

# Towards Strategic ODA: Policy Recommendations for Improving Korea's ODA System

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## I. Introduction

In recent times, the term "strategic ODA" has been frequently used in the international development cooperation policies of Korea. For instance, the Strategic Plan for Official Development Assistance under the Yoon Administration (2022) has identified the promotion of strategic ODA as a top priority. However, the policy document does not define what strategic ODA means.

This brief explores the concept of strategic ODA as used in Korea's international development cooperation policy documents. We will also investigate experts' opinions in international development cooperation in Korea regarding strategic ODA, and their recommendations on how Korea can improve its international development cooperation to promote strategic ODA. The brief will conclude with policy recommendations.

## II. Strategic ODA in Policy Documents

The current administration's Strategic Plan has identified strategic ODA as one of its top priorities, alongside three other tasks: packaging, scaling, and branding Korea's ODA, creating a virtuous cycle ODA ecosystem, and advancing the institutions and delivery system for ODA. To promote strategic ODA, the government aims to expand the scale of ODA to match Korea's status as one of the world's top 10 economies, establish the country as an advanced donor leading global values, and strengthen linkages with foreign policy. The document can be seen as reconfirming the importance of various policy issues and systems that have been in place for some time, indicating the government's determination to achieve results.

The concept of strategic ODA was first set

forth in the Strategic Plan for International Development Cooperation, which is a mid-term strategy for Korea's international development cooperation. The 3rd Strategic Plan covering the period 2021-2025 pointed out that Korea's ODA was not strategic in its evaluation of the previous Framework Plan. It also noted that the lack of a comprehensive strategy and planning function, the absence of linkage between the strategy and individual projects, and the lack of coherence between detailed policies needed improvement. The Plan highlighted the expanding role of ODA in economic cooperation, diplomacy, trade, security, and climate change response, and thus the need to develop coordination efforts between ODA and non-ODA policies and related sectors for strategic utilization of ODA. The document also suggests that strategic ODA should consider the interests of both the Korean people and the developing countries that receive ODA. The Strategic Plan, which is still in effect today, aims to realize global values and mutually beneficial national interests through cooperation and solidarity.

Meanwhile, the most recent document to use strategic ODA language is the 2024 Annual Implementation Plan for International Development Cooperation. The document analyzes external conditions and concludes that developed countries are using ODA to strengthen their influence, particularly in the Indo-Pacific region, in response to the reshaping of the international order. The plan sets 2024 as the year when Korea will leap forward to become an advanced ODA donor country and provides

a direction to expand contributions to global value, enhance coherence with foreign policy, and realize win-win mutual interests through strategic ODA. While realizing national interests was the essential vision of international development cooperation in the previous policy document (the 3<sup>rd</sup> Strategic Plan), strategic ODA is now recognized as a means of realizing those win-win national interests, foregrounding the need for ODA to be more strategic in nature.

### III. Views on Strategic ODA

The basis of this brief is original research conducted at KIEP that involved a survey of international development cooperation practitioners from academia, government, the public sector, and the private sector. The survey aimed to understand their perceptions of strategic ODA and the challenges associated with improving its delivery.

We reviewed business, public administration, and political science literature to define strategy and presented the results. Then, we asked which discipline's definition is more appropriate to follow when defining the concept of strategic ODA.

When asked to define strategic ODA, the public administration perspective was more inclined to agree with the definition of strategic ODA – which involves setting goals, creating a plan of action to achieve those goals, and allocating resources accordingly. The perspectives of business administration (differen

tiation and comparative advantage) and political science (pursuit of national interests and the means necessary to achieve them) were less likely to agree. Some opinions were also expressed that strategic ODA needs to be aligned with national foreign policy, that the specific content of strategic ODA needs to be developed, and that the concept of strategic ODA may change over time.

**M**ost respondents believed planning is the most critical step in ODA planning, implementation, and performance management. Specifics related to planning include the necessity for a strategic ODA planning body, coordination among leading ministries and implementing organizations, alignment with foreign policy, establishing measurable targets and indicators, and collaboration with the private sector. Some respondents also suggested that strategic ODA planning should consider using non-ODA instruments and that international development cooperation experts should be involved in decision-making at the highest levels of national foreign policy.

**E**xperts agreed that strategic ODA implementation requires improvements in the following areas: ownership, organizational structure to achieve goals, and alignment of targets and budgets. Leadership and coordination at the highest levels of decision-making were also pointed out as necessary factors.

**F**or strategic ODA performance management to be effective, experts agreed that it is necessary to improve performance management

plans, periodically monitor implementation, disclose information, and conduct public outreach. Some also suggested that post-implementation sustainability should be included as an indicator in the performance management plan. Additionally, it was recommended that ODA performance be shared and made public to recipient countries for accountability purposes.

## IV. Policy Recommendations

**I**n addition to defining the concept of strategic ODA and surveying experts as described above, the original study reviewed Korea's and major donor countries' international development cooperation systems and made policy recommendations.

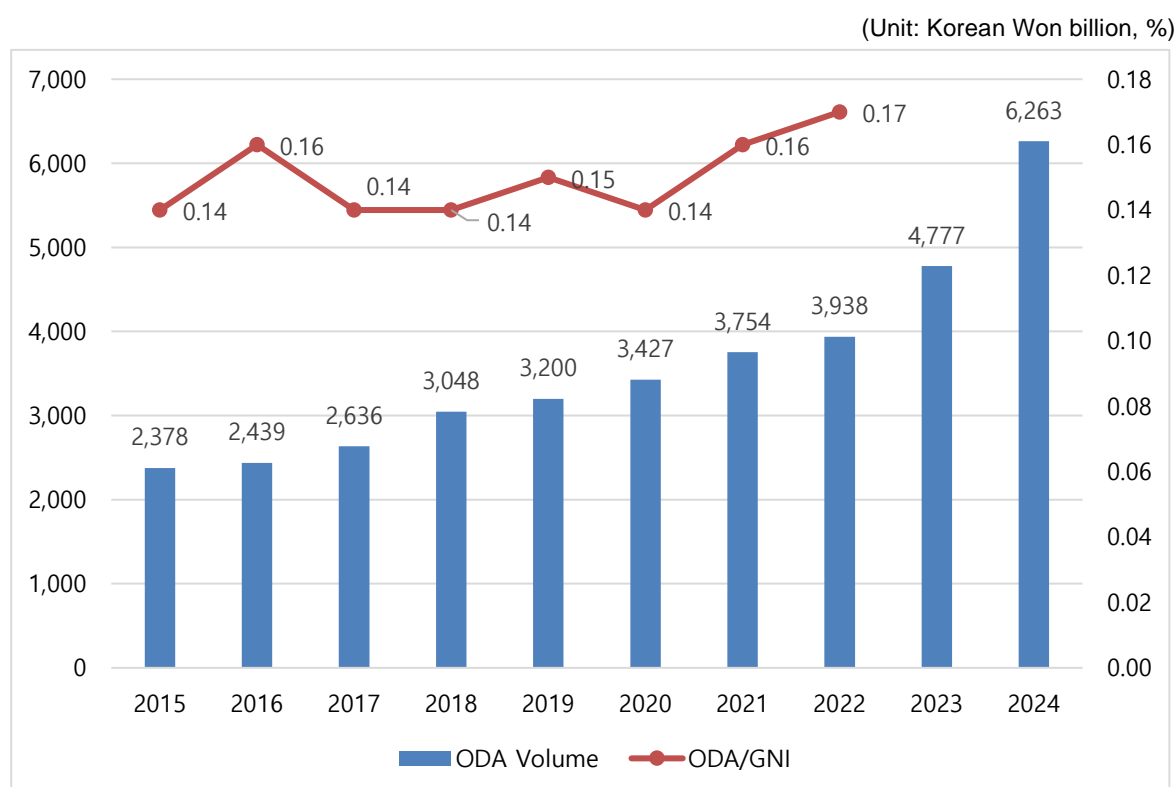
**F**irst, in order to effectively plan and implement strategic ODA that aligns with the country's foreign policy framework, it is essential to strengthen the function of the Committee for International Development Cooperation (CIDC). In the medium to long term, it will be necessary to establish a single institution with policy planning capabilities from the perspective of foreign policy, also integrating the system of multiple ODA implementing agencies unique to Korea. However, during the transitional period, it will be crucial to assign strategic ODA planning functions to the CIDC and enhance its expertise.

**S**econd, it is essential to develop a budget plan that aligns with the goals of strategic ODA and allocate a separate budget for it. This budget

will help achieve performance objectives and implement planned ODA projects. Korea's ODA budget processes are annual and project-based, which may not be suitable for activities abroad, as more of a focus should be placed on medium to long-term outcomes than immediate output. As the number of ODA projects and budgets grows, it will be necessary to introduce a medium-term budget plan of four to five years for core programs of strategic ODA.

This will provide flexibility in budget utilization while linking it to the outcomes. Denmark's case is a good example: the country has established a four-year budget plan for climate change. This medium-term budget is reviewed and updated annually to allow for modifications as needed, including creating new strategies. The budget plan, which includes budget allocations by country and major program areas, is published on the government's website to ensure transparency.

Figure 1. Korea's ODA Volume and ODA/GNI



Source: Government of Korea (2024).

Third, a performance management system for strategic ODA should be put in place to judge the performance of the strategy, making it possible to monitor and evaluate the achievement

of strategic ODA goals with measurable indicators, while linking the performance of individual projects to the performance of strategic ODA as a whole. The goals of strategic ODA

should be managed and operated in conjunction with the performance targets of detailed programs and individual projects. Key performance indicators (KPIs) should be set for measuring the performance of each significant strategic goal, and a system for periodic measurement should be introduced. The importance of performance management at the strategy level is emphasized in the OECD Policy Co-

herence for Sustainable Development principles. The United States, which was reviewed in the original study, operates upon a results-based management approach. Its efforts to maximize performance by linking all processes of ODA activities, from policy formulation to budget allocation, project management, and evidence-based learning, can be seen as an example that Korea should consider when promoting strategic ODA. [KIEP](#)