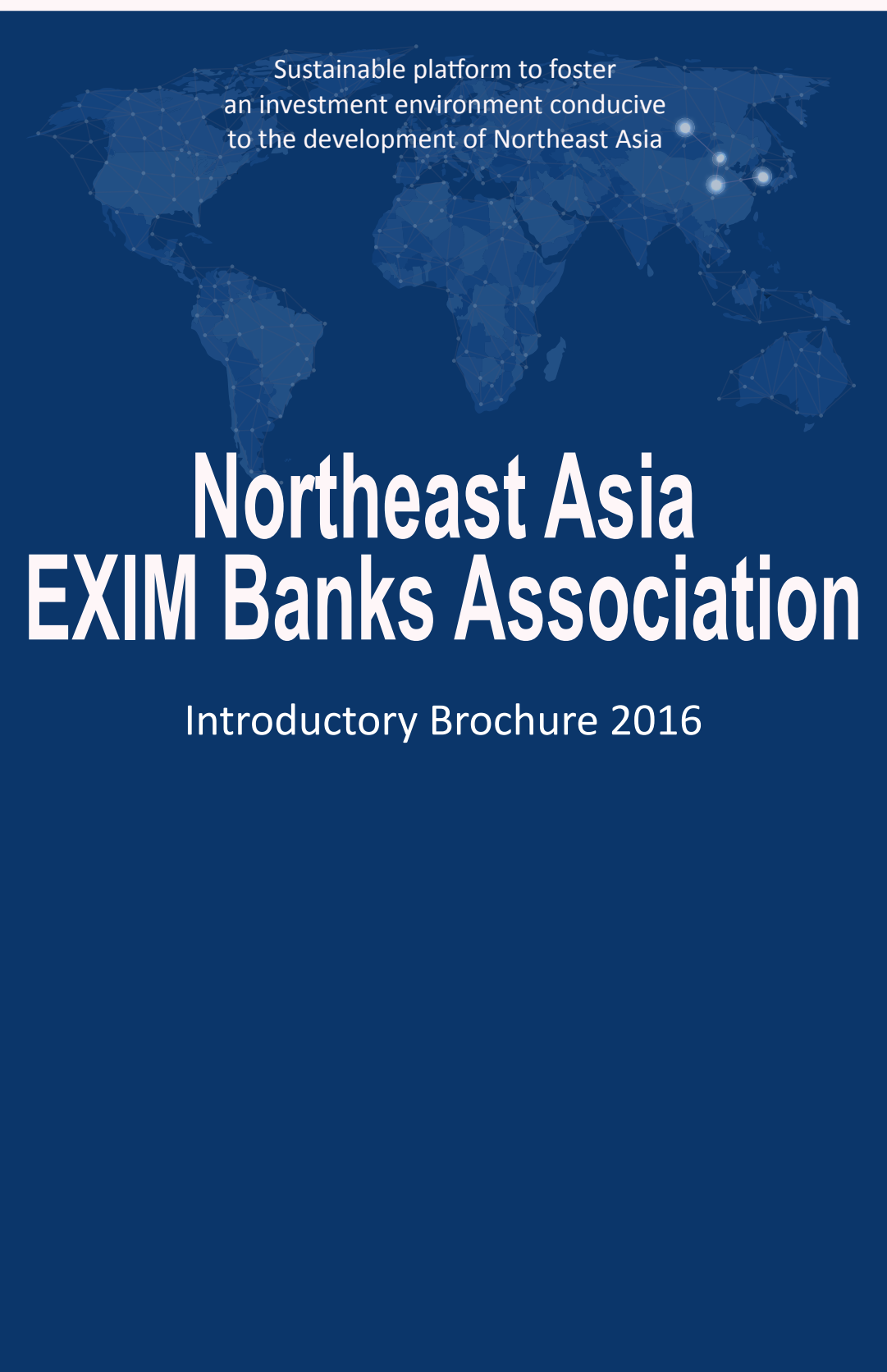




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Overview

Northeast Asia EXIM Banks Association and Greater Tumen Initiative

As a Northeast Asia's regional development financing mechanism, the Northeast Asia EXIM Banks Association (NEA EBA) was initiated by the Greater Tumen Initiative (GTI) to improve the access to public and private finance for regional development projects and promote intraregional trade. Consequently, it intends to strengthen regional integration and enhance the prospects for sustainable development of the region.

The Association was founded among the Export-Import Bank of China (China Eximbank), Development Bank of Mongolia (DBM), the Export-Import Bank of Korea (Korea Eximbank), and State Corporation "Bank for Development and Foreign Economic Affairs", Russian Federation (VEB).



Northeast Asia and GTI



Development Potential of Northeast Asia

Northeast Asia is the vast geographic ensemble that stretches from Mongolia in the West to the Pacific coasts of Russia and the Korean Peninsula in the East, and encompasses Northeast China. The Region possesses enormous potential for investment and job opportunities with its skilled, educated, and low-cost labor pool. Rich in gas, oil, and minerals, the region has easy access to affluent markets in the adjoining countries.

Greater Tumen Initiative

Recognizing the enormous potential of the region, the United Nations Development Programme (UNDP) initiated an inter-governmental cooperation mechanism called the Greater Tumen Initiative (GTI), originally known as the Tumen River Area Development Programme (TRADP). Currently, it has four member countries: People's Republic of China, Mongolia, Republic of Korea, and Russian Federation.

The member governments have been discussing the transition of the GTI to a legally independent entity to facilitate its functions.

Strategies

Our Mission

The NEA EBA shall constitute the sustainable and effective platform as a financial and economic cooperative mechanism among EXIM Banks in Northeast Asia to foster an investment environment conducive to the development of the region under the recognition of the increased necessity of developing a progressive partnership with the countries in the region and the international community.

Our Objectives

- Establish an inter-bank cooperative partnership closely associated with the GTI to provide relevant financial services for infrastructure projects and other projects supported by the GTI member governments
- Deepen financial cooperation among the Member Banks and with other financial institutions in the region, in response to regional development demands
- Help create a favorable investment climate by enabling sustainable economic and social development in the Northeast Asia region and promoting the integration of the regional development into the global economy

Milestones

September 2014

Conclusion of Framework Agreement and Inauguration of NEA EBA

(The 14th GTI Consultative Commission meeting in Janji, China)

The FA is designed to enhance financial cooperation among NEA EXIM Banks and with other financial institutions as well as to fund priority projects supported by GTI Member countries.

- Promoting bilateral / multilateral project identification in the region and co-financing
- Exchange of project information
- Managing GTI-EXIM Banks Project Cycle

* Before the Framework Agreement, China Eximbank, DBM and Korea Eximbank signed the MOU on the Establishment of the NEA EBA at the 13th GTI Consultative Commission Meeting in Vladivostok, Russia in 2012. VEB joined the Association later in August 2013.



November 2014

1st Working-Level Meeting (Vladivostok, Russia)

- Reviewed individual projects proposed by each Member Bank for the selection of Joint or Cooperation Project
- Discussed detailed operational strategies of the NEA EBA
- Co-financing Support Plan (VEB), Operational Mechanism (Korea Eximbank)



April 2015

2nd Working-Level Meeting (Seoul, Korea)

- Updated the current status and future plans of 11 projects
- Proposed concept note for Amendment to Framework Agreement (Korea Eximbank)
- Agreed on 2015 annual work plan



Milestones

July 2015

3rd Working-Level Meeting (Ulaanbaator, Mongolia)

- Updated the current status and future plans of 18 projects
- Settled on the main contents of Amendment to the Framework Agreement
- Selected two project proposals as Joint Projects
 - Construction of the Zarubino port
 - Establishment of International Tourism Zone



September 2015

The Site Visit to Zarubino Port

(During the 1st Eastern Economic Forum in Russia)

- Organized by Summa Group (Sponsor of the Construction of Zarubino Port Project) and VEB as one of follow-up activities agreed at the 3rd Working-Level Meeting
- Exchanged views on the development of Zarubino port and further elaborated on the follow-up action for the promotion of the project



October 2015

4th Working-Level Meeting (Ningbo, China)

- Updated the status and future plans of 11 projects
- Selected the 'Construction of Zarubino Port Project' as a priority project
- Reviewed the drafts of the following documents:
 - Amendment to the Framework Agreement
 - MOU for Cooperation for Financing the Zarubino Port Project



Organizational Structure



1. High-Level Meeting

- Approve major policies and annual work plans

2. Working-Level Meeting

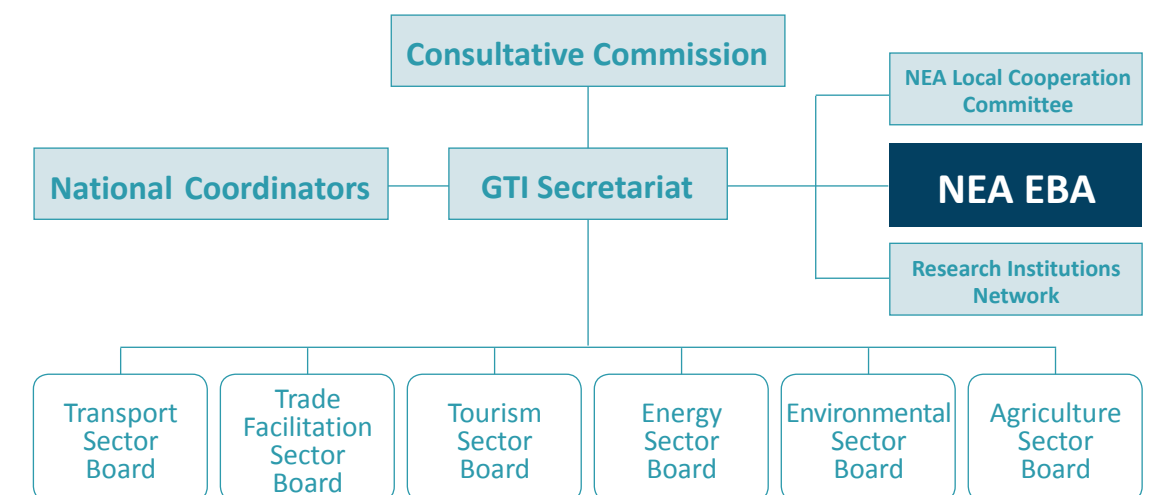
- Manage and update the progress of projects
- Review issues in the overall operation of the NEA EBA

3. Expert Group Meeting

- Conduct due diligence and discussions of financing options on a project basis

GTI Institutional Structure

As an affiliated platform of the GTI, the NEA EBA aims to support the GTI by improving the access to the development financing in the region.



Priority Sectors

The NEA EBA is linked to the cooperation framework of the GTI which sets out key sectors of development: **Transport, Trade & Investment Facilitation, Tourism, Energy, Environment, and Agriculture**. Member Banks are keenly interested in developing large-scale, cross-regional projects through their financial and economic cooperative mechanism. Successful growth of these sectors will lay the foundation for sustainable development of the region.



Improving transport infrastructure and connectivity



Building an attractive tourism destination



Promoting regional trade and investment



Enhancing energy policy coordination



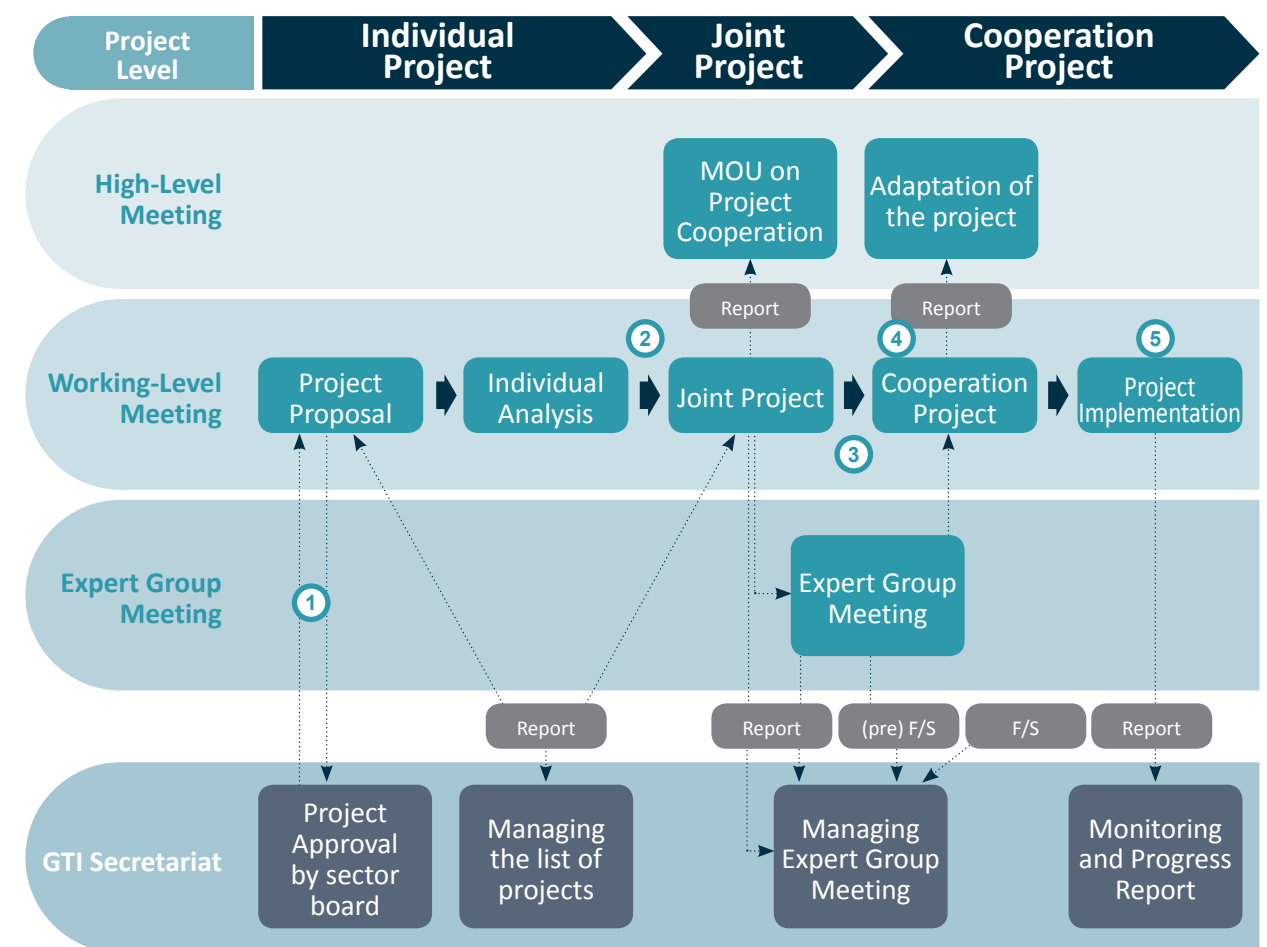
Strengthening environmental sustainability



Contributing to food production and safety

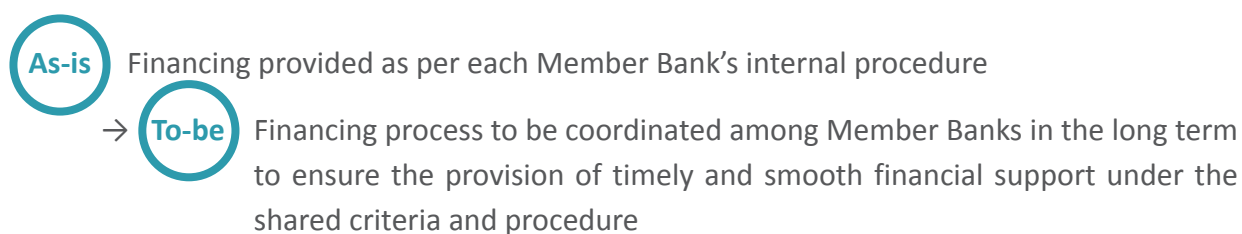
Project Cycle

- ① Project Proposals are submitted by GTI Secretariat or Member Banks after an approval from GTI Sector Board and consultation from GTI National Coordinator.
- ② After the Individual Analysis of each proposal, **Joint Projects** are selected if two or more Members express an interest, and they sign an MOU to demonstrate their willingness.
- ③ Working-level officials collaborate to find appropriate project sponsors or investors, and Expert Group may conduct initial Feasibility Studies, if necessary.
- ④ When two or more participating banks have decided to conduct detailed due diligence to provide co-financing, the project shall be adapted as the **Cooperation Project**.
- ⑤ Once the Project has been demonstrated to be profitable and justified for investment, it enters the stage of **Project Implementation**.



Challenges

Harmonization of Financing Process



Resources for Project Preparation

Resources for project preparation such as Feasibility Study (F/S) are crucial for the successful implementation of projects, considering that most of the projects discussed in the Association are at their early stage in project development.

Expansion of Member Banks and Co-financing with other DFIs and MDBs

- Accumulation of track records in terms of co-financing with other Development Finance Institutions (DFIs) and Multilateral Development Banks (MDBs)
- Expansion of membership to other Export Credit Agencies (ECAs) to more effectively mobilize resources and implement projects in the region
- Acting as a market facilitator to encourage the participation of commercial banks or potential investors by laying the groundwork for early-stage financing

Member Banks

The Export-Import Bank of China (China Eximbank)

Founded in 1994, the Export-Import Bank of China is a state bank solely owned by the Chinese government and under the direct leadership of the State Council. Its international credit ratings are the same as China's sovereign ratings.

The Bank implements the state policies in industry, foreign trade, diplomacy, economy, and provides policy financial support so as to promote the export of Chinese products and services. Also, it is a sole provider of Chinese government concessional loans for development assistance.

Development Bank of Mongolia (DBM)

Inaugurated in 2011 as the development policy bank to provide long-term financing for projects consistent with the Government Development Strategy, DBM is a wholly state-owned bank under the Development Bank of Mongolia Law.

The Bank is a key instrument for implementing the state policy for industrial and infrastructure development projects.

Its main objectives are to promote regional development and assist reduction of urban-rural disparities and to facilitate co-financing strategic projects with foreign and domestic investors.

The Export-Import Bank of Korea (Korea Eximbank)

Established in 1976, it is an official export credit agency (ECA) providing comprehensive export loan and guarantee programs to support Korean enterprises conducting business overseas. Its primary services include export financing, trade financing, and guarantee programs.

Furthermore, the Bank is responsible for the operation of two government-entrusted funds: the Economic Development Cooperation Fund (EDCF), a Korean Official Development Assistance (ODA) program, and the Inter-Korean Cooperation Fund (IKCF), an economic cooperation program to promote exchanges with North Korea.

Bank for Development and Foreign Economic Affairs (VEB)

First established in 1922, VEB supports and develops the Russian economy and manages Russian state debts and pension funds.

The Bank provides loans to top priority industries which are of strategic importance to Russia such as national infrastructure. VEB increases its leverage of those loans by attracting foreign direct investment via co-investment mechanisms through equity funds. It grants subordinated loans to Russian banks and runs the small-and-medium enterprise support program. Also, VEB is the first Russian ECA established to provide export credit finance, insurance and guarantees.