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Ministry of SMEs and Startups Holds a Meeting with Venture Investment Industry

SEJONG – On Thursday, January 16, 2025, the Ministry of SMEs and Startups (MSS) held a meeting with the venture investment industry at Korea Venture Investment Corp. (KVIC) in Seocho-gu, Seoul, to discuss the investment direction of a Fund of Funds for 2025 and measures to enhance venture investment.

The meeting, chaired by Minister OH Youngju, was attended by a diverse group of participants, including Chairman YOON Gun soo of the Korea Venture Capital Association (KVCA), as well as representatives from both large and mid-sized venture capital firms and emerging venture capitalists. In addition, the Ulsan Center for Creative Economy & Innovation, which plays a key role in discovering, nurturing, and making early-stage investments in innovative startups in the region, was also present.

The first item on the agenda was a presentation by MSS on the “Investment Direction of a Fund of Funds for 2025.” In 2025, MSS plans to invest a total of KRW 1 trillion into a Fund of Funds to support the formation of venture funds amounting to KRW 1.9 trillion. MSS will prioritize the establishment of a “Global Fund” with over KRW 1 trillion, aimed at supporting domestic startups in attracting overseas investments. Starting from 2025, the investment areas will be diversified to include sectors such as AI, climate tech, and secondary investments, and will be specialized based on preferred investment sectors for each country.

Next, MSS announced that it would invest a record KRW 200 billion in the regional sector. This investment follows the “Venture Fund Creation Plan for Regions,” which was announced in November 2024. The plan aims to establish over KRW 1 trillion in a “Regional Venture Fund” over three years (2025-2027) in collaboration with a Fund of Funds, local governments,

regional banks, and local anchor companies.

In light of the recent contraction in early-stage investments, MSS will invest KRW 100 billion in the early-stage startups, representing a 25% increase compared to 2024. In addition, fund management companies that propose to incorporate early-stage investment obligations, even if they do not primarily focus on the early-stage sector, will be given preferential selection.

In addition, MSS plans to reform Fund of Funds investment projects to make them more market-friendly. To revitalize the secondary market, MSS will temporarily allow up to 20% of the investment to be focused on the acquisition of existing shares for two years (2025-2026). Furthermore, the management fee structure will be completely reformed to support venture capitals in making more daring investments.

Following the MSS explanation, there was a discussion on the investment direction of the Fund of Funds for 2025 and measures to enhance venture investment.

The venture capital representatives at the meeting called for the inclusion of new venture investment participants, such as retirement pension funds, support for revitalizing the secondary market, expansion of seed funding for bio investments, assistance in the globalization of domestic venture capitals, and support for the public accelerator role of the Center for Creative Economy & Innovation. These recommendations will undergo internal review and discussions with relevant ministries and will be actively incorporated into the Fund of Funds investment projects for 2025 and future policy implementation processes.

Minister OH Youngju stated, “Despite the challenging economic conditions marked by increasing domestic and external uncertainties and slow domestic recovery, investment in innovative startups, which are future growth engines, must continue unwaveringly.” She added, “MSS will announce the KRW 1 trillion Fund of Funds investment project in early January to swiftly inject funds into the venture investment market and will temporarily allow up to 20% of investments to focus on the acquisition of existing shares over the next two years, thereby facilitating a virtuous cycle of ‘investment → exit → reinvestment.’”