income					7,579	6.9			6,457
Gains on valuation of derivatives and foreign exchange translation					7,454	6.8			2,512
Gains on disposal of assets					1,103	1.0			1,529
Other income					8,387	7.6			10,674
					24,523	22.3			21,172
Net operationg costs					207,598	188.9			208,836
Non-exchange revenues					-	-			-
Fiscal operating result					207,598	188.9			208,836

The statement of operations is the financial statement show the result of operations including the costs of the fund’s policies or programs and collections of the costs, which is divided into three sections: net program costs, net cost of operations and results of operations. The costs and expenses are presented in a plus (+) and the revenues and incomes are presented in a minus (-) in the statement of operations.

Revenues are gross inflow of economic benefit representing an increase in net asset from exchange or non-exchange transactions. Exchange transactions are considerations received in exchange for goods and services. Non-exchange transactions are considerations received mandated by regulation or contribution received.

Expenses are gross outflow of economic benefit representing a decrease in net asset by providing goods or services or from non-exchange transactions. Costs directly related to programs are classified as cost of program and other costs are classified as non-distributed expenses.

Notes to Financial Statements

1. Significant Accounting Policies

- (a) The accompanying financial statements have been prepared in accordance with the National Accounting Standards under Article 11-1 of the National Accounting Act.
- (b) The U.S. Dollars amounts are converted, for convenience only, at the basic rate of KRW 1,099.20/ USD 1 as of December 31, 2014
- (c) Interest income from loans and others are recognized on an accrual basis when the income amount is reasonably estimated and a high possibility of an inflow of economic benefits exists.
- (d) At acquisition, the Fund classifies securities into short-term investments or long-term investments. Securities are initially carried at cost, including incidental expenses, with cost being determined using the specific identification method. Short-term investments include debt securities, equity securities and other short-term investments whose maturity dates are due within one year from the financial position date or whose disposals are planned within one year from the financial position date and long-term investments include debt securities, equity securities and other long-term investments whose maturity dates are due over one year from the statement of financial position date or whose disposals are planned over one year from the financial position date.
- Debt securities are measured at amortized cost. Equity securities and other long-term or short-term investments are measured at an acquisition cost. But equity securities and long-term or short-term investments are recorded at a fair value when the fair value can be reliably measured. And unrealized gains or losses from securities are presented as adjustments on the statement of changes in net assets.
- If the recoverable amount is lower than the book value of the securities, the drop remains for a long time and there is no chance to recover, an impairment loss is recognized as loss on impairment of investments in non-distribution expenses in the statement of operations.
- (e) Provision for subsidized loan and guarantee is recorded at a difference between principal of the loan and present value of estimated collections. Present value of estimated collections is determined by discounting the total amounts receivable in the future using the effective interest rate (or yield on national bonds of similar conditions when the effective interest rate is not available).



## 2. Cash and Cash Equivalents, and Other Financial Assets

Cash and cash equivalents and other financial assets as of December 31, 2014 and 2013 are as follows:

(in millions)

Category	2014			2013
	Annual interest rate(%)	(KRW)	(USD)	(KRW)
Cash and cash equivalents:				
MMDA	2.00	4,037	3.7	7,485
MMW	Dividends	3,001	-	0
MMT	Dividends	5,015	5	76,159
		12,053	11.0	83,644
Short-term financial instruments:				
Time deposits in local currency	2.93	5,000	4.5	5,000
		5,000	4.5	5,000
Total		17,053	15.5	88,644

## 3. Short-Term and long-term investments

Short-term and long-term investments as of December 31, 2014 and 2013 are as follows:

(in millions)

Category	2014						2013		
	Acquisition cost		Fair value		Book value		Acquisition cost	Fair value	Book value
	(KRW)	(USD)	(KRW)	(USD)	(KRW)	(USD)	(KRW)	(KRW)	(KRW)
Short-term investments Equity securities <sup>1)</sup>	17,973	16.4	17,515	15.9	17,515	15.9	11,000	12,777	12,777
Long-term investments Equity securities <sup>2)</sup>	22,065	10.0	22,065	10.0	22,065	10.0	22,065	22,065	22,065
Total	40,038	26.4	39,580	25.9	39,580	25.9	33,065	34,842	34,842

1) Short-term investments in equity securities under trading and available-for-sale were valued at their market values. Decrease in gain on valuation of short-term investments amounted ₩2,262 million for the year ended December 31, 2014. (2013: ₩3 million increase)

2) Long-term investments are invested as investment in Future Carbon Fund organized by Asian Development Bank (ADB) for the purpose of supporting green growth of developing countries. The fair values of long-term investments could not be reliably estimated due to the lack of financial information of the said companies. Accordingly, these equity securities were presented at their acquisition cost.

## 4. Loans

Loans other than government as of December 31, 2014 and 2013 are as follows:

(in millions)

Category	2014			2013
	Annual interest rate(%)	(KRW)	(USD)	(KRW)
Short-term loans other than government				
Loans in Local Currency:				
Development project loans	0.1 – 3.5	51,050	46.4	46,943
Equipment loans	1.0 – 3.5	30,899	28.1	28,810
		81,949	74.6	75,753
Loans in Foreign Currency:				
Equipment loans	1.7	3,053	2.8	2,931
		3,053	2.8	2,931
Long-term loans other than government				
Loans in Local Currency:				
Development project loans	0 – 3.5	3,287,104	2,990.5	2,782,173
Equipment loans	0.01 – 3.5	769,657	700.2	774,770
Two-Step loans	3.5	3,827	3.5	3,827
Program loans	0.3 – 1.0	54,687	49.8	54,687
		4,115,275	3,743.9	3,615,457
Loans in Foreign Currency:				
Development project loans	0.01 – 2.5	132,409	120.5	90,954
Equipment loans	1.7	48,853	44.4	49,833
		181,262	164.9	140,787
Total		4,381,539	3,986.1	3,834,928



# 4. Appendix

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# ODA System of Korea

## Basic Principles and Objectives

Under Article 3 of the Framework Act on International Development Cooperation, the basic principles of Korea's ODA are as follows: reducing poverty in developing countries; improving human rights of women and children; achieving sustainable development; promoting Korea's economic cooperation with partner countries; and seeking peace and prosperity in the international community. Based on these principles, Korea's objectives in international development cooperation are to achieve the alleviation of poverty, improve the quality of life of the people living in developing countries, reinforce friendly relations with developing countries, and contribute to addressing universal challenges related to international development cooperation.

As the only country in the world that has transformed from an aid-recipient to a donor country, Korea is ready to take on a bigger role in achieving the Sustainable Development Goals (SDGs) in the Post-2015 development landscape. The international development community also expects Korea to take its global contributions to new levels, going beyond its financial contributions.

## Integrated Operational System

Korea's ODA policies are established by the Committee for International Development Cooperation (CIDC) through the systematic cooperation and participation of government departments such as MOSF and MOFA, local government authorities and ODA execution agencies. The CIDC was set up in 2006 to systematically manage ODA policies of Korea. The committee is composed of up to 25 members including the head of committee (Prime Minister), ministers of relevant government departments such as MOSF and MOFA, and external experts. It deliberates on and coordinates main ODA policies, mid-term master plans and project evaluations.

## Bilateral ODA

### Concessional Loans

EDCF is a government fund established in 1987 to support the industrialization and economic development in developing countries and to foster Korea's economic cooperation with them. By extending concessional loans that comply with the concessionality criteria defined by the OECD DAC, EDCF provides support to build economic and social infrastructure in developing countries.

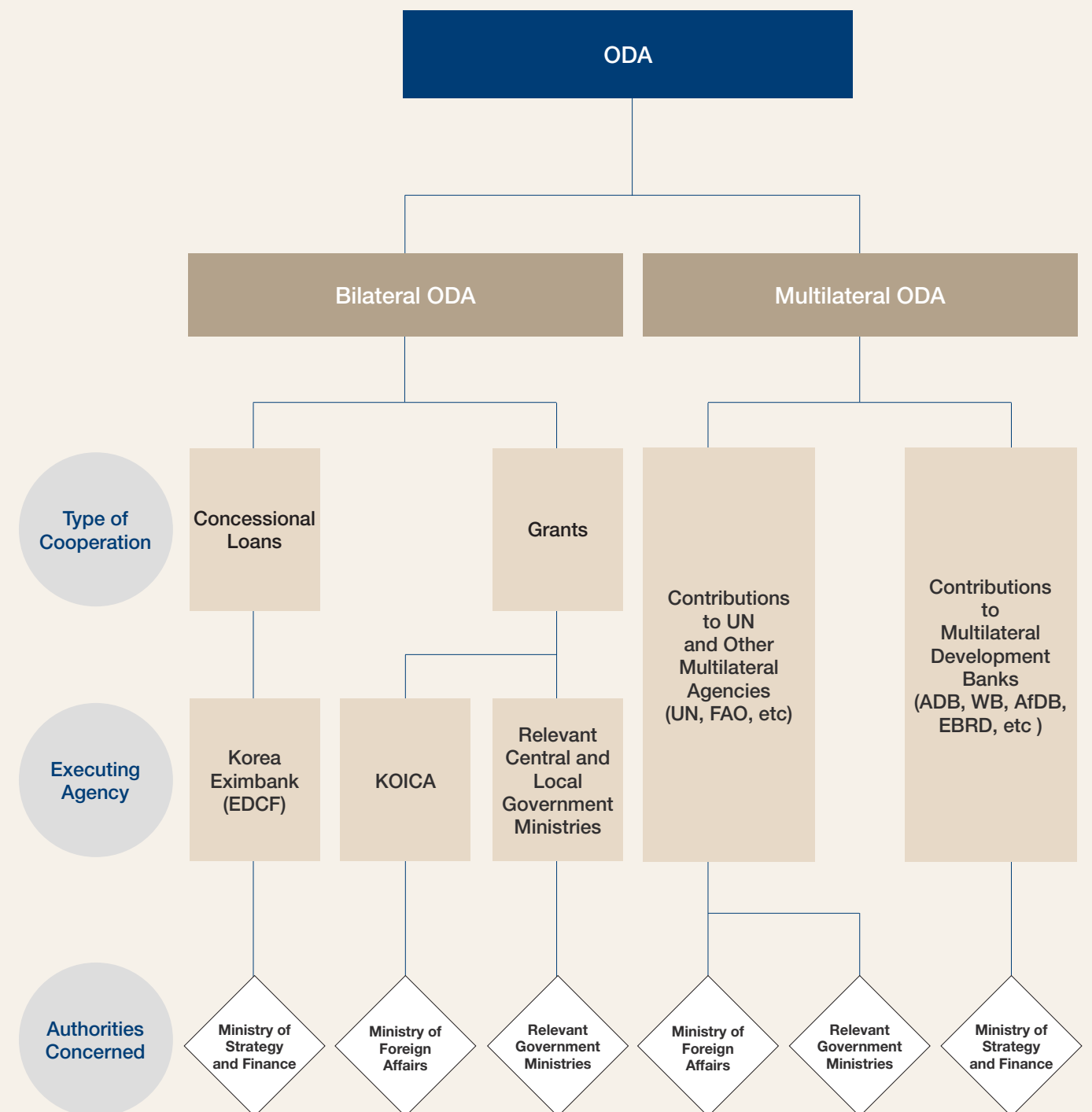
Since concessional loans, unlike grants, must be repaid, partner countries get to thoroughly review the project's feasibility and whether the project is in line with their national development priorities from the moment the project is conceived, enhancing the partner country's ownership over the project. As a result, the development project is highly likely to succeed. Moreover, the recovered principals and interests can be reused for other development projects, minimizing the tax burden of citizens while steadily providing development resources for international development.

MOSF is responsible for the overall management of EDCF including the establishment of EDCF policies on concessional loans, and Korea Eximbank, entrusted by the government, implements operations and management of the fund.

### Grants

KOICA, a subsidiary of MOFA, is mainly in charge of grants. Government departments such as the Ministry of Education, Ministry of Health and Welfare, and Ministry of Government Administration and Home Affairs, and local governments provide ODA as well according to their specialty areas.

## ODA Governance of Korea





# EDCF Operational System

## Outline of EDCF Loans

EDCF currently classifies partner countries into five categories depending on their per-capita income levels, whereby it differentiates interest rates and repayment periods. EDCF readjusts partner country groups in accordance with the WB's annual country classification by income group.

### Terms and Conditions for EDCF Loans

- Loan Amount: Up to 100% of total project cost (The coverage ceiling ratio will be 85% of the total project cost for untied loans provided to countries other than Least Developed Counties)
- Interest Rate: 0.01% - 2.5% per annum
- Repayment Period: Up to 40 years
- Grace Period: Up to 15 years
- Principal Repayment Method: Equal semi-annual installments
- Interest Payment Frequency: Semi-annual

## Types of Support

### 1. Loans to Government or Corporations of Partner Countries

#### Development Project Loan

Provides funds for infrastructure projects such as those involving the construction of roads, railways, hospitals, vocational training centers, and water supply and sanitation systems under the economic development plan of the partner country.

#### Equipment Loan

Provides funds to procure equipment and other materials needed for projects under the national development plan in specific sectors or specific regions of the partner country.

#### Public-Private Partnership Loan

Provides funds for government or corporations of partner countries to conduct Public-Private Partnership projects.

#### Program Loan

Provided to governments of developing countries to assist comprehensive sectorial or thematic development plans

#### Sector Development Loan

Provided to governments of developing countries to assist specific sector and its related sub-projects with simplified procedure

#### Private Sector Loan

Provided to local corporations (private sector) of developing countries conducting ODA-eligible projects

### 2. Loan to International Development Finance Institutions

Provided to international development finance institutions which contribute to economic development and welfare of developing countries

### 3. Equity Participation to the Company for PPP Projects

Provided to SPCs in connection with the Private Sector Loan if they are recognized to have a great development impact on a developing country or to boost economic cooperation between Korea and developing countries

### 4. Equity Participation to the Fund by International DFIs

Provided to Collective Investment Schemes which are established to conduct the project needed for the industrial development of a developing country or to respond to climate change

## Project Cycle

### 1. Project Identification & Preparation

EDCF identifies priority support projects through the establishment of the CPS that reflects the development plan and strategy of the partner country and confirmation of the mid-term pipelines that reflect the development plan of the partner country. Concrete size and scope of each individual project gets determined through the F/S.

According to the OECD's Arrangement on Officially Supported Export Credits, however, a project that can potentially be commercially viable - such as ICT, electricity or manufacture projects for cities - must first be subject to the commercial viability check to determine whether it can be promoted with commercial finance.

### 2. Loan Request

Partner countries must submit documentation such as loan requests, feasibility study (F/S) report, and implementation plans (I/P) to the Korean government to pursue EDCF projects.

### 3. Project Appraisal

After receiving the loan request from a partner country, the Ministry of Strategy and Finance (MOSF) requests Korea Eximbank to conduct project appraisal. Further instructions are as followed:

#### Preliminary Review

When Korea Eximbank is requested to appraise a project, it firstly confirms the country's eligibility according to the OECD Arrangement on Official Supported Export Credits and the possibility of repayment risk. Then, Korea Eximbank examines the F/S and I/P to check if the project is commercially viable.

#### Project Questionnaire and Legal Questionnaire

For the successful implementation of the project, it is necessary to clearly identify the project objective and preparation status to monitor the economic, financial, technical and environmental feasibilities, and to consider legal and procedural issues. Basic information in regard to these issues is collected via Legal Questionnaire which are sent to the borrower or the Project Executing Agency (PEA).

#### Appraisal Mission Team

Korea Eximbank dispatches an appraisal mission team to the partner country for detailed appraisal on the project. The mission team of the Bank finalizes and signs the Minutes of Discussion (MOD) with the partner country government based on the outcomes of the appraisal.

#### Preparation and Submission of Appraisal Report to MOSF

Korea Eximbank prepares an appraisal report based on the loan request, F/S report, project legal questionnaire results, MOD, etc. to submit to MOSF.

### 4. The Korean Government's Decision on EDCF Loans

MOSF confirms the economic, financial and technical soundness of the project based on the appraisal report submitted by Korea Eximbank. After consulting with relevant ministries, MOSF makes the final decision on the loan request and notifies its decision to the borrowing country. Then an Agreement (A/G) is concluded between the Korean government and the borrowing country's government. The A/G outlines the basic framework of the EDCF loan and the responsibilities of the respective parties. The two governments also sign an Arrangement (A/R) stating the basic financing terms and conditions for each individual project.

### 5. Loan Agreement

Prior to drafting the L/A, Korea Eximbank requests that the borrowing country answer a legally binding questionnaire to determine the legal background pertaining to the loan. The questionnaire should be answered by the Minister of Justice or someone of commensurate authority to provide objective and definitive answers.

When loan negotiations are completed and specific terms and conditions are agreed upon, an L/A is signed between Korea Eximbank and the borrower. The L/A 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 Korea Eximbank.



## EDCF Loan Procedure Chart

### 6. Project Implementation

#### Employment of Consultants

Korea Eximbank strongly urges the borrower to hire consultants during project implementation. During this period, a consultant is generally employed in the consideration of appropriate experiences, the adequacy of planning, human resource, financial solvency and so on.

#### Procurement

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

#### Disbursement

When an agreement between Korea Eximbank and a partner country's government comes into effect and the agreements on consultant employment and procurement are concluded, disbursements under the loan are made according to the procedures stipulated in the L/A.

### 7. Project Evaluation

In general, a project's performance is confirmed through a project progress report submitted by a partner country's government, which includes the project performance situation, implementation plan and outcome as well as the execution schedule on a regular basis from the moment of the first loan disbursement to the completion of a project.

#### Completion Evaluation

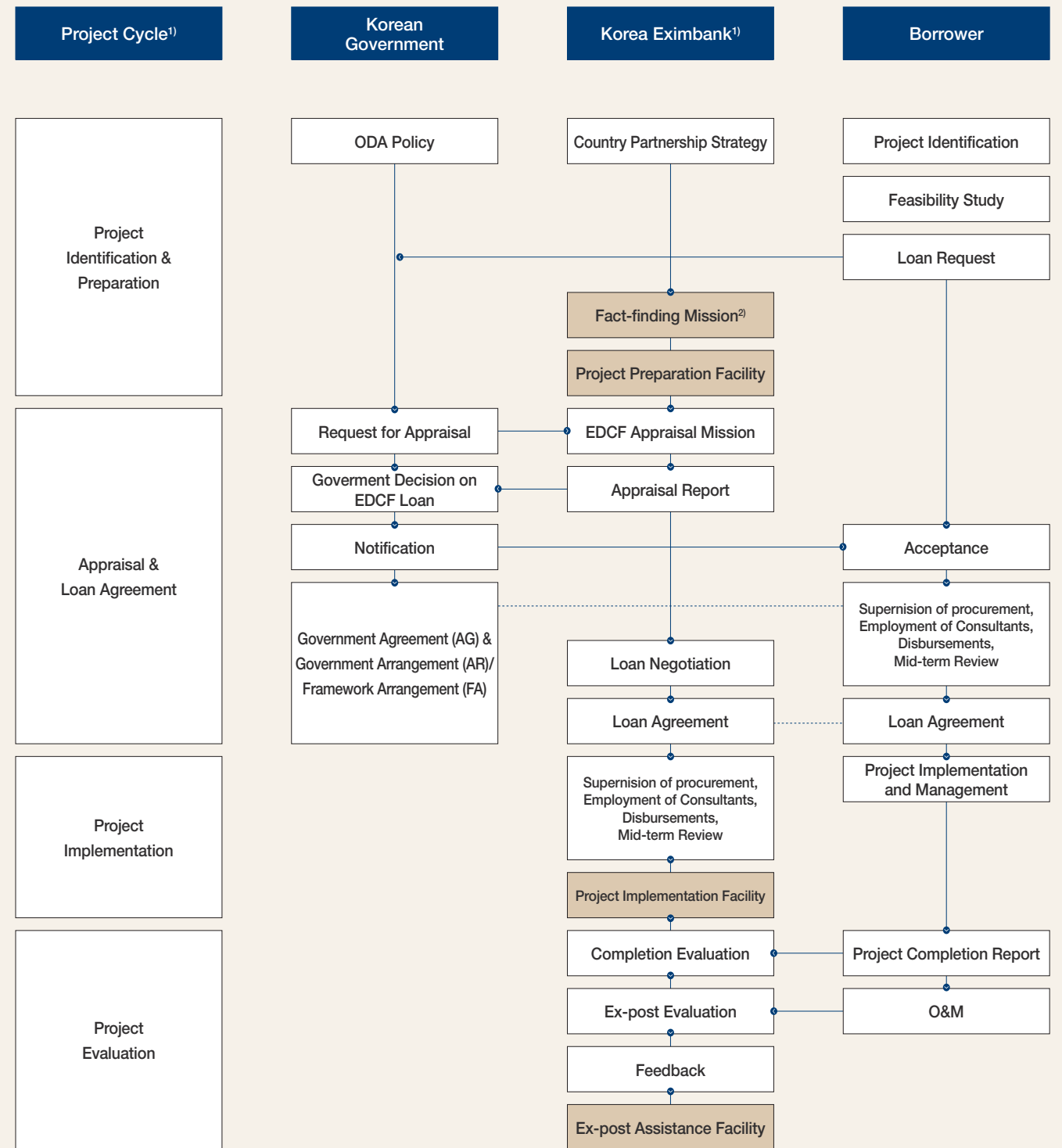
The PEA should submit the PCR within six months after the project completion date or by a later date agreed upon the L/A, and Korea Eximbank checks and evaluates its adequacy.

#### Ex-post Evaluation

Two years after completion evaluation, an ex-post evaluation of the project is conducted to assess the project's economic and social impact and determine the degree of achievement of the project's original purpose. By using various methods including interviews, literature reviews and field studies, the ex-post evaluation assesses relevance, efficiency, effectiveness, impact and sustainability of the project and draws lessons and recommendations.

### 8. Feedback

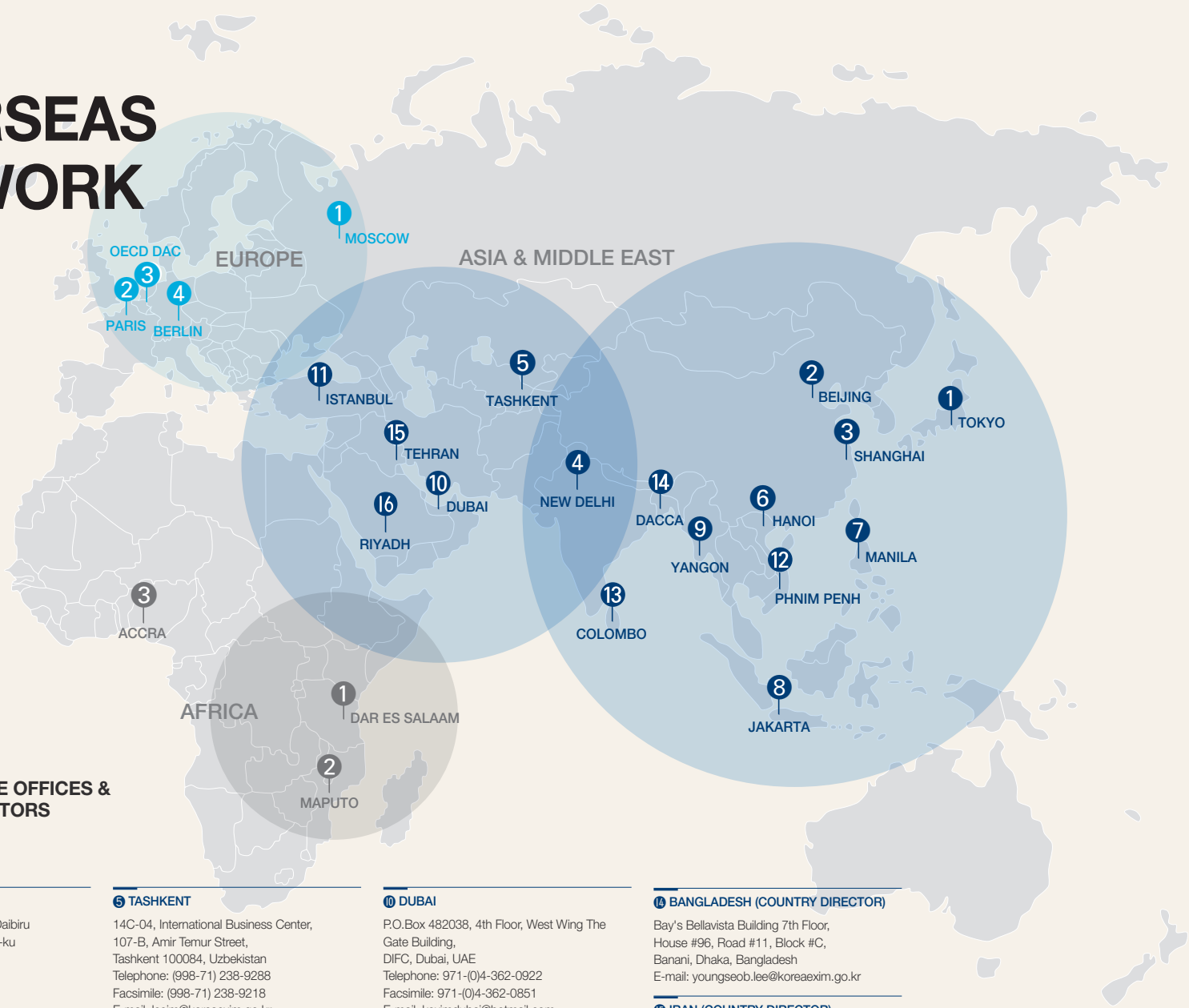
Lessons learned and recommendations obtained from project evaluation are reflected to similar future projects in the stage of project identification and implementation, thereby improving the effectiveness and efficiency of the projects. To facilitate feedback, EDCF establishes a feedback plan every year based on the evaluation results and periodically monitors implementation of the plan.



1) Procedures in shaded boxes are not compulsory, but will be supported when necessary.

2) For drafting Project Concept Paper

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