Introduction

The Republic of Korea plans to join the OECD-DAC (Organization for Economic Cooperation and Development-Development Assistance Committee) in 2010 and be one of the donor countries after emerging as the 13th largest economy in the world. Because of this, the government agencies taking care of ODA projects are trying to enhance their capacity to meet the requirements set by the international community which includes the Millennium Development Goals (MDGs) and the Paris Declaration on Aid Effectiveness.

Korea’s efforts to join the OECD-DAC has caught the attention of civil society organizations (CSOs) since they believe that the DAC membership would lead to the improvement of Korean ODA by making it more transparent and effective. As the first step in DAC membership, the ODA agencies have jointly developed the Memorandum on Korean ODA and invited the Special Peer Review Team of the DAC. The draft memorandum written by the ODA agencies was distributed to CSOs just before the review and a consultation meeting was planned between CSOs and the Peer Review Team on 5 March 2008 to provide information regarding the reality of Korean ODA. The Review Team’s mission tour to Korea was conducted in March 2008.

General Overview

Korea’s experience in development cooperation began with its status as one of the recipient countries. Between 1945 and the late 1990s, Korea received a total of US$12.69 billion worth of ODA. It began its first donor activities as early as the late 1970s with the provision of invitational technical training. The government established the Economic Development Cooperation Fund (EDCF) in 1987, and the Korea International Cooperation Agency (KOICA) in 1991. Korea’s graduation from the World Bank lending list in 1995 signaled its full transition toward a donor country, and Korea’s annual volume of ODA to developing countries steadily expanded since 1987 totaling US$752 million in 2005. In 2005, the government decided to expand its ODA to 0.1 % of its GNI by 2009 and established the Comprehensive ODA Improvement Plan to facilitate more coherent and systematic policy-making and implementation of its ODA. The key elements of the Comprehensive Plan include the following:

- for result-based ODA implementation, adopt the principle of “focus and concentration;” establish a mid-term strategy for focus-countries and select a small number of assistance sectors in each country; and establish development assistance strategies based on Korea’s comparative advantage and the partner country’s priorities;
• appoint an agency/organization to oversee grant-aid and concessional loans, and establish a government-wide committee to enhance the collaboration and coordination of ODA policies across all government ministries;

• increase ODA to the level appropriate to Korea’s economic standing in the international community and find ways to ensure the predictability of the aid over the mid- and long-term by securing the necessary financial resources and effectively managing the budget; and

• increase the proportion of grant aid and ‘untied aid’ in Korea’s ODA and expand Korea’s assistance to the least-developed countries (LDCs) gradually over the mid and long-term period.

In January 2006, the Committee for International Development Cooperation (CIDC), chaired by the Prime Minister, was created with a mandate to deliberate the key policies and plans of Korea’s development assistance. The CIDC has deliberated and passed the Mid-term ODA Strategy, the Annual Operation Plan, Country Assistance Strategies (CAS) for focus countries (2008-2010), as well as roadmaps for the creation of an overall policy statement, for untying Korea’s aid and for the accession to the OECD-DAC. At the same time, the “Vision 2030” was drafted in August 2006, which is the very first long-term strategy for the next 20-30 years, designating the vision, goal, and strategy and core task in each sector that Korea seeks to realize by 2030. Among the 50 core tasks of the Vision were the measures to increase Korea’s ODA to a level commensurate with the size of the Korean economy and the nation’s status in the global society.

Organization and management of Korea’s development cooperation

The management system of Korea’s development cooperation broadly consists of policy-making institutions and implementing agencies/organizations. The Ministry of Foreign Affairs and Trade (MOFAT) and the Ministry of Finance and Economy (MOFE), in cooperation with the Ministry of Planning and Budget (MPB), establish the basic policies and strategies of Korea’s development cooperation, while the Korea International Cooperation Agency (KOICA) and the Korea Eximbank (Export-Import Bank of Korea), along with other government institutions, implement and administer Korea’s development aid programs.

Philosophy and objectives of Korea’s development cooperation

In its Mid-term ODA Strategy established in 2007, the Korean government set the elimination of poverty, attainment of economic development and the improvement of development capability as the core objectives of Korea’s development cooperation. In particular, the Korean government concentrated its efforts on expanding its ODA to Sub-Saharan African
countries since the Strategy’s first phase (2008-10) coincided with the mid-term checkpoint for the MDGs. With a long term view, the government is currently developing a policy statement that would set the overall guidelines of Korea’s development cooperation with the philosophy, objectives and concrete action plans and strategies to achieve such goals. The key elements of the policy were reported at the Third CIDC meeting in January 2008. The government intended to complete the Statement by the end of 2008.

### Legal Framework

1. **Korea International Cooperation Agency Act**
   The Act was enacted in 1991 to establish the Korea International Cooperation Agency (KOICA) with the task to implement Korea’s grant aid programs and promote international cooperation.

2. **Economic Development Cooperation Fund (EDCF) Act**
   It was enacted in 1986 to establish and manage the Economic Development
Cooperation Fund (EDCF) which was designed to promote industrial development and economic stability of developing countries and to strengthen Korea’s partnership with the partner countries by providing soft loans.

3. Overseas Emergency Relief Act
The Overseas Emergency Relief Act was enacted in 2007 to enhance Korea’s humanitarian efforts in emergency and disaster relief through the rapid, systematic, and effective implementation of various aid programs.

4. Enacting the ODA Act
In light of Korea’s increasing ODA and the corresponding need for greater aid effectiveness and policy coherence, the Korean government is currently in the process of enacting the ODA Act. The Act will provide an umbrella law that supervises and stipulates all ODA-related regulations, management systems, as well as the due processes of establishing main policy priorities and project plans. The introduced bill is currently in the process of review at the National Assembly.

Policies on development cooperation
Under the current framework, the Mid-term Strategy and the CAS provide the overall policy guideline, based on which annual operation plans and individual assistance programs are then devised and implemented. The Mid-term Strategy (2008-2010), approved by the CIDC in 2007, provides broad policy guidelines on financial resource allocation and assistance strategies by delivery channel, by sector, and by types of support. According to the Strategy, Korea’s concessional loans for the mid-term will focus on economic infrastructure, while grant aid will focus on social infrastructure, technical assistance, and training and education for human resource development. The government is also in the process of establishing basic policies for each of the major issues in Korea’s development cooperation, such as the untying of aid and evaluation guidelines.

1) Main policy goals and directions:
- setting up ODA as a national policy priority;
- pursuing more result-based and effective aid;
- transferring the development experience and know-how to partner countries;
- complying with international standards and strengthening partnership with the international community;
- promoting greater participation of civil society; and
- pursuing policy coherence for development at domestic level.

2) Distribution and strategy by region, income level and sector
In 2006, 60.5% of bilateral ODA was disbursed to Asia, 12.7% to Africa, and 8.3% to Europe. The majority of bilateral grant aid, 65.7%, was disbursed to Asia, and 10.1% to Africa. Loans, in terms of the
amount provided, went to Asia, 49.1%, Europe, 24.8%, and Africa, 18.5%. Africa is the second largest recipient region with increasing assistance since 2004. In particular the volume of bilateral aid to this region has substantially expanded from 8.4% in 2005 to 12.7% in 2006, and is estimated to exceed 20% of grant aid in 2008. By country, Iraq received the largest portion of Korea’s bilateral ODA at 15.2%, equivalent to 22% of bilateral grant aid, followed by Sri Lanka and Bangladesh. The percentage of bilateral ODA to the top 10 partner countries dropped from 74.6% in 2004 to 54.2% in 2006.

By income level, in 2006, 49.4% of bilateral aid was concentrated in low and middle-income countries (LMICs), 24.5% in the least developed countries (the LDCs), and 12.9% in other low income countries (LICs). Korea provided multilateral aid to countries and sectors with insufficient infrastructure for implementing projects/programs, while bilateral aid was mainly disbursed to LMICs and LICs which maintain relatively good attitudes and political stability.

By sector, in 2006, the government delivered its aid focusing on two sectors: 59.7% in social infrastructure and service, and 25.3% in economic infrastructure and service. In the social infrastructure and service sector, assistance to public administration and civil society takes up the largest portion (35%), followed by the assistance to education and human resources development (33.5%), and to water supply and sanitation (20%). As for the economic infrastructure and service sector, the assistance to transportation (58.2%) is the largest, followed by the assistance to communications (38%). In other sectors, humanitarian aid accounts for 3.6% and the support for NGOs 0.8%. Priority sectors were adopted in the Mid-Term ODA Strategy for the first time and these include human resources development, public health, governance, information and communication technology, rural development, industrial infrastructure and environment and global issues.

**Assistance and partnership strategy for NGOs**

The assistance to NGOs consists of direct assistance for NGO projects, the dispatch of volunteers through Korean NGOs, and programs to strengthen the capacity of NGOs. In 2007, assistance to NGOs reached US$5.56 million, with 34 NGOs covering 42 projects in 19 countries, and 192 NGO volunteers dispatched to 32 countries. Partnerships with NGOs were concentrated on Basic Human Needs (BHN) areas including famine, health, elementary education, water supply, and housing improvement, and support emergency relief and reconstruction in regions with natural disasters and damages due to conflicts.

**Aid effectiveness: Democratic ownership and human rights**

As a signatory to the Paris Declaration on Aid Effectiveness, Korea gradually emphasizes the principles and commitments of the Declaration in formulating its ODA policy.
to align its development strategies with those of partner countries, to harmonize its policies with those of other donor countries, and to adopt a result-based approach to management. The Korean government has begun to introduce various policy measures prior to the peer review for the DAC membership. Since 2006, for example, KOICA has formulated its midterm assistance strategies for grant aid through policy dialogue with partner countries. For the loans, the Korea Eximbank has devised country as well as regional assistance strategies and programs through consultation with partner countries, and also sought to keep pace with the changes in the development needs of partner countries by annually updating the list of its candidate projects for mid-term assistance.

However, Korea’s policy dialogues with its partner countries failed to secure the meaningful participation of the partner countries’ local peoples, especially the poor and the excluded. In a less democratic society, the poor and excluded could hardly participate in decision-making process, even though the decision would directly affect them. This general situation in developing countries with undemocratic systems was not reflected in the current policy frameworks and in practices of Korean ODA.

For example, the railway construction project in Manila (Philippines), which was the first case of Korean ODA that was deemed as “bad performance,” caught Korea’s public attention since it showed that Korean ODA agencies did not take the necessary democratic procedures in designing the project. The project was shelved because of opposition from people directly affected by the project. The people’s resistance was coupled with strong criticisms from Korean CSOs, raising concerns that the Korean ODA would follow the way of the Japanese ODA-funded Koto Panjang Dam in Indonesia which was under international criticism due to reported mass violation of human rights. While the Korean government has recently recognized good governance as a strategy for poverty reduction and has given consideration to address cross-cutting issues such as support for governance reforms in each sector, this was regarded by the civil society community as questionable because many of ODA cases seeking for governance reforms of partner countries were designed to address and support anti-terrorism measures and the neo-liberal globalization policy formulation tied to ODA projects.

Overall, the Korean government has been currently seeking to improve its ODA policy and practices prior to its entrance into the DAC in 2010, but its major efforts have been directed in emphasizing the effectiveness of ODA rather than the democratization of ODA or human rights based approaches to ODA.