

FSC OUTLINES PLAN TO LAUNCH KRW4 TRILLION NEW DEAL FUND IN 2022

The FSC announced an overview of the 2021 New Deal fund management result and outlined its plan for 2022. In 2021, the New Deal fund was created in the amount of KRW5.6 trillion, which surpassed the government's initial goal of raising KRW4 trillion. About KRW500 billion from the fund has been invested in digital and green New Deal sectors with greater proportions of investments expected to follow in 2022-2025. In 2022, the authorities plan to operate New Deal funds based on the following four principles and measures as stated below.

(INCREASED PRIVATE SECTOR PARTICIPATION) In 2022, a New Deal fund worth KRW4 trillion will be newly launched with fiscal investments of about KRW1.4 trillion with some KRW2.6 trillion investments expected from the private sector. Apart from the current overseers—the Korea Development Bank and K-Growth Fund—another fund management company will be chosen from the private sector to operate and manage approximately 20 percent of the fund (approximately KRW800 billion) in 2022.

(REALIGNED POLICY PRIORITIES) The 2022 New Deal fund will be launched in a way that prioritizes investment in carbon net zero initiatives and local new deal sectors. Based on the latest K-taxonomy and other industrial trends in green and digital areas, investments will be directed toward key future-oriented sectors.

(PROMPT FUNDRAISING & INVESTMENT) The fundraising (fund sale) period will be reduced from eight months previously to seven months to help speed up the launch process. The relevant ministries and authorities will make investor information sessions available on a regular basis to continue to look for new investment opportunities.

(BETTER PERFORMANCE MANAGEMENT) The authorities will seek to have an independent performance review on the fund overseers by outside experts to help strengthen their performance management. The fund management companies will regularly make public their fund management status to ensure transparency and boost accountability.

The KDB and the K-Growth Fund will commence the selection process for choosing a private-sector fund management company in January with the goal of announcing the final selection within March. The government will continue to work on systematic analysis and management of New Deal funds in 2022 and maintain close communication with market participants.

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