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South Korea's Official Development Assistance Policies: A Descriptive Review

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SECCIÓN ARTÍCULOS

South Korea's Official Development Assistance Policies: A Descriptive Review

Abstract: Over the past decade, South Korea has positioned itself among the world's technological, industrial and cultural leaders. Its economic development model has been largely sponsored from a purely economic point of view by achieving a rapid industrialization of the country between the 1960s and 1980s. At that time, Official Development Assistance (ODA) became one of the financing instruments that promoted the country's economic and social infrastructure. Using this development experience, in 2010 South Korea joined the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD-DAC). Officially, its main purpose was to offer its development policy model to other countries. This model has been widely researched from academia especially until 2015. However, there are few reviews of the current status of these policies. Against this background, this article aims to develop a panoramic analysis of South Korea's ODA policies around the last decade and the particularities of these policies. To this end, the present research addresses a study of official budgets, programs, sectors and strategies through official reports of the South Korean government, and the OECD-DAC from 2012 to the present.

Key words: Official Development Assistance, economic development, policy, education, South Korea

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IDEAS CLAVE / HIGHLIGHTS / IDEES CLAU

1. Corea del Sur vivió un rápido crecimiento económico entre los sesenta y ochenta a través de políticas centradas en la industrialización del país, las exportaciones, el desarrollo rural y la mejora de la formación del capital humano.

2. El país basa sus políticas de AOD en su propia experiencia como receptores de Ayuda. Lo hace a través de programas que exportan casos de éxito y la concentración de los fondos en la promoción de la infraestructura social y económica.

3. Las principales políticas de AOD de Corea del Sur son de mejora de la infraestructura económica y social, educación y desarrollo rural.

4. Los desafíos de las políticas de AOD surcoreanas son: fragmentación de las estructuras que las gestionan, dificultades para integrar la transversalización del enfoque de Género en el Desarrollo y una aún baja asignación de fondos de AOD.

1. South Korea experienced rapid economic growth between the 60s and 80s through policies focused on the country's industrialization, exports, rural development and improvement of human capital formation.

2. The country develops its ODA policies on its own experience as an aid receiver. It does so through programs that export success stories and the concentration of funds on the promotion of social and economic infrastructure.

3. South Korea's main ODA policies are economic and social infrastructure improvement, education and rural development.

4. The challenges of South Korean ODA policies are: fragmentation of the structures that manage them, difficulties in integrating gender mainstreaming in development and a still low allocation of ODA funds.

1. Corea del Sud va viure un ràpid creixement econòmic entre els seixanta i vuitanta a través de polítiques centrades en la industrialització del país, les exportacions, el desenvolupament rural i la millora de la formació del capital humà.

2. El país basa les seues polítiques d'AOD en la seua pròpia experiència com a receptors d'Ajuda. Ho fa a través de programes que exporten casos d'èxit i la concentració dels fons en la promoció de la infraestructura social i econòmica.

3. Les principals polítiques d'AOD de Corea del Sud són de millora de la infraestructura econòmica i social, educació i desenvolupament rural.

4. Els desafiaments de les polítiques d'AOD sud-coreanes són: fragmentació de les estructures que les gestionen, dificultats per a integrar la transversalització de l'enfocament de Gènere en el Desenvolupament i una encara baixa assignació de fons d'AOD.

EXTENDED ABSTRACT¹

Introduction and rationale

Nowadays, South Korea is a country that enjoys great international recognition as a leader in quality technology industry, education and audiovisual production, giving it an advanced geopolitical position in its status as a middle power. Its position as a middle power is the result of a solid soft power policy in which Official Development Assistance (hereinafter, ODA) is one of its main strategic elements (S. W. Lee, 2011). ODA has provided South Korea with beneficial diplomatic and economic relations in the regions with where it cooperates. Moreover, its past as a recipient of ODA in the mid-20th century is considered a success story globally as one of the first countries that being a recipient for decades is now a major donor.

Major researchers on the subject share that it is this experience as a recipient country that lies at the core of the South Korean government's strategy (Choi, 2011; B. G. Chung, 2013; E. M. Kim & Oh, 2012; Lim, 2015; Lumsdaine & Schopf, 2007; MOFAT, 2010). The inflow of large funds from the United States and Japan was one of the elements that made possible the rapid industrial development that occurred between the 1960s and 1980s. The funds, mostly in the form of loans, coupled with very specific economic and rural development policies and precarious social conditions, led to a rapid change in the Korean economic structure. In just thirty years, Korea went from a primarily agricultural country to a manufacturing, industrial and technological power. In the late 1990s, when the amount received was already low, it participated by donating part of government spending to development funds, mainly in Asia. In 2010, after an effort to harmonize its strategy with the rules of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD-DAC), it became a member of this important group of donors.

After more than 10 years in the Development Assistance Committee, it is worth asking whether there are still particularities that make South Korea's ODA strategy a model in its own right. Based on this research question, this article provides an overview of South Korea's ODA policies through official reports of the South Korean government as well as review reports by the OECD-DAC itself. As part of the research, a review of its past as an aid recipient and its economic development policies is undertaken to discuss the influence of these policies within its current model. The core of the paper comprises a holistic analysis of South Korean ODA policies. This involves a description of ODA strategies and disbursements by sectors, geographic areas and programs over the past decades, as well as ODA support platforms and a gendered analysis of the KOICA agency.

Methodology and sources

The object of study of this article is the Official Development Assistance policies of the South Korean government. This implies, according to the South Korean government's own definition and that of scholars in the field, studying the system, structure, programs and budgets of Official Development Assistance. In order to study its unique characteristics, a comprehensive review of the literature on the subject from the fields of applied economics, development studies and Korean studies is undertaken. Our

¹ Traducción exclusiva de los autores/ Authors' exclusive translation.

theoretical perspective is linked to the theory of the human development approach, the Human Rights Based Approach (HRBA) and the Gender in Development (GAD) approach.

First, a literature review is conducted on the strategy followed until South Korea's entry as a member of the OECD-DAC and its economic and industrial development model, followed by an analysis of its current strategy. Of particular relevance is the research carried out in the last decade that addresses a descriptive analysis of the South Korean government's current strategy in terms of ODA.

Results

The South Korean ODA White Paper details the four pillars of the South Korean ODA architecture. They are the "Framework Act for International Development" as the legislative body, the Committee for International Development Cooperation as the highest governing and coordinating body, the grant implementation agency KOICA overseen by the Ministry of Foreign Affairs (MOFA), and, the development loan bank Korea Eximbank overseen by the Ministry of Economy and Finance (MOEF) (GOK, 2017).

At the strategic level, we highlight the "KOICA Medium-Term Sector Strategy (2021-2025)" which regulates the use and destination of ODA and provides the basis for decision-making with a focus on achieving the Sustainable Development Goals (SDGs). Of these, the sectors of "education", "governance", "agriculture and development" and "ICT" receive the most attention. At the sectoral level, Korea Eximbank focuses on those sectors where the country is most competitive, concentrating a large majority of programs with ICT (Information and Communication Technologies) at the core and supporting KOICA projects that require this sector. The priority sectors defined by the Fund are: "Transportation", "Water and sanitation", "Energy", "Health" and "ICT". It is also found that the cross-cutting sector "gender equality" has shortcomings for its integration into projects. A lack of resources, training and tools for the evaluation of this type of projects is detected.

At the program level, the Public-Private Partnership programs, the World Friends Korea volunteer program and the CIAT training scholarships for officials from recipient countries have been found to be of particular interest.

Regarding the net disbursement of South Korean Official Development Assistance has had an increasing trend since 2012 and stood at \$2.25 billion in 2020 (OECD DAC statistic, n.d.); although as a percentage of GDP, it has remained at around 14%. A high ratio of loans to grants has been found when compared to the rest of the DAC members. Korea's loan-to-grant ratio is very explanatory of its international development policies, as loans are used to finance large social and economic infrastructure projects.

At the regional level, South Korea has maintained a high budget allocation to Asia since its beginnings and, as a novelty, it is paying more attention to Latin America and Africa. Through this analysis by region, we find a clear interest of South Korea in countries with medium-low economic development to allocate ODA to increase the country's social and economic infrastructure.

Finally, we highlight the role of ODA platforms, i.e. institutions and companies that support financially and/or with human resources. We find the "Korea Development Institute (KDI)", the "Global Green Growth Institute (GGGI)", the "Knowledge Sharing

Program (KSP)", University Cooperation, chaebol and private enterprise, Foreign Direct Investment, and, NGOs and civil societies.

Discussion, conclusions and future directions

The analysis shows that one of the bases of South Korean ODA policy is the promotion of economic growth as a basis for the development of the recipient country. It has been detailed how they export their experience as an ODA recipient country in their development programs and sectors. In fact, there is a high focus on economic and social infrastructure, education and rural development projects, reflecting the policies implemented in South Korea between the 1960s and 1980s.

Over the ten years since South Korea's entry into the Development Assistance Committee, it has consolidated its ODA strategy and system. The strong government commitment to ODA can be seen in the increase in public spending on these policies, but the ratio to national GDP is still low. This is supplemented, to a certain extent, by Public-Private Partnerships that increase effective aid, i.e., they increase the ODA budget without being public spending. The relationship between the public and private sectors in Korea, which is more common than in other countries, often allows other institutions and companies to be involved in international cooperation, thus making resources available to the recipient countries.

The greater focus on loans over grants remains a constant in the type of aid disbursed by South Korea. This reflects the significant weight of Korea Eximbank in the South Korean ODA system, which mainly finances large infrastructure projects through loans. While this indebts the recipient countries, the South Korean policy is to replicate the recipe that served in the Korean developmentalism of the 1960s and 1980s.

The findings of this research are considered to provide insight into South Korea's influence on its international diplomatical positioning, especially in its role with regard to the Global South, where Asia occupies a central role.

It is considered of relevance that future research should study the medium-long term, quantitative and qualitative impact of ODA policies. The case of Korea will be particularly relevant in this regard because it has a participatory model between the private and public sectors and because of its experience as a recipient that could influence the process of implementing development policies. Finally, it is considered of interest to conduct research on the flows and types of ODA from the South Korean government to the North Korean government and how this influences relations between the two countries.

CONTRIBUCIÓN POR AUTORES

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