

KIND NEWSLETTER

3rd Quarter 2019

Autumn Edition | Edited by Programme Management Office | For enquiries and opinions: ym.seo@kindkorea.or.kr

G2G Cooperation - New way to develop projects brought by KIND to Korean investors

‘G2G’ used to sound alienating to private companies but no more: as KIND redefined the term as ‘new channel to develop projects’



KIND has two ways of project development: reviewing investment requests is ‘deal sourcing (from partners)’, while identification on new opportunities and recruit partners for them is ‘deal origination’.

The best example of deal origination activity must be with **Bangladesh**. Based on the MOU dated **April 1st** 2019, Bangladesh’s PPP Authority and KIND had the 1st Joint PPP Platform meeting on **July 18th**. Through this platform, Korean companies were able to submit 10 investment proposals to Bangladesh government, while PPP Authority was glad to suggest 14 potential projects to Korean investors.

G2G cooperation with **Indonesia** is also shifting to higher level. KIND entered into MOU with BKPM (Indonesian Investment Coordination Board) on **September 20th**, where both institutions agreed on information exchange, providing feasibility study, etc.



All these active G2G cooperation will bring new opportunities to Korean investors who actively seek them.

KIND at a glance

For those who're still unfamiliar...

- What KIND stands for: Korea overseas INfra-structure & urban Dev-elopment corporation
- Established under: Min-istry of Land, INfra-structure & Transport(MOLIT) Korea
- Relevant Law: Overseas Construction Promotion Act
- Status: SOE(State-owned Enterprise)
- Identity: DFI(Development Finance Institution), PPP Project Developer & Investor

An Infra-only fund? Think bigger: PIS - Plant, Infra & Smart city- Fund’s GP elected

The firm with the biggest AUM* in Korea – Samsung Asset Management was elected as GP of the new fund of funds

Asset Under Management

As PIS Fund is not only a new concept of ‘Fund of funds’ for alternative investments, but also one of the biggest of its kind in Korea, no wonder did it take long time to select the GP. After two tenders without selections, on **September 10th**, KIND finally selected the long-awaited General Partner for PIS Fund: Samsung Asset Management.

The team at KIND said that they tried hard to select a suitable GP with the criteria focusing on abilities to 1) effectively fundraise, and 2) manage the fund and sub-funds, which are backed by track records.

Starting with 600B₩ (about 500M\$) already raised by KIND, the GP will start working for raising another 900B₩ for sub-funds. All the best for the new endeavor of PIS Fund!



[Project Events] Poland plant and Myanmar new city projects saw significant development

No project is easy: After over four months of intense negotiation, on **September 19th** Poland PDH/PP plant sponsors – Azoty Group, Hyundai Engineering, and KIND signed on Letter of Commitment. Through this LOC, KIND's investment into the project was finalized to 57M\$: the biggest commitment per project since its foundation.

On another part of the world - in **Myanmar**, development is going on for the project of '**Dala New City**'. This project is meaningful in that KOICA funded its master plan, and subsequently, KIND is funding feasibility study for the 1st phase development, which symbolizes a blended financing structure of grant and private investments. On **September 25th**, a grand workshop was held in Yangon to discuss way forward, with participation of all stakeholders of Korea Land & Housing Corp, KIND, relevant municipality, Korean companies, etc.



[Financial Status] KIND was treated capital increase of 37.5M\$ (45B₩) by Korean government at the end of 3rd quarter

In the purpose of increasing investment capacity for the future, 45B₩ (about 37.5M\$) was added to KIND's capital by the control tower of government budget, the Ministry of Economy and Finance of Korea.

Most importantly, this capital increase means that as a new governmental institution, KIND's activities are in full acknowledgements and supports of the government of Korea. And it also means more investment capacity for both individual projects and funds, which will be helpful to client countries, investors, and partners. With the addition, **KIND's capital** makes 233B₩, which is around **195M\$**. The funding from the Ministry was done on **September 26th** 2019.

[External Events] KIND joined MoFA delegation to meet with US Department of State, OPIC, USAID and USTDA



On **July 11th**, KIND joined Korean Ministry of Foreign Affairs delegation to participate in the **U.S.-Korea Senior Economic Dialogue (SED)** working-level meeting. Led by Department of State, various US institutions were present including Overseas Private Investment Corporation (OPIC), Trade and Development Agency (USTDA) and US Agency for International Development (USAID).

Thanks to Korean MoFA's kind consideration, KIND was given the chance to introduce itself and express its sincere will to discuss cooperation with US institutions in the field of infrastructure and smart city in the markets of common interests. Especially USTDA showed strong interests to discuss cooperation for feasibility studies, while OPIC stepped a bit further: KIND and OPIC already started sharing project pipelines and discussing cooperation modality.

After this July working-level meeting, main event of SED is expected to be held in the soonest future. KIND is ready to contribute to the event, and also to move ahead for cooperation with US's development agencies that will be present.

[External Events] KIND plans to establish developer association for Northeast Asia including Far East region

KIND is actively engaging in Korean government’s various delegations. A grand delegation headed by the Honorable Deputy Prime Minister Mr. Hong Nam-ki made an official visit to **Russia**, and KIND joined in for discussion for cooperation with Russia Development Investment Fund (RDIF), and Far East Development Fund (FEDF) on **September 23th and 24th** 2019.

The idea to form a developer institutions’ association was kindly suggested by the Honorable Deputy Prime Minister of Korea to the Honorable Deputy Prime Minister of Russia. The suggestion was agreed in the official memorandum of meeting, and starting members will include KIND, RDIF, and FEDF.



[External Events] KIND presented and consulted on green growth financing at 6th Korea Green Innovation Days event



The fourth week of September 2019 was quite *green*, as it had Korea Green Innovation Days main and accompanying events. This already-famous event was hosted by the World Bank with the special themed funding from Korean Ministry of Economy & Finance, **KGGTF** (Korea Green Growth Trust Fund).

This year, KIND made its first appearance to the event: On **September 26th and 27th**, KIND ran a consultation table inside the room arranged for the Ministry of Land, Infrastructure & Transport, and also gave a presentation on ‘Leveraging financing models for green growth’.

Financing trends and models shown in the presentation drew attentions, so further queries continued at the consultation table.

Also before the main event, World Bank staff and officials from Turkey and Sri Lanka governments visited KIND on **September 24th**. This visit

also showed great potential for green growth projects where KIND and the World Bank can cooperate together.



[Internal Events] KIND kept on expanding network: Opened 4th overseas office in Kenya / Held 4th Roadshow in Colombia



In Nairobi Kenya, on **July 26th**



In Cartagena Colombia, on **August 28th**



Ministry of Land, Infrastructure and Transport has a foremost research arm called KRIHS: Korea Research Institute for Human Settlements. Among the variety of its publications, it is unfortunate that the monthly “Nation’s Land” (國土) is not published in any foreign language. The editing team gladly introduces an excerpt of KIND CEO’s interview that was featured in August 2019 issue.

‘KIND works as the Lead Developer of Team Korea for overseas PPP projects’

– Kyonggoo Hur, CEO of KIND

Interviewer: Please Introduce the background and objective of KIND’s foundation.

Mr. Hur: Latest data shows that Korea’s overseas contract amount has shrunk to the half of that in 2014. There are two key reasons: Firstly, EPC only projects got too competitive for Koreans to win, secondly, Korean contractors were not fully ready for the new blooming market of public-private partnership. Our government was decisive enough to establish KIND so that it helps Korean companies’ paradigm shift from EPC price competition to PPP projects.

Interviewer: How different is KIND from other institutions of K-EXIM or ICAK (Int’l Contractors Association of Korea)?

Mr. Hur: K-EXIM is an export credit agency focusing on lending solutions, while KIND focuses on equity investment - which involves bigger risk taking. ICAK is similar with KIND in that we both supports Korean contractors’ overseas business, however, the supporting means are entirely different. ICAK provides information and training, not direct support for projects. I am fully aware of the concerns on possibly duplicated functions, but now market distinguishes KIND from the existing for the various support package from identifying new opportunities to investment.

Interviewer: What is the ultimate goal that KIND pursues? And how can Korean companies get supports from KIND?

Mr. Hur: KIND is one of a kind among governmental institutions in that it works as co-developer and co-investor. Especially, KIND is targeting to work as ‘priming water’ for a water pump – by pouring resources in the early stage, the whole system can work subsequently. KIND understands the nature of private companies: difficult to invest under uncertainty no matter how small the investment is. That is why KIND emphasizes the early stage development cost bearing, including feasibility study supports. This can be connected with new fund facility called GIVF (Global Infra Venture Fund), which can also fund development costs.

During the middle of developing stage, KIND can provide financial advisory and arrange G2G negotiation if needed. Eventually, KIND can co-invest in equity, mezzanine or bond, whatever sponsors need help for.

Interviewer: Personally, what would you like to achieve within your tenure?

Mr. Hur: Our fellow countries are up for global war for hegemony in infra development. China’s One Belt One Road, Japan’s Quality Infrastructure policy, and the US’s IDFC launch are good examples. Financing solution is the key, so Korea comes up with new supports such as PIS Fund on top of KIND’s investment. Another key point is to train world class project developers. As the first CEO of KIND, I would like to be remembered as the person who nurtured strategic investors, and created the organization / human capitals / systems to make Korea as the world leader of overseas PPP projects.



Entire interview is found at ww.krihs.re.kr/publica/periodicalList.do?pub_kind=1 in Korean language



‘Stop talking in generality. Let’s focus on specific, actually operational solutions’

**- Eun Joo Allison Yi, KGGTF Program Manager
The World Bank**



It was a sunny Sunday afternoon. Rushed from the salon where she got her hair done, Ms. Eun Joo Yi showed up on Seoul’s hippest street, Garosugil. It was her choice for the interview venue, and it shows a part of her character: sensitive to trends, dynamic, and most importantly, embracing such dynamicity of Korea - One may wonder why it is such a big deal, but as a foreigner (she is a US citizen) it is a big deal. It must also be a must-have aptitude as the right person to run the World Bank’s green growth fund (Korea Green Growth Trust Fund) program along with so many World Bank staff globally.

Based in Washington D.C., she has been playing a pivotal role to increase awareness about Korea and its best practices among the World Bank staff and their development partner countries. Many admit that she is probably more passionate about the sharing green growth examples than any others inside the Bank. She is also well known for going to and being at the field, rather than receiving visits at her office. As the result of such proactive work, she is easily identified as the World Bank staff who is one of the most conversant with best cross-disciplinary practices that Korea has.

At the time of this interview, KGGTF team was just taking a huge sigh of relief after successfully hosting its 6th annual event, Korea Green Innovation Days. Being asked how she evaluates this year’s event, Eun Joo just reached to her phone and showed a message from the app: Yes, this 6th KGID adopted mobile app for the first time, and the message she showed had vivid appreciation for all the new lessons and innovations the participant learned. Such impressions and messages were shared in real time through a convenient way, mobile application. Truly, innovation was not just talked about but implemented.

The event was evolving, so should KGGTF program. Eun Joo emphasized the importance of embracing new themes, technologies and solutions. It is a reason KIND took a super session in day 1: To address growing attention on financing, a super session was essential, and Korean government’s new developer/investor institution KIND was perfect for it. In technology / business model wise, Eun Joo said her recent interests are on shared economy, urban mobility, etc.

Instead of talking in general, she said we have to focus on specific, and actually operational solutions. “If I’m to describe myself in a few words, that would be a problem-solver. To really solve a problem, the solution should be specific and tangible.” According to her, Korea has many outstanding models worth introducing to the world, but there is no Korean model that works for every case. “I don’t simply match among needs and solutions. What I do is introduce specific solutions, this allows us to eventually provide ‘variety’ of solutions to client countries so that our development partners create solutions that fit their needs and national contexts.”

KIND’s final question was asked. “What advices could you give to Korea?” Perhaps she had been asked this a lot, she was not resistant to answer the question. Her advice included the need for self-awareness and communications.

“You really need to assign budgets and resources to unpack and communicate what and how you did things.” According to her, even before mentioning about Koreans’ reserved attitude to promote what we did well, it seems we do not even know the fact that we are advanced, and good at what we do. She’s probably right. She doesn’t have to carry the burden of being the messenger of Korea’s best practices. We have to be self-aware of what our best practices are, and better stop being too reserved and start disseminate our solutions.

- The editing team would like to make it clear that the concept of this corner was borrowed from ‘Lunch with the FT’ of the Financial Times Weekend editions.

- Contents and opinions above are those of editor’s and interviewee’s, and do not represent official positions of their organizations.

Upper West

1st floor, Dosandaero15-gil 25,
Gangnam-gu, Seoul

Spaghetti Aglio Olio 14,000₩

Spaghetti Pomodoro 16,000₩

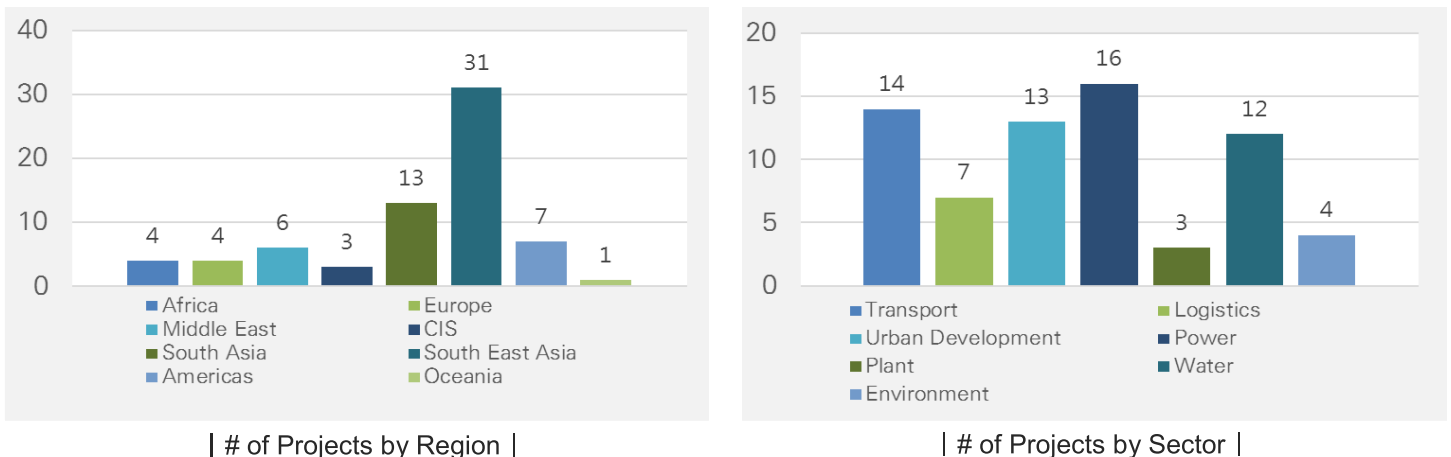
Chili & Chips 18,000₩

Iced Americano, Coke Zero
0₩ (came as lunch combo)

Total 48,000₩ (=40\$)

[Projects] Deal pipeline growing with more tangible projects

Total No. of Projects: 69 (as of End of Sep 2019)



Projects KIND committed investment for (as of End of Sep 2019)

Project	KIND Investment	Status
Kazakh Almaty Ring road PPP	\$15.0M	Discussion on financial closing
Chile Talca Solar Power	\$ 6.5M	COD started in Sep 2019
Poland Polimery Police PDH/PP plant	\$57.0M	Discussion on financial closing
Vietnam Starlake Urban development	\$10.0M	Finalizing shareholding structure
Plant tender - Middle East region	TBD	Bid to be submitted
Total	TBD	

The deal pipeline showed continuous growth in the number of projects, from 65 in the previous quarter to 71 in the 3rd. When it comes to investment commitments, KIND does not only invest into developed projects, but also into new opportunities with uncertainty, such as bidding in competitive tenders. To submit a bid in PPP projects, the sponsors have to be through with finalizing investment position and the financial model. That is why KIND held an investment review committee for a competitive PPP tender in the Middle East region.

[Feasibility Study] KIND finalized selection of 16 projects for 2019

Year 2019 was the first year that KIND takes over the feasibility study support program from MoLIT. After struggles to improve the program, and to increase the number of projects and the budgets for each project, KIND was able to finalize the year's supports to 16 projects in total. The full 16 project list is as below.

KIND will finish each project's completion by the end of the year, and will continue its best efforts to improve in 2020.

Country	Project	Country	Project
Mozambique	Maputo CCP	Bangladesh	Dhaka-Chattoogram Expressway
Indonesia	Medan LRT+MRT	Iraq	Karbala Solar Power
Vietnam	Hanoi Agro/Fishery Wholesale Market	Georgia	Tskhenistsqali Hydro Power
Kyrgyzstan	Bishkek University Hospital	Mongolia	Ulaanbaatar Airport Railway
Turkey	3-Storey Istanbul Tunnel	Bangladesh	400kV, 230kV Transmission Lines
Myanmar	Dala New City	Bangladesh	Upgrading Dhaka-Mymensingh Highway
Indonesia	Bekasi Proving Ground	Costa Rica	San Jose Railways
Vietnam	Dung Quat Urban Development	Indonesia	Rehabilitation of Landfill Site

[Feasibility Study]**Getting ready to support early enough for 2020**

KIND's feasibility study support will go on in 2020. With lessons learned from 2019, KIND realized the importance of starting the year early enough: Before the year actually starts.

Right after the briefing session planned as per the right column

(☞), applications for feasibility study for 1st half of 2020 will be accepted from early November 2019.

From 2020, budget for feasibility study support is expected to be increased, which means more firms can benefit from the program. KIND suggests that small/medium sized companies be present in the above event where KIND will prepare 1-on-1 meetings and Q&A sessions.

[Important Event Notice] KIND Feasibility Study Program Briefing Session / Business Consultation for SMEs

- Time : Last week of October 2019
- Place : 3rd Fl. Boardroom, Two IFC, Yeoido, Seoul
- Purpose : To bring more attention among more companies by briefing in details about feasibility study support program

Final schedule, program and venue will be announced on KIND's website

[G2G] Paving various ways for G2G cooperation with the US

Korea's Ministry of Foreign Affairs and Ministry of Economy & Finance have various programs with their US counterparts in the 4th quarter. For instance, MOU for project financing cooperation, roundtable discussions on energy and smart city development, senior-level economic discussions involving development finance institutions, and so on.

KIND is being invited in these various programs and will do the best to contribute to the bilateral relationship. Moreover, we will focus on materializing partnerships with fellow American institutions for co-development, as well as embracing their new initiatives if any.

[External Event] Participation in Africa Investment Forum

Africa Investment Forum is Africa Development Bank's biggest event and platform for investors and member country governments. With the initiative of the president Akinwumi Adesina, the AIF was held for the first time in 2018, and this year the 2nd forum will be held in Johannesburg, South Africa on **November 11th to 13th** 2019.

Mr. Kyonggoo Hur, the CEO of KIND was present to commemorate the historic first forum last year, and his vigorous activities including meetings with the management of development banks and DFIs spawned a fruitful result of entering into cooperative relationship with the TDB.

Although there is no fixed plan for this year's forum, KIND will soon decide its delegates to participate, together with fellow Korean investors / companies / and institutions.

[Internal Event] KIND with new talents will expand to 51st floor

KIND just finalized recruiting 20 new members. Big congratulations and welcome for the new employees! With new

Be Kind, for everyone you meet is fighting a hard battle.

From the movie "I, Daniel Blake" directed by Ken Loach

KIND is kind. We welcome all enquiries and consulting requests.

Contact us at ym.seo@kindkorea.or.kr / +82 2 6746 7366

faces, KIND needs bigger space for work, so the office at Three IFC will be expanded to 51st floor in the next quarter.

[Voices Outside] Hilmy Tanjung (Head of BKPM Seoul Office)

Indonesia: Moving Forward with KIND!!!

First and foremost, thanks to KIND to give me this opportunity. And big congratulations on the signing of BKPM and KIND's cooperation MOU!

I work at Indonesia Investment Promotion Center (IIPC) Seoul Office as the representative of Indonesia Investment Coordinating Board or BKPM. BKPM is a ministerial level institution which is responsible and reports directly to the President of the Republic of Indonesia. Mandated to boost domestic and foreign direct investment, Seoul office functions as a proactive advocate for investment as well as a business matchmaker for Korean investors.

Indonesia is proactively adapting to recent global economic changes. Soon after taking office in 2014, Indonesia has been aggressively building much-needed infrastructures across poorly connected archipelago to promote more equal and diverse economic development. Now through "Visi Indonesia" (Indonesian Vision) for 2019–2024, the government is committed to driving faster infrastructure development, improving the quality of human resources and more importantly making Indonesia more attractive to investors as investment is key to a sustained economic growth.

Therefore, our presence today is to reaffirm the commitment of Indonesia with South Korea to further deepen investment and trade cooperation. Indeed, South Korea's appetite for investment in our country is consistently strong: according to the Financial Times, in 2018 Korean companies put Indonesia as their third overseas investment destination with total capex of 11.3B\$ (41 projects) after Vietnam and China. These investments include Lotte Chemical's breaking ground on their 3.5B\$ petrochemical complex in Java Island, and Hyundai Motor's announcement to come back into Indonesia with 1.7-1.8B\$ investment.

More projects are coming up, including refinery expansion in Balikpapan, Kalimantan Island that was nominated to consortium of SK E&C and Hyundai Eng.. With the existing K-Exim and K-Sure's supports, Indonesia is very much hopeful for KIND to add its investment and supports for more projects. From our continuous discussions, and newly signed MOU, BKPM well understands KIND's roles. Let us do the best to realize our cooperation in the near future.



[Voices Inside] Young Soo Kim (E.V.P., Investment Management Division)

Dear readers of KIND quarterly newsletter,

It is my sincere pleasure to be featured in the Last Words page. After contemplating for some time on the content, I decided to write about KIND's new supporting scheme by investment and supervision of infrastructure funds. Within only a year, the new-born but ambitious KIND made the biggest investor in Korea to green field infrastructure funds, committing 270M\$ into GIFs (Global Infrastructure Funds), and the new PIS (Plant, Infrastructure and Smart city) fund.

GIFs have been in the market for somewhat years, but the PIS fund is very new to the market: in fact, KIND is the one who is introducing it. Being the supervisory institution designated by the Minister of Land, Infra and Transport, KIND is not only the investor to the fund, but also the fundraiser of it. With 500M\$ that was raised already from the public sector, 1.25B\$ will be mobilized by both public and private sectors, and that will soon equip KIND with the best expertise and track records of infra fundraising.

It is exciting that each sub-fund will be run with different target purpose, and those different purposes will even cover brown field investment in developed economies – these diversified investments will only complement KIND's investment gap if there will be any. As the result, companies that develop overseas investment projects will enjoy increased availability and diversity of financial support packages.

Thankfully, Korean government is showing the full support to KIND's activities as well. Ministry of Economy and Finance added 37.5M\$ into KIND's capital at the end of September as a part of the 4-year capital addition plan that is worth 225M\$ in total. The law also allows KIND to borrow investment proceeds from the market by issuing bonds. KIND will not take this supportive actions of our government as granted. We promise to be of really practical help for Korean companies' overseas investment project development.

