

Analysis on Africa's Development Needs and Korea's Sectorial Plan for ODA

ISSN 2233-9140

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1. Background

The total amount of the official development assistance (ODA) that Korea has made to Africa, including grants and loans, exceeded USD 450 million as of 2010. Despite the impressive growth in the quantity of ODA funding, not much detailed analysis has been done on the quality of Korea's ODA projects in Africa. The quality of Korea's ODA for Africa can be enhanced once we identify which areas or sectors of development cooperation Korea should focus on in providing such assistance.

In recognition of this growing need, this study identifies the four core areas of development cooperation between South Korea and Africa in light of Africa's needs and Korea's capacity to provide. It also makes a series of proposals on how to increase and execute ODA for each area.

2. Agriculture and Rural Development

In agriculture, Korea should focus primarily on enhancing the technical cooperation

and capability development in Africa given the state of agricultural development on the continent and Korea's assistance capacity. We must heed the historical lesson that agricultural advancement in Africa will simply not happen through material aid alone. Rather, it requires "software" components of support for the development of the Africans' own capabilities, which is just as important. Another important agricultural issue that warrants attention is the food processing technology. Most countries in Africa presently lack adequate processing facilities and are thus compelled to export raw crops, relying heavily on imports for highly processed food products with a higher added value. It is thus necessary to support and foster the growth of an agricultural processing industry in Africa, by providing help in developing requisite training centers and processing industry clusters. This will lead to more jobs and higher incomes for Africans and an increasing volume of exports from the continent.

Increasing support for the expansion of agricultural infrastructure, including micro-irrigation facilities, should also be considered. The vast majority of farms in Africa still rely solely on natural rainfall for irrigation and thus are extremely vulnerable to droughts.

In order to ensure the stability of agricultural production, it is of paramount importance to develop facilities and systems of reliable water supplies. Otherwise, attempts to introduce enhanced varieties or new agricultural techniques would end in vain. Given the present conditions of agriculture in Africa and the limited development assistance that Korea can provide, Korea should concentrate on supporting the expansion of micro-irrigation facilities that can be achieved at a relatively smaller cost.

This approach will require Korea, first and foremost, to make a precise and scientific assessment of the farming conditions in Africa. The status of irrigation varies greatly in Africa from country to country or region to region. Some regions boast of their rich reservoirs of water resources, such as lakes and rivers, and can easily benefit from the installation of irrigation facilities. Others, however, lack the requisite natural conditions to make the expansion of irrigation systems effective or feasible.

Another important factor accountable for the chronic shortages of food supplies in Africa involves postharvest losses (PHLs). The lack of facilities to store harvested crops forces African farmers to sell their crops at very low prices immediately after harvesting, and to purchase food supplies at much higher prices during hard times. In addition, because much of the crops in Africa are harvested when their water content reaches 20–30%, they are especially susceptible to vermin, which is prevalent amid heavy rainfalls during the harvest season. In order to minimize these postharvest losses, it is crucial to provide a greater number of storage facilities for African farmers.

3. Environment

Korea can also benefit Africa by directing its ODA toward enhancing the continent's capability for environmental management through environmental policy control. Most African states not only lack the adequate capability for environmental management, but are also far less aware of the critical nature of environmental problems than countries in the developed world. Korea may provide not only material support but also "software" forms of support, such as consulting on policy, systems, and organizations; in addition to the transfer

of technology. The Korea International Cooperation Agency (KOICA) and the ministry of environment now provide a human resources development program that invites officials

and participants from developing countries to Korea to learn about Korea's experience with environmental policy and technology.

Table 1. Causes of East Africa's PHL (in percent to total losses).

CAUSES OF LOSSES	KENYA			UGANDA		TANZANIA	
	SMALL	MEDIUM	LARGE	SMALL	MEDIUM	SMALL	LARGE
Losses due to transporting on poor roads	0	5		11	6	13	
Lack of storage	6	0		18	13	13	13
Pest infestation	17	18	37	25	32	40	50
Poor quality of storage facilities	28	14		20	16	23	25
Impact of weather	33	58	50	29	28	10	13
Spillage	17	5	13	4	6		
Total	100	100	100	100	100	100	100

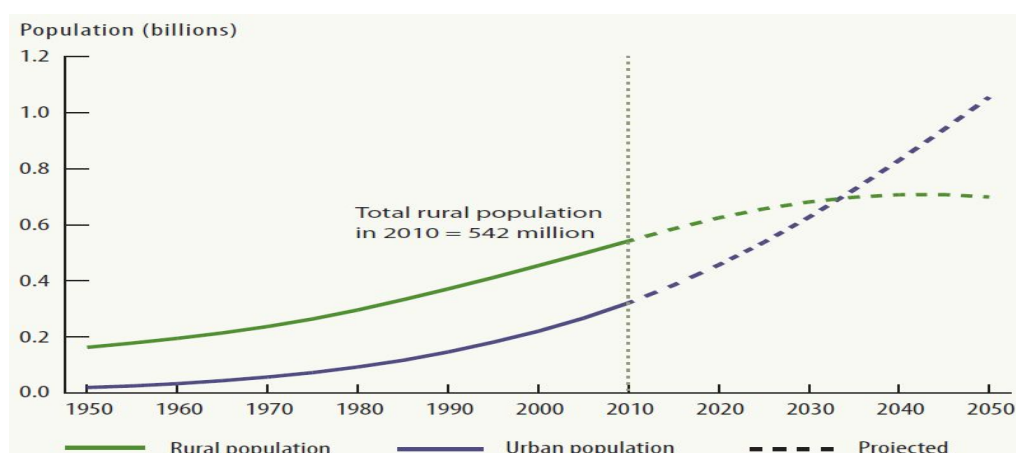
Source: World Bank. 2011. Missing Food: The Case of Postharvest Grain Losses in Sub-Saharan Africa. p. 9.

It is thus important to recognize the comprehensive nature of impacts that environmental problems can have on poverty, and expand the range and scope of assistance accordingly. At the same time, it is equally important to provide aid for the development of potable water supplies by digging more wells and installing more water systems. Being deprived of these facilities, Africans are forced to drink polluted water, which leaves them more vulnerable to various waterborne diseases. Koreans have so far actively supported digging of communal wells, developing of master plans for water resources development, and implementing of systems for monitoring water quality. These projects have yielded significant results. Korea now needs to take the success of these projects to the next level and expand the range of assistance to include the development of water systems and other such facilities. As a majority of Africans have difficulty finding clean sources of potable water near their neighborhoods, it is urgent to

develop water systems that can bring clean water from faraway locations into their communities and workplaces.

The accelerated pace of the population influx into urban and surrounding areas has led to the formation of mass slums. It is impossible to provide residents of these slums with reliable supplies of water without expanding the existing network of water systems and without expanding systems for treating wastewater and garbage. The rapid pace of urbanization in Africa has led to frequent flooding of populated areas by wastewater and refuse. The absolute shortage of facilities for treating wastewater and waste materials compels residents to discharge trash into nearby river systems or leave them on the street. These, in turn, have directly led to the deterioration of public sanitation and health. The accumulating piles of trash in the streets create ripe conditions for the spread of numerous contagious diseases.

Figure 1. Urbanization of Sub-Saharan Africa.



Source: UNDP. 2012. Africa Human Development Report: Toward a Food Security Future. p. 58.

Korea boasts of its advanced technologies for the disposal of waste materials. In particular, Korea is well known for its technologies and systems for incineration, solid waste disposal, and waste material recycling. The quality of Korea's wastewater treatment facilities and filters is on par with that of systems found in other advanced countries. Moreover, Korea has experienced successfully undertaking wastewater and material treatment projects in Southeast Asia, China, and the Middle East, providing these countries with concessional loans from its Economic Development Cooperation Fund (EDCF).

4. Public Infrastructure

Korea can also channel its ODA toward developing and expanding public infrastructure in Africa. Public infrastructure is almost non-existent in Africa, and figures directly into the continuing poverty on the continent. Public infrastructure is essential for the support of propoor and sustainable growth, as it would contribute greatly to the economic and social development by cutting the costs of production and logistics. Lacking these crucial public goods, Africa has struggled for decades with the elusive goal of development. The problem is made worse because almost 40% of the entire population of Africa is concentrated in the fifteen or so inland countries.

Table 2. Sub-Saharan Africa's Infrastructure Deficit.

INFRASTRUCTURE	LATIN AMERICA AND THE CARIBBEAN	SOUTH ASIA	SUB-SAHARAN AFRICA	OECD COUNTRIES
Access to electricity (percent of population)	93	62	33	..
Improved water source in rural areas (percent of rural population with access)	80	83	47	97
Improved sanitation facilities in rural areas (percent of rural population with access)	55	26	24	93
Roads, paved (percent of total roads)	33	59	18	87
Mobile cellular subscriptions (per 100 people)	98	61	45	102
Internet users (per 100 people)	34	8	11	70

Source: UNDP. 2012. Africa Human Development Report: Toward a Food Security Future. p.38.

While numerous governments in Africa have sought to promote the development of public infrastructure, their attempts have come up short so far because of overwhelming financial difficulties. While these governments desperately try to secure greater amounts of private capital and investments, their efforts have not been successful except in telecommunications, because of relatively shorter payback periods and higher return rates. Projects for developing roads, railways, harbors, airports, and power facilities tend to entail longer payback periods and greater risks, and thus do not have as much appeal to foreign investors. With the exception of a handful of countries, most countries in Africa have low sovereign credit ratings, which makes it all the more difficult for their governments to secure adequate funding in the international financial market. Given these grim obstacles facing Africa today, it is unreasonable to expect the Korean export credit agency to single-handedly handle public infrastructure development of Africa. It would be wiser to expand the range of financial assistance for public infrastructure development in Africa through cofinancing with other institutions worldwide with ample experience and expertise, such as the multilateral development banks (MDBs), bilateral development finance institutions (DFIs), and the like.

Another key issue is overcoming the chronic shortage of electricity by developing new and renewable energy and by expanding transmission networks. Of the sources of new and renewable energy, the most feasible for development in Africa at present is solar energy. Solar energy is preferred because, once installed, it incurs little additional or overhead costs. The Korean government has recently provided EDCF loans for the development of sunlight power plants in Mozambique and Ethiopia. Korea needs to build upon its expe-

rience of successful ODA for the energy in Africa by extending the benefits to other African states. Assistance for energy development should also include support for the expansion of transmission networks. Not only does Africa lack proper power plants, but it also suffers from an absolute shortage of infrastructure that can reliably deliver electricity to households. Korea has so far provided EDCF loans for the development and expansion of transmission networks in Tanzania, Ghana, and Ethiopia.

5. Human Resource Development

Last, but not the least important, is the need to provide increasing support for the development of human resources, which is crucial in ensuring economic growth and the end of poverty in Africa. The essentials for the sustainable and comprehensive development of a society include not only the quantitative expansion of its workforce, but also the enhancement of the quality of its labor. Korea can help Africa by providing needs-based job training programs and support through academic-industrial collaboration. In order for graduates of such training programs to find suitable work, it is vital to provide them with opportunities through close collaboration of schools and industries, and a curriculum that reflects actual demands of their society. Up until now, the assistance that Korea provided for human resources development in developing regions was mostly confined to “hardware” support, involving the provision of building materials and learning equipment required to establish training centers. In order to achieve sustainable and participatory economic growth in Africa, however, it is more important to ensure that human resources in the region are developed in a way that actually

serves local needs. To this end, it is necessary to provide training programs and employment services based on an accurate measurement of the demand in the local labor market.

Another important issue in this regard is the need to develop and train instructors with suitable qualifications. While assistance for the construction of job training centers is very important to improving the Africans' access to quality career education, assistance for the development and training of well-qualified instructors forms the basic foundation that serves as the key to ensuring sustainable and autonomous growth of the region's economy. In the same token, while the provision of financial and other forms of support for the training of instructors at individual job training centers is important, a more effective solution will be achieved only by developing a system for the training of instructors at a national level.

Interuniversity partnerships will also help strengthen the capacity of African countries for higher education. Leading institutions of higher learning in Africa, such as Addis Ababa University of Ethiopia, the National University of Rwanda, and the University of Lagos of Nigeria, may be partnered with universities in Korea for strengthening postsecondary education in Africa and for conducting joint research on agriculture, science and technology, information and communication technology, and environmental protection. Joint research will not only enhance the capabilities of African universities, but can also help improve regional expertise and sustainability of Korea's ODA system in the long run. In other words, Korea can gain greater information and knowledge for dispatching specialists, providing policy consulting, and making other ODA-related decisions through partnerships with local universities in Africa.

6. The Way Forward for Korea's ODA Strategy toward Africa

As discussed so far, this study identifies the four core areas of development cooperation between Korea and Africa. In order to support all the projects demanded as a result of the analysis of this study, it is crucial to foster effective public-private partnerships (PPPs) by encouraging active participation of the private sector in public development projects. It is impossible to meet the development needs of Africa and to ensure its sustainable development with governmental ODA alone. Advanced donor states have been diversifying the channels of PPPs since the early 1990s to provide more effective and advanced solutions for the problems of Africa. Having become a donor country relatively late, Korea still relies largely on governmental funding and initiatives for its ODA projects. In order to strengthen the effectiveness of its aid, to secure new sources of funding for development, and to spread out risks, the Korean government needs to make greater efforts to enlist private sector participation—in terms of capital and expertise—in its ODA projects.

Inspiringly, an increasing number of Korean companies are taking interest in ODA projects as part of their corporate social responsibility (CSR) campaigns. The status of PPPs over ODA projects in Korea, however, still lags far behind that of PPPs in other developed countries. Diversifying and strengthening mechanisms of PPPs over ODA projects in Africa will bear fruitful results for the public and private sectors alike, helping companies find new markets in Africa on the one hand, and helping Africa achieve meaningful development on the other. As ODA projects are mostly funded from public coffers with taxpayer money, it will be crucial to ensure

that participating companies and businesses do not use these projects for mere profit-making purposes. In other words, it is necessary to introduce systematic performance monitoring mechanisms so as to make sure that PPPs in ODA projects help fulfill the overarching goals of ending poverty and ensuring sustainable development.

Another important factor that must not be neglected is the need to avoid or minimize the overlapping of support for the same projects, or the fragmentation of assistance, by keeping record of not only the needs of the recipient states and Korea's ODA capability, but also of the forms and details of assistance from other bilateral or multilateral aid organizations. In addition to avoiding concentration of assistance in certain projects or sectors, it will also be important to maximize the effectiveness of assistance by providing budget support, or forming silent partnerships with other contributing organizations or states, in light of the division of roles among the donors and recipients involved.

To this end, Korea should no longer rely exclusively on bilateral, project-type assistance, but diversify the modalities of the aid it provides, to include budget support, programs, and other efficient forms of assistance. The Paris Declaration and the Accra Action Plan, motivated by the need to increase the effective-

tiveness of ODA, also stress the necessity of aligning the modalities of aid with the needs and systems of the recipient countries. The specific projects that this study suggests in the four core areas of cooperation—agriculture, environmental protection, infrastructure development, and human resources development—can be arranged and combined so that the required support may be provided not only as projects, but also as programs. For instance, in the area of water systems development, Korea may help African states develop master plans by providing policy consulting through knowledge sharing programs (KSP). Based on the plans thus established, Korea may provide EDCF loans through its Export-Import Bank for the development of water systems and for it to offer free grants for technical cooperation geared toward developing requisite human and organizational resources in the recipient states.

This study takes a sector-by-sector approach in recognition of the pressing need to improve the quality of the ODA Korea provides. Its motive and aim is lacking in terms of the methodology, as it has limited to identifying the core areas of cooperation. Because of this study's failure to prioritize areas of cooperation required for each African state, follow-up research will be necessary to provide in-depth analysis of each African state's needs for development cooperation. **KIEP**