

Korea's Green ODA: Performance and Challenges



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As international solidarity and cooperation become ever more crucial in the age of COVID-19, efforts in the international community to respond to global issues in the post-COVID-19 era are also receiving a major boost. In particular, the United States, EU and other leading nations held a virtual climate summit in April 2021, announced their 2030 greenhouse gas reduction goals and are actively promoting decarbonization policies and sustainable growth.

In response to the global pandemic crisis, discussions on green ODA to support climate change action and green transition in developing countries are also in full swing. At the P4G Seoul Summit held in May last year, the Korean government pushed for transition to a low-carbon economy through Green New Deal policies and “net zero by 2050” strategies,¹ together with plans to expand support for developing countries seeking green recovery by 2025.

¹ In 2021, Korea declared its target to go carbon neutral by 2050, announcing its Green New Deal initiative aimed at accelerating the transition towards a low carbon and green economy. For more specifics on the initiative, refer to the proceedings of the 2021 P4G Seoul Summit organized in joint with the Green Climate Fund, available at <https://www.greenclimate.fund/event/2021-p4g-seoul-summit-green-new-deal-clean-transition-green-economy>.

In addition, the Committee for International Development Cooperation (CIDC) convened in July last year to establish the Green New Deal ODA Promotion Strategy, which aims to achieve the goal of expanding green ODA. Development cooperation in the green sector currently accounts for 20% of the total ODA (2015–2019 average), but the Korean government plans to significantly increase the proportion of ODA in the green sector to above the OECD average (28.1%) by 2025.

In order to lead global cooperation in the green sector to sustain momentum for green transition and boost efforts in the international community, the Korean government has pledged \$300 million in support for the Green Climate Fund (GCF) by 2027. It also plans to expand cooperation with the Global Green Growth Institute (GGGI) through the establishment of a Green New Deal Fund to support consulting and financing green industry activities for developing countries in five major Green New Deal areas (energy, transportation, smart city, water management and sanitation, and agriculture) in 2022.

In particular, during the P4G Summit held in Seoul in May 2021, the government proactively responded to efforts in the international community toward green transition and announced the continued expansion of opportunities to participate in the five P4G sectors covered by the SDGs: water, energy, food and agriculture, cities and the circular economy. These measures aim to faithfully fulfill promises made in the international arena by participating in public-private partnership projects with P4G partners, including international organizations, businesses and civic groups, and to expand cooperation projects with international organizations.

Meanwhile, the Asian Forest Cooperation Organization (AFoCO) was established in 2018 to promote sustainable forest management and cope with climate change in the forest sector, and has responded to international forest issues such as climate change and desertification to lead regional efforts in this area. After proposal of the establishment of AFoCO at the Korea-ASEAN Special Summit in 2009, it was approved as an OECD Development Assistance Committee (DAC) qualified organization in April 2021, and partnerships with major advanced donor countries and international organizations through AFoCO are expected to expand in the future.

In order to enhance the effectiveness of ODA in green sectors and strengthen development partnerships, it is necessary to focus on areas such as green energy and eco-friendly mobility in developing countries and promote capacity development. For example, ICT projects such as smart agriculture, flood forecasting and warning systems should be used to improve water resource management and agricultural productivity and shore up the supply of eco-friendly renewable energy for future ODA projects. Building on these efforts, it will also be necessary to improve the performance of Green New Deal ODA by utilizing various financing methods, such as public-private partnerships

(PPP), and actively implement flagship projects to lead global climate change response² and green recovery in line with the K-New Deal Globalization Strategy.

Accordingly, the Committee for International Development Cooperation (CIDC) plans to expand strategic screening of Green New Deal sectors in the process of preparing a comprehensive annual implementation plan and budgeting for ODA, and will improve the scope and measurement methods of green ODA. It plans to actively find mitigation projects that have relatively little support compared to climate change adaptation, and improve methods to support developing countries' government budgets directly through various budget support measures and policy consulting. In particular, the program loans, which are in high demand after COVID-19, will be able to fortify support from the stage of establishing policies to ease climate change in the recipient country, and expand business opportunities in major Green New Deal areas such as electric vehicles, solar power, and power grid management. **KIEP**

² More than 70 countries have set a net-zero target, covering about 76% of global emissions. Refer to the UN's Climate Action website, available at <https://www.un.org/en/climatechange/net-zero-coalition>.