Korea's Aid Agencies and Result-Based Management System

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I. Introduction

The Organisation for Economic Co-operation and Development (OECD) defines the results-based management of development cooperation as a "broad management strategy aimed at achieving significant changes in the way government agencies operate, with improving performance as the central orientation" (Binnendijk, 2000). By introducing an effective results-based management system, government departments and public institutions can achieve target performance and continuously improve the effectiveness of development programs based on performance information. Because results-based management provides a consistent framework for strategic planning and management based on learning and responsibility in a decentralized environment, the member countries of the OECD Development Assistance Committee (DAC) have also actively participated in the introduction and reform of a results-based management system.

As Korea's official development assistance (ODA) budget and actors rapidly increase, the government is facing considerable pressure to create a more effective results-based management system. Since Korea joined the OECD DAC in 2010, its aid budget has nearly tripled, and there are now 42 government ministries and public institutions engaged in the aid industry. The number of aid projects carried out by these organizations in one year alone is 1,682. Accordingly, the Framework Act on International Development Cooperation, amended in April 2020, emphasizes the importance of evaluating international development cooperation projects. There is an especially high demand for improving the self-evaluation system for ODA projects because the quality and performance of these projects vary greatly depending on the results management capabilities of the aid implementing agencies.

This study was conducted to analyze the current situation of results-based management in Korea's ODA agencies and to find ways to reform

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the aid management system. To this end, a fact-finding survey and literature review were conducted for the government agencies implementing ODA. This study also analyzed each institution's aid implementation system, types of aid, and performance management environment. Based on this analysis, organizations that conduct self-evaluation were compared and classified into three results-based management models. The appropriate results-based management methods and evaluation indicators were derived according to the evaluation system and characteristics of each model.

II. Aid Management Scheme and Korea's Aid Agencies

Korea's ODA budget reached KRW 3.71 trillion in 2021, with a total of 42 government ministries and agencies implementing 1,682 projects. Under these organizations implementing ODA, there are at least 150 project management consultancies that operate and manage development projects for developing countries.

The agencies that implement ODA in Korea can be divided into three groups according to budget size and number of projects: 1) the upper group, with an annual aid budget of 10 billion KRW or more; 2) the middle group, with an aid budget of 1 billion KRW or more or 10 or fewer projects; and 3) the lower group, with an aid budget of less than 1 billion KRW or fewer than 5 projects. Appendix 1 shows the ODA budget size, project type, and financial flow for each agency.

There are 17 upper group organizations, as shown in Figure 1. Included in this group are the government institutions that mainly carry out bilateral ODA projects, such as the Export-Import Bank of Korea (KEXIM), Ministry of Trade, Industry, and Energy (MOTIE), Ministry of Land, Infrastructure and Transport (MOLIT), and Ministry of Science and ICT (MOSIT). For organizations that mainly implement project-type bilateral ODA, project evaluation capabilities are more important for managing individual projects and enhancing project effectiveness.

Figure 1. ODA feature of the upper group agencies
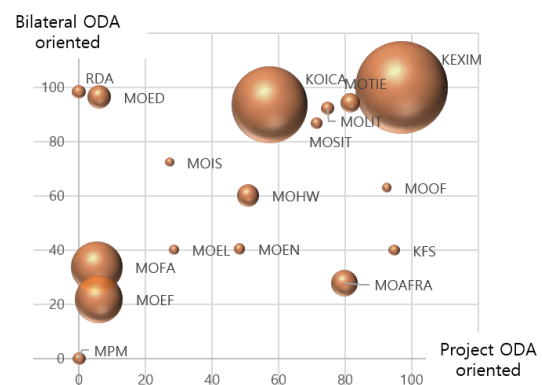
Source: Author.

Conversely, institutions that mostly provide multilateral or multi-bi ODA are the Ministry of Personnel Management (MPM), Ministry of Economy and Finance (MOEF), and Ministry of Foreign Affairs (MOFA). In the case of the Korea Forest Service (KFS) and Ministry of Agriculture, Food and Rural Affairs (MOAFRA), which work closely with international organizations, it is necessary to seek ways to strengthen results-based management in connection with multilateral organizations. For example, the

ministry should continuously monitor the cooperative performance of multi-bi projects with the World Food Programme and strive to actively review the evaluation results for the follow-up projects.

It is important for institutions that conduct bilateral technical cooperation or development consulting (e.g., Rural Development Administration (RDA), Ministry of Education (MOED), and Ministry of the Interior and Safety (MOIS)) to strengthen and maintain performance management capabilities for measuring and managing the performance of projects specialized in policy advice.

The 14 middle group organizations are diversely distributed as shown in Figure 2. One major feature is that they provide more non-project ODA compared to the upper group. The institutions with the most bilateral projects are the National Police Agency (NPA), National Statistical Office (NSO), and Korea Meteorological Administration (KMA). Meanwhile, the Office of Education (OOE), Ministry of Gender Equality and Family (MOGEF), and Korea Disease Control and Prevention Agency (KDCA) are the organizations that conduct more multilateral ODA and technical cooperation.

Government ministries that work with various project management consulting (PMC) agencies need to more clearly identify the goals and directions for ODA projects at the ministry level. The efficient use of the ODA budget can be guaranteed only when the measurement and

management of ODA project performance, which can be greatly influenced by the willingness and capacity of the PMC institution, is strengthened.

Figure 2. ODA feature of the middle group agencies
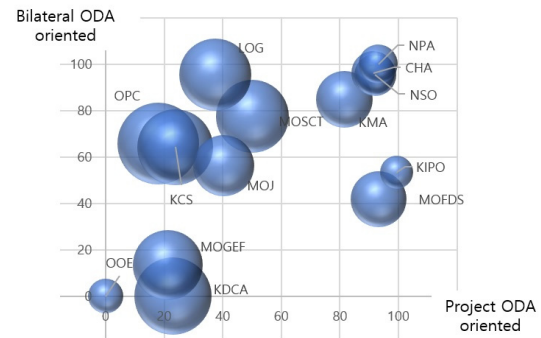
Source: Author.

The remaining five lower group organizations are shown in Figure 3. None of these organizations support project-type ODA; all of them carry out small-scale technical cooperation. Most of them support bilateral ODA with partner countries; however, the Public Procurement Service (PPS) only implements ODA through international organizations.

Figure 3. ODA feature of the lower group agencies
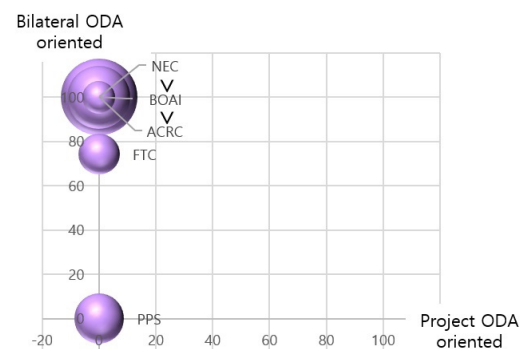
Source: Author.

It will be necessary for institutions from the middle and lower groups to improve their performance management capabilities by referring to the characteristics of each type of upper group institution and conducting more effective ODA projects.

III. Case Studies of Three Results-Based Management Models

The results management system of Korea's aid agencies can be divided into three types of cases. These case types are differentiated by whether evaluation functions are separated from operational functions at the ministerial or agency levels. The first case type is exemplified by the Korea International Cooperation Agency (KOICA), a key aid agency that has an independent evaluation unit within it. The second type integrates the evaluation function into the agency's other responsibilities. The Ministry of Health and Welfare (MOHW) and its implementing agency, the Korea Foundation for International Healthcare (KOFIH), can be considered typical of the second case type. The third type differs from the others in that evaluation is entrusted to an external evaluator. The Ministry of Agriculture, Food and Rural Affairs (MOAFRA) and its main implementing agency, the Korea Rural Community Corporation (KRC), in collaboration with the Korea Rural Economic Institute (KREI), are representative of this type.

The number of self-evaluations undertaken by each ministry or agency over the past three years varies. Similarly, the annual budget for self-

evaluations ranges from KRW 86 million to KRW 3,994 million, reflecting the differences in human and financial resources committed to evaluation functions and the volume and number of ODA projects within the entities. In 2021, KOICA reported 27 self-evaluations to be performed and allocated KRW 3,994 million for this purpose, while KOFIH planned three self-evaluations amounting to KRW 160 million. KREI, commissioned by MAFRA, conducted three project evaluations per year with an average annual spending of KRW 15 million.

Figure 4. Budget for Self-evaluation

(Unit: KRW million)
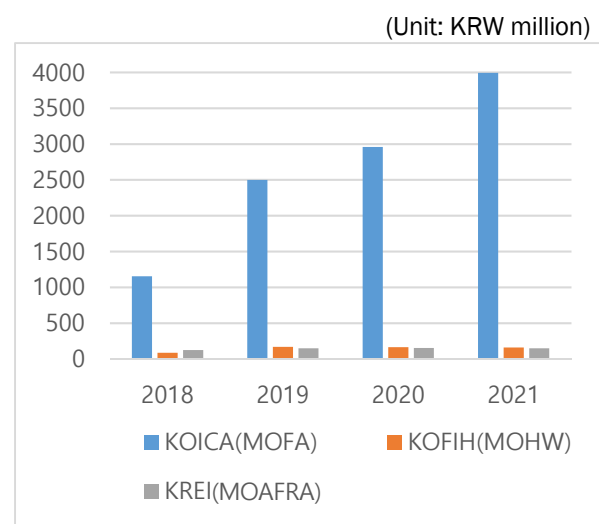
Source: Kwon et al. (2021).

Since 2006, KOICA has been managing the most comprehensive evaluation system by placing the Evaluation Office directly under the president of the agency. KOICA established a mid-term evaluation strategy, laid out a process for the Independent Evaluation Panel to multiply quality evaluation mechanisms, and organized the Sustainable Development Goal program team to provide adequate advice and technical

assistance to operations units. The Evaluation Office has put in place lucid regulations and guidelines on a project development matrix, baseline survey, and end-of-project evaluation and has developed sets of standard indicators for projects to facilitate results-based management by the project-implementing departments.

KOFIH, which allocates over 65% of its annual budget to ODA projects, is recognized as a leading implementing agency under the umbrella of MOHW. KOFIH has divided roles and responsibilities between operations teams and an evaluation department. The project departments are in charge of conducting baseline surveys, monitoring, and mid-term evaluation, and the reorganized Department of Strategy and Research (formerly the Department of Evaluation and Research) manages end-of-project evaluations and ex-post evaluations. The Department of Strategy and Research orchestrates the overall process of planning and implementing evaluations and simultaneously carries out the evaluations and research. A recent study published by the Department of Strategy and Research identified key indicators for outputs and results in the 12 health sectors. Unlike KOICA, KOFIH has not set up a dedicated evaluation unit. For this reason, KOFIH has no alternative but to provide general support and other types of necessary assistance related to performance management by expanding the mandate of the Department of Strategy and Research.

In the case of MOAFRA, evaluation management is separate from operations management. KRC, which is a de facto specialized agency for MOAFRA's bilateral grants, oversees and manages the implementation of projects, while KREI undertakes and administers end-of-project and ex-post evaluations for development cooperation activities. This case can be viewed as an attempt to ensure the independence of the evaluation process and strengthen the results management system by mobilizing external evaluation providers. The independence of evaluation work has visibly increased, but the insufficient sharing of project data between the two organizations and the lack of relevant procedures remains an ongoing challenge. With this in mind, if other ministries and agencies want to use this case as a model, it is necessary to promote collaboration beginning at the initial planning stage and enhance information sharing via tight-knit partnerships.

The common points between these cases clearly demonstrate that, when compared with evaluation systems, the results-based management system and environment need to be further improved. Systems for selecting evaluation targets and performing evaluations in line with integrated guidance on evaluation have been established to a certain extent, but strategic partnerships for development results and a general recognition of the importance of results management in the organizational setup are still lacking. In addition, the significance of results-based management and feedback systems notwithstanding, little incentive is provided for operational staff (e.g., official recognition of participation in relevant training and workshops or annual performance appraisals) except in KOICA and KOFIH. Specifically, insufficient efforts

have been made to learn from evaluation experience, or the lessons learned have not been incorporated into development policies and projects.

It is possible that some small and medium-sized implementing agencies lack a basic understanding of results-based management. This may be attributed to constraints at the organizational level, but it is largely due to the fact that high-level ministries involved in the process play an insignificant role, as well as the fragmentation of the development cooperation system. In line with this understanding, sustained efforts to improve project management and evaluation systems are highly recommended.

IV. Conclusion and Policy Implications

In recent years, the international community has emphasized cooperation and coordination among various stakeholders and organizations and has exerted enormous efforts to enhance synergies through linkages between projects. In particular, the OECD DAC incorporated policy coherence as a new evaluation criterion with the purpose of examining the extent to which development interventions implemented by government ministries or agencies are effectively harmonized.

Consequently, the Korean government should widen the evaluation targets and scope of comprehensive results-based management to improve evaluation effectiveness and the feedback system. It is recommended that the Korean government introduce periodical assessment of results management systems at Korea's aid agencies and strengthen strategic evaluation and learning systems for increasingly diverse aid agencies. Furthermore, the government needs to develop an efficient evaluation governance by strengthening the evaluation functions of the Expert Committee for Evaluation. Emphasis should be placed on complementing the existing integrated evaluation guidance and developing additional evaluation methodologies and strategic and policy evaluation guidelines to augment the objectivity and credibility of evaluations. Building on this change, the Korean government needs to ensure complementarity and mutual reinforcement between the strategic and policy evaluations of the Expert Committee for Evaluation and the performance evaluation of implementing agencies, so the targets for strategy and policy evaluation can be duly selected.

To improve aid effectiveness, the recommendations of the self-evaluation require a comprehensive analysis at the level of the Expert Committee for Evaluation. In response, it is necessary to roll out evaluation feedback systems that can prepare appropriate follow-up actions for evaluation recommendations to be incorporated into the annual project planning process. In the mid- and long-term, organizational performance evaluation is expected to significantly contribute to building on the integrated results-based management and evaluation systems and improve Korea's capacity as a donor in delivering development aid. KIEP

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Appendix

Category	Name of Korea's Aid Agencies	Acronym	Total ODA volume (100 mil. KRW)	Bilateral ODA (%)	Multi & Multi-bi ODA (%)	Project type of aid (%)	Other types of aid (%)
Upper Group	Export-Import Bank of Korea	KEXIM	12,582.0	100		97.0	3.0
	Korea International Cooperation Agency	KOICA	8,536.8	93.6	6.4	57.4	42.6
	Ministry of Foreign Affairs	MOFA	3,787.1	33.7	66.3	5.3	94.7
	Ministry of Economy and Finance	MOEF	3,352.1	21.8	78.3	6.0	94.0
	Ministry of Agriculture, Food and Rural Affairs	MOAFRA	1,005.8	27.7	72.3	79.9	20.1
	Ministry of Education	MOED	765.0	96.4	3.6	6.0	94.0
	Ministry for Health and Welfare	MOHW	677.4	60.1	39.9	50.8	49.2
	Ministry of Trade, Industry, and Energy	MOTIE	521.1	94.4	5.6	81.5	18.5
	Rural Development Administration	RDA	260.8	98.4	1.7	0.0	100.0
	Ministry of Land, Infrastructure and Transport	MOLIT	227.4	92.2	7.8	74.7	25.3
	Ministry of Personnel Management	MPM	219.7	-	100	0.0	100.0
	Ministry of Science and ICT	MOSIT	195.9	86.8	13.2	71.4	28.6
	Ministry of Environment	MOEN	173.2	40.3	59.8	48.3	51.7
	Korea Forest Service	KFS	167.3	39.9	60.1	94.8	5.2
	Ministry of Employment and Labor	MOEL	142.2	40.1	59.9	28.5	71.5
	Ministry of Oceans and Fisheries	MOOF	118.6	63	37	92.6	7.4
	Ministry of the Interior and Safety	MOIS	110.1	72.4	27.6	27.2	72.8
Middle Group	Office for Government Policy Coordination	OPC	98.4	65.8	34.2	18.0	82.0
	Korea Disease Control and Prevention Agency	KDCA	88.7	-	100	23.1	76.9
	Korea Customs Service	KCS	85.9	64.2	35.8	23.8	76.2
	Ministry of Culture, Sports and Tourism	MOSCT	78.7	77.4	22.6	50.1	49.9
	Local Governments	LOG	76.4	95.4	4.6	37.4	62.6
	Ministry of Gender Equality and Family	MOGEF	72.5	13.4	86.6	21.3	78.7
	Ministry of Justice	MOJ	55.2	56.2	43.8	40.3	59.7

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	Korea Meteorological Administration	KMA	48.1	84.8	15.2	81.5	18.5
	Ministry of Food and Drug Safety	MOFDS	45.4	41.8	58.2	93.2	6.8
	Cultural Heritage Administration	CHA	27.1	96.2	3.8	91.4	8.6
	National Statistical Office	NSO	25.6	95.4	4.6	92.0	8.0
	National Police Agency	NPA	21.9	100	0	93.2	6.8
	Office of Education	OOE	17.7		0	0.0	100.0
	Korean Intellectual Property Office	KIPO	15.8	53.3	46.6	99.3	0.7
Lower Group	National Election Commission	NEC	4.4	100	0	0.0	100.0
	Board of Audit and Inspection	BOAI	3.0	100	0	0.0	100.0
	Public Procurement Service	PPS	1.8	-	100	0.0	100.0
	Fair Trade Commission	FTC	1.3	74.4	25.6	0.0	100.0
	Anti-corruption & Civil Rights Commission	ACRC	0.8	100	0	0.0	100.0

Source: Author.