

Embargo:

Release Date: September 4, 2024

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KOREA AND ETHIOPIA ENHANCE ECONOMIC COOPERATION

- The first EDCF policy consultation with an African country was held as a follow-up to the June Korea-Africa Summit-

On September 3, the Ministry of Economy and Finance (MOEF) visited Addis Ababa, Ethiopia, to hold policy consultation on the Economic Development Cooperation Fund (EDCF)¹ with Ethiopia's Ministry of Finance, Ministry of Transport, and Ministry of Health and the Ethiopian Electric Power (EEP). Ethiopia ranks as Korea's third-largest EDCF partner country in Africa, following Egypt and Tanzania, in terms of cumulative support.

This policy consultation with Ethiopia was the first that has taken place since the end of 2018, due to the COVID-19 pandemic. The two countries discussed the direction of economic partnership, key areas of support, and potential economic cooperation projects as a follow-up to the summit held in June. They specifically selected key areas for partnership, such as energy, transportation, and healthcare –sectors of great interest to Ethiopia and areas of strength for Korea, while discussing potential projects that could be initiated starting next year. Moreover, as part of an effort to enhance the effectiveness of economic cooperation projects, both sides agreed to explore ways to collaborate with grant aid agencies on related projects with a view to further strengthen intergovernmental cooperation.

During the Korea-Africa Summit held in Korea this June, the two economies renewed the EDCF Framework Arrangement (F/A)², increasing the EDCF support for the Ethiopian government from \$300 million to \$1 billion for the period from 2024 to 2028. The two leaders agreed to develop customized EDCF projects that would contribute to Ethiopia's development.

MOEF plans to use this Korea-Ethiopia policy consultation as a starting point to sequentially conduct economic cooperation policy consultations with major African countries with an aim to support the development of African nations with significant growth potential, while actively assisting Korean companies in expanding their presence in Africa throughout this process.

¹ The EDCF is a fund provided by the South Korean government to developing countries on long-term, low-interest terms to support their economic and industrial development (concessional loans).

² The Framework Arrangement is an intergovernmental agreement that sets the scale and duration of EDCF support.