

Korea as an OECD DAC Member: 10-Year Achievements and Way Forward

Jione Jung Senior Research Fellow, Center for International Development Cooperation (jjung@kiep.go.kr)

Aila Yoo Senior Researcher, Center for International Development Cooperation (ailayoo@kiep.go.kr)

I. Introduction

A decade has passed since Korea joined the OECD Development Assistance Committee (DAC) as its 24th member in 2010. The total volume of Korea's Official Development Assistance (ODA) is approximately 2.2 billion USD, and has doubled over the past decade, ranking 15th among the DAC member countries. Together with these quantitative achievements, Korea also has tried to improve the quality of ODA implementation by establishing a proper legal foundation, policies, and strategies at the country level.

To become a responsible middle-power donor country, it is necessary for Korea to identify the challenges to overcome, and to establish mid-term or long-term strategy for better development cooperation. Thus, the study aims to suggest long-term policy directions for international development cooperation through an assessment of Korea's ODA performance over the past 10 years. To review in detail Korea's achievements in the field of ODA since joining

the OECD DAC, the study briefly analyzes the quantitative achievements to date and conducts a comprehensive study on implementation of major strategies and policies.

II. Korea's ODA: Achievements and Challenges

ODA Volume

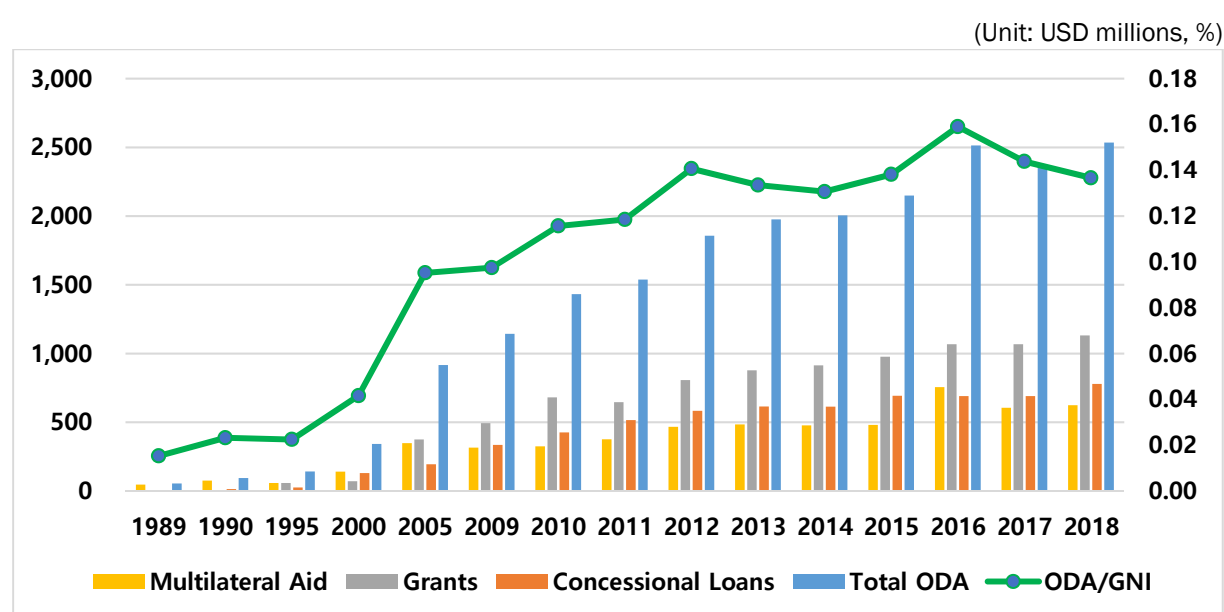
Korea has continued to increase its volume of ODA since accession to the OECD DAC. Korea provided 1,431 million USD in 2010 and 2,898 million USD in 2019, doubling the volume in this period. Annual growth rate is approximately 8%, ranking first among the DAC member countries. However, the ratio of ODA to GNI remained at 0.14% in 2018, falling short of the DAC average of 0.30%. Based on this estimation, it will be difficult to achieve the target of 0.25% of GNI, which Korea committed to when it joined the DAC, not to mention the established target of 0.2% by 2020.

While Korea has expanded its aid disbursements, it needs to make efforts to meet its committed targets in the international society, as per 2018 DAC peer review recommendations.

Furthermore, the international society is moving to increase development finance by adopting diverse financial instruments other than ODA, in

the form of guarantees, collective investment vehicles (CIV), and credit lines. Many donors are making efforts to mobilize more private finance in international development cooperation activities through private sector instruments (PSI). Korea also needs to more actively develop and utilize PSIs to mobilize additional financial resources for sustainable development.

Figure 1. Trends in Korea's ODA



Policy and Strategy

The Korean government has made endeavors to establish an institutional foundation for pursuing integrated and strategic ODA. The Framework Act on International Development Cooperation and its enforcement decree were enacted in 2010 and revised in 2020. Based on the legal framework, Korea publishes its Mid-term Strategy for Development Cooperation

every five years. Recently, the 3rd Mid-Term Strategy was announced in January 2021. Following the Framework Act, the Korean government also establishes its Country Partnership Strategy (CPS) for priority partner countries. In addition to this legal foundation and strategies, the Korean government provides thematic strategies, such as the Strategy for Multilateral Aid or Implementation Strategy for Fragile States.

Table 1. Selected DAC Peer Review Recommendations and Policy Suggestions

	2012 Peer Review Recommendation	2018 Peer Review Recommendation	Policy Suggestions from Jung <i>et al.</i> (2020)
Financing for development	- Increase in aid volume to achieve ODA target of 0.25% of GNI by 2015	- Allocating 0.3% of Korea's national income as ODA by 2030	- Need to make efforts to meet the goal of expanding ODA, which has already been reduced - Develop development finance instruments to increase financial resources for development cooperation beyond the government's ODA budget
Policy vision and framework	- Solid legal and policy foundation	- Strengthen policy coherence - More clarity needed in policy/strategy for implementing agency and partner country	- Need to establish specific action plans to ensure that the newly announced Mid-term Strategy serves as a practical reference for ODA implementing agencies - In-depth country analysis should be conducted prior to establishment or revision of CPS for 3 rd priority partner countries - Based on the newly established Mid-term Strategy, thematic strategy should be prepared: e.g) multilateral cooperation, humanitarian aid, aid for fragile and conflict-affected states, response to climate change
Evaluation system	- Increase transparency and accountability: disclosing information and easy access by stakeholders	- More strategic approach to results management and evaluation: risk analysis, sharing lessons from evaluation, public access to information	- Need to expand budget and professionals for evaluation to narrow the gap in capabilities between ODA implementation agencies - Contribute to improve development effectiveness of ODA project through monitoring, evaluation, and feedback by establishing performance data collecting system for results of individual ODA projects

Source: OECD (2012), OECD DAC Peer Review 2012: Korea; OECD (2018), OECD DAC Peer Review Korea 2018; Jung *et al.* (2020)

In the case of the Mid-term Strategy for Development Cooperation, the study indicates that it is necessary for the government to clarify the vision, principles, and basis for decision-making to be followed by ODA-implementing agencies. While the two former Mid-term Strategies include the vision, principles, and policy direction for development cooperation, it is not so practical for implementing agencies to adopt them into their project implementation. The newly established 3rd Mid-term Strategy in 2021 incorporates a clearer vision and goals based on the 5Ps of sustainable development agenda (People, Peace, Prosperity, Planet, and Partnership). Under the vision of “realization of global values and shared prosperity through partnership solidarity,” the Strategy proposes four goals (inclusive ODA, ODA for shared prosperity, innovative ODA, partnership-based ODA). Each goal has specific priority agenda. It is noteworthy that the Strategy is based on three principles (sustainability, accountability, efficiency) for implementation to enhance development effectiveness. To make Korea’s development cooperation more effective, it is necessary for the Korean government to prepare specific action plans based on the Strategy, serving as a reference or guideline for ODA-implementing agencies.

Even though the DAC peer review of 2018 indicated establishment of the CPS was one of the achievements seen after the first peer review in 2012, there is much room to improve the CPS. The CPS should be formulated on the basis of profound and field-based partner

country analysis, just as many other donors focus on country and development environment analysis. Proper and in-depth country analyses are helpful to establish appropriate development objectives, sectors, and modalities and to identify appropriate projects to meet the development needs of a partner country. Priority partner countries for 2021-2025 will be announced with the corresponding cooperation strategies. The revised CPSs should be based on the needs of each country and the strengths of Korea as a responsible development partner.

Thematic strategies also need to be improved beyond their declarative purposes. The Korean government has already published several thematic strategies, such as the Multilateral Cooperation Strategy, Humanitarian Assistance Strategy, and Implementation Strategy for Fragile States. However, these strategies lack policy coherence with other ODA policies or strategy. In addition, despite the importance of climate change, there is no government-wide ODA strategy for response to climate change. Marking the Mid-term Strategy as an opportunity, thematic strategies should be prepared or modified reflecting the new policy orientations.

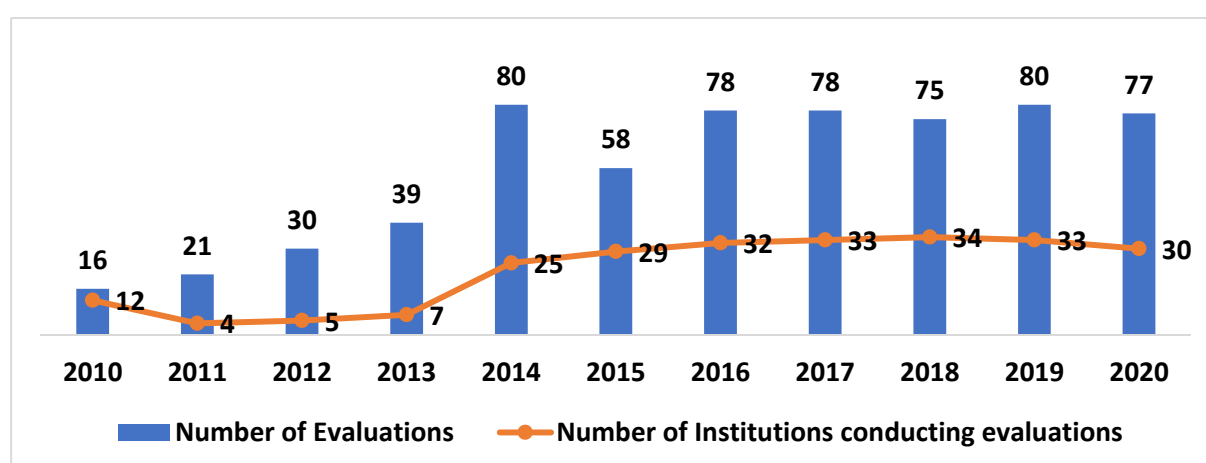
Evaluation System

Korea’s ODA evaluation system has achieved significant improvements in establishing a legal and institutional foundation. However, additional efforts are needed to enhance the effectiveness of the development cooperation projects.

Despite the increase in number of evaluations and institutions participating in evaluation (Figure 2), the budget to conduct evaluations still remains insufficient. There have been cases where evaluation budget was not allocated even for projects subject to mandatory evaluation. In addition to these budget concerns, evaluation capabilities should be improved as well. In particular, it is necessary to narrow the capability gap between

implementing agencies. KOICA and EDCF, major ODA-implementing agencies for grants and concessional loans, have accumulated their evaluation capacities through diverse evaluation experiences. However, the level of capacities and expertise at small or medium-sized ODA-implementing agencies under the ministries, administration, and local governments remains inadequate to conduct in-depth evaluations.

Figure 2. Number of Evaluations and Institutions Conducting Evaluation: 2010~2020



Source: Jeong (2019), CIDC (2018), CIDC-Sub Committee for Evaluation (2020).

III. Policy Implications

The Mid-Term Strategy, a main strategy for Korea's development cooperation, should be established as a key reference for implementing agencies which clearly presents the ultimate goals and essential principles of Korea's development cooperation. The newly published 3rd Mid-term Strategy (2021-2025) has been improved by presenting a more concrete vision, goals, and principles than the former strategy.

In addition, the Strategy suggests policy direction to support SDGs, by incorporating 5Ps into the vision and goals. Moreover, it represents the principles for implementation and emphasizes policy coherence with not only other development cooperation policies and strategies but with broader foreign policies as well. In light of the modified Strategy, the government should establish more concrete action plans which implementing agencies can use to conduct ODA projects in more effective and efficient way.

As the priority partner countries for the period of 2021-2025 are selected, it is expected that the Korean government will newly establish or revise the CPSs. When preparing a new CPS, the government should conduct concrete country analyses and reflect the results of the analysis into the CPS as a guidance or blueprint for ODA projects conducted in the individual country. The higher level of country analysis should include the overall development environments of partner countries, competitiveness of Korea's ODA in the country, and risk factors. Our survey on partner countries indicated that policy dialogue has remained insufficient between the Korean government and stakeholders in partner countries. If a CPS includes appropriate development needs and priorities of partner countries based on a comprehensive country analysis, this would contribute to vitalizing and promoting effective policy dialogue and communication with the partner country.

Results-based management should be reinforced to make Korea's development cooperation outcome more effective. Evaluations at policy/strategy level should be intensified. At the implementing agencies level, the evaluation system should be complemented by expanding budget and human resources, and improving the capacity of evaluation organizations. Finally, the government should strengthen its monitoring and evaluation functions, as well as feedback, by establishing a system to collect performance data. **KIEP**

References

Jung, J., J. Jeong, J. Y. Lee, J. Song, A. Yoo, and H. Y. Choi. 2020. *Korea as an OECD DAC Member: 10-Year Achievements and Way Forward*. KIEP Policy Analysis 20-06 (in Korean)