Introduction of EDCF and EDCF Projects in Nepal
- Economic Development Cooperation Fund of Korea -

May, 2014
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1. Introduction to EDCF
1. Introduction to EDCF

Economic Development Cooperation Fund (EDCF)

Established on June 1, 1987

Form: Bilateral ODA Concessional loans

Purpose 1: Help developing countries achieve industrial growth & economic stability

Purpose 2: Share Korea’s development experience and knowledge

Purpose 3: Strengthen bilateral economic cooperation and encourage sound development in partner countries
1. Introduction to EDCF

EDCF has supported 311 projects in 52 countries (the end of 2013, accumulated)

<table>
<thead>
<tr>
<th>EDCF Volume</th>
<th>Commitment</th>
<th>KRW 10.1 Tril.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Disbursement</td>
<td>KRW 4.4 Tril.</td>
</tr>
<tr>
<td></td>
<td>Withdraw</td>
<td>KRW 0.6 Tril.</td>
</tr>
<tr>
<td></td>
<td>Loan Balance</td>
<td>KRW 3.8 Tril.</td>
</tr>
</tbody>
</table>

(1 USD ≈ 1,100 KRW)

(As of December 31, 2013, accumulated)
1. Introduction to EDCF

EDCF Commitment by Region (the end of 2013, accumulated)

- Asia, 65.4%
- Africa, 21.3%
- Europe, 6.3%
- Latin America, 6.3%
- Middle East, 2.6%
- Oceania, 0.2%
- Middle East, 2.6%
1. Introduction to EDCF

EDCF Commitment by Sector (the end of 2013, accumulated)

- Transportation, 32.3%
- Water Supply & Sanitation, 17.5%
- Public Health, 10.9%
- Energy, 10.7%
- Education, 7.7%
- Communications, 7.4%
- Agriculture, 4.9%
- Public Administration, 6.5%
- Agriculture, 4.9%
2. EDCF Programs
2. EDCF Programs

Types of Financing Instruments

- **EDCF Project Loans**
  - Introducing new instruments such as sector loans and program loans to enhance the effectiveness of EDCF’s development activities

- **EDCF Sector Loans, Program Loans**
  - Co-financing with MDBs and combining the ODA loan with the official export credit from the Korea Eximbank enable to support large scale infrastructure projects

- **Co-financing with MDBs, Mixed Credit**

- **Public-Private Partnership Loan, EDCF Guarantee Program**
  - Providing funds for PPP projects and introducing Guarantee Program to catalyze private sector investment in infrastructure projects
# 2. EDCF Programs

## EDCF Loan Terms & Conditions

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan Amount</td>
<td>Up to 100% of total project cost</td>
</tr>
<tr>
<td>Interest Rate</td>
<td>0.01%~2.5% per annum (5 income group)</td>
</tr>
<tr>
<td>Repayment</td>
<td>Up to 40 years</td>
</tr>
<tr>
<td>Grace Period</td>
<td>Max 15 years</td>
</tr>
<tr>
<td>Repayment Method</td>
<td>Semi-annual payment</td>
</tr>
<tr>
<td>Interest Payment</td>
<td>Semi-annual payment</td>
</tr>
<tr>
<td>Guarantee</td>
<td>Guaranteed by central government or central bank</td>
</tr>
<tr>
<td>Currency</td>
<td>Korea won (or USD, EUR in special case)</td>
</tr>
</tbody>
</table>
3. EDCF Project Cycle
3. EDCF Project Cycle

1. CPS, Program Mission & Policy Dialogue
2. Project Preparation & Loan Request
3. Appraisal
4. Pledge (commitment), A/G, A/R (F/A) & Loan Agreement
5. Project Implementation (Employment of Consultants, Procurement, Disbursement)
6. Monitoring & Evaluation
4. EDCF Project Cases (NEPAL)

- Introduction of projects in Nepal

- **Chameliya Hydroelectric Project**
  - Amounts: US $45.0 million

- **Modi Khola Hydroelectric Project**
  - Amounts: US $15.0 million
4. EDCF Project Cases (NEPAL)

- **NPL_1) Modi Khola Hydroelectric Project**

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BORROWER</strong></td>
<td>THE GOVERNMENT OF THE REPUBLIC OF NEPAL (MINISTRY OF FINANCE)</td>
</tr>
<tr>
<td><strong>PROJECT OBJECTIVE</strong></td>
<td>To relax electricity shortage problem of Nepal</td>
</tr>
<tr>
<td><strong>EXECUTING AGENCY</strong></td>
<td>Nepal Electricity Authority: NEA</td>
</tr>
<tr>
<td><strong>LOAN AMOUNT</strong></td>
<td>US $15,000,000 (Total cost: US $27,200,000)</td>
</tr>
<tr>
<td><strong>LOAN CONDITION</strong></td>
<td>One Point Zero percent (1.0%) per annum, Repayment period: 30 years,</td>
</tr>
<tr>
<td></td>
<td>Grace period: 10 years</td>
</tr>
<tr>
<td><strong>STATUS</strong></td>
<td>collecting principal and interest</td>
</tr>
</tbody>
</table>

**Project photos**

NPL_1) Modi Khola Hydroelectric Project photos.
### Project Description

<table>
<thead>
<tr>
<th>BORROWER</th>
<th>THE GOVERNMENT OF THE REPUBLIC OF NEPAL (MINISTRY OF FINANCE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROJECT OBJECTIVE</td>
<td>To promote country's equal development through easing off electricity shortage problem of Nepal and development of backward north west region</td>
</tr>
<tr>
<td>EXECUTING AGENCY</td>
<td>Nepal Electricity Authority: NEA</td>
</tr>
<tr>
<td>LOAN AMOUNT</td>
<td>US $45,000,000 (Total cost: US $99,900,000)</td>
</tr>
<tr>
<td>LOAN CONDITION</td>
<td>Zero Point Five percent (0.5%) per annum</td>
</tr>
<tr>
<td>STATUS</td>
<td>Under Implementation</td>
</tr>
<tr>
<td></td>
<td>Project completion is being delayed due to delays in civil works</td>
</tr>
</tbody>
</table>

### Project Photos

1. [Project location image]
2. [Meeting image]
3. [Construction site image]
4. [Electricity distribution image]
Thank you

May, 2014