

Record-High Climate Response Fund Placed Under the MCEE, Strengthening Policy Momentum for Climate Crisis Response

- The Ministry of Climate, Energy and Environment to accelerate the transition to a decarbonized civilization by strengthening the linkage between policy and finance and promoting performance-oriented greenhouse gas reduction projects

The Ministry of Climate, Energy and Environment (MCEE, Minister Kim Sunghwan) announced that it plans to actively operate this year's (2026) Climate Response Fund, the largest ever, as a key driver for achieving carbon neutrality goals.

Since its establishment in 2022 to provide financial support for greenhouse gas reduction and responses to the climate crisis, the Climate Response Fund has continued to expand, with the scale of fund operations for 2026 reaching KRW 2.9057 trillion, the largest amount to date.

The MCEE took over the operation and management of the Climate Response Fund, previously overseen by the Ministry of Economy and Finance, effective January 2, and established a new Climate and Energy Finance Division dedicated to this task.

This transfer of responsibilities is part of the government reorganization announced in September last year (2025) and reflects the government's strong

commitment to strengthening the linkage between policy and finance to respond to the climate crisis and achieve carbon neutrality goals, as well as to enhancing the effectiveness of fiscal programs related to greenhouse gas reduction.

Accordingly, it is expected that a more coherent framework will be established, from policy formulation through fiscal management, as the MC EE, which oversees climate policy, will also take responsibility for the operation and management of the Climate Response Fund.

The newly established Climate and Energy Finance Division will be responsible for overall management of Climate Response Fund programs, including setting the medium- to long-term operational direction and annual operating plans for the fund, as well as running the performance management framework.

In particular, through project performance evaluations, the MCEE plans to go beyond simple budget allocation and concentrate fiscal investment on projects with verified greenhouse gas reduction effects, thereby enhancing the efficiency and accountability of fund management.

In addition, the MCEE plans to steadily strengthen the financial foundation of the Climate Response Fund by expanding the fund's own revenues following an increase in the proportion of auctioned emission allowances, while also exploring various financing options such as the issuance of sovereign green bonds, with the aim of expanding the fund's scale and ensuring its sustainability.

The funds secured in this manner will be used for initiatives such as core projects with high greenhouse gas reduction impacts, including support for corporate decarbonization transitions, and large-scale research and development (R&D) programs aimed at laying the groundwork for a structural shift toward a decarbonized civilization, thereby contributing to the achievement of the 2050 Nationally Determined Contribution (NDC) targets and the promotion of the "Korea Green Transformation (K-GX)."

Oh Il-young, Director General for Climate and Energy Policy Bureau at the MCEE, stated, “Through the transfer of responsibilities for the operation and management of the Climate Response Fund and the establishment of a dedicated division, a foundation has been laid to combine policy expertise with fiscal management capabilities.” He added, “By operating the fund in a performance-oriented manner, we will pursue effective climate policies that the public can tangibly feel, and steadily support the transition to a carbon-neutral society and green growth.”