

REPUBLIC OF KOREA

Korea's involvement in concessional financing is very recent, and is encompassed in the Economic Development Cooperation Fund (EDCF). The EDCF is utilized primarily in the form of bilateral ODA, for projects which have been assessed as technically, economically and managerially feasible. The EDCF also is utilized, either in the form of a loan or equity investment, to assist Korean firms in carrying out industrial development projects in developing countries.

The EDCF program is deemed to be a contribution to development assistance, and thereby good for bilateral relations. There is a focus on infrastructure projects: road construction, communications, railways, and any other area where Korea has a particular expertise. Funding is approved on a yearly basis and is cumulative, with automatic roll-over of unexpended funds. The EDCF budget ceiling normally is 120% of accumulated EDCF budget, and the current ceiling is U.S. \$300 million. EDCF could ask for a percentage increase, but this has proved unnecessary so far.

In terms of recent successes, it is interesting to note that Korean companies recently were awarded substantial telecommunications projects in the Philippines and Vietnam, supported by EDCF funding. This marks a significant departure from earlier Korean successes, which have tended to be "works" rather than high technology focused.

The Korean Government anticipates having to increase EDCF concessional loan activity. The rationale for this would seem to be based in part upon a perceived need to increase ODA in general. It also stems from a realization that to remain competitive in certain markets in their own region, Korean companies will need to be able to access over time a larger amount of concessional financing.