

AUTHORITIES HOLD MEETING ON POLICY FINANCE TO DISCUSS OPERATION OF KRW5 TRILLION FUND FOR MMEs

- A KRW5 trillion fund in support for middle market enterprises (MMEs) will be set up for operation within this year.
 - Additional KRW3 trillion or more in funding support will be raised for the operation of innovative growth fund this year.
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The Financial Services Commission held the 6th consultative body meeting on policy finance with related government ministries and policy financial institutions on March 6.

FSC Vice Chairman Kim Soyoung presided over the meeting and delivered opening remarks where he emphasized the need for policy financial institutions to frontload the implementation of policy funds as much as possible in the first half of this year in line with the planned frontloading of fiscal spending by the government amid ongoing challenges in the economy.

At today's meeting, officials discussed the launching of a fund specifically designed to support middle market enterprises (MMEs). The MME investment fund will be created in the size of about KRW5 trillion with contribution from the banking sector, and it is expected to provide a significant boost to MMEs in their attempt to venture into new industries or expand their operations.

Second, officials discussed this year's plan for operating the innovative growth fund, which has been set up for operation since last year with aims to boost future growth engines and cultivate innovative venture businesses. For 2023-2027, the innovative growth fund aims to supply KRW15 trillion worth of policy funding support. Last year, despite challenges resulting from high interest rates, the total volume of funds raised at the end of the year surpassed the initial target of KRW3 trillion. For this year, officials decided to raise additional KRW3 trillion for the operation of the innovative growth fund, which will help to facilitate investment in climate related and artificial intelligence technologies.

Third, officials discussed ways to refine impact analysis to better examine the effectiveness of policy finance support provided to enterprises through a close input-output analysis performed by Korea Credit Information Services and Korea Institute of Finance. The result of their analysis will be utilized to improve efficiency in the allocation of policy funds support.

Lastly, officials shared ideas on the need to make long-term and consistent support available for climate finance. In this regard, a taskforce is expected to be launched at the FSC to more effectively deal with future finance challenges in close coordination with other related ministries.

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