


Opinions

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Korea's ODA to Southeast Asia



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As a consequence of Korea's close economic and diplomatic ties with ASEAN members, ASEAN is now the second significant trading partner and third largest FDI destination for Korea. Such accomplishment can be chiefly attributed to mutual benefits on both sides.

Considering such strong ties, it is not surprising that a large share of Korea's official development assistance (ODA) is directed toward ASEAN members. From 1987 to 2013, ASEAN was Korea's largest ODA destination in cumulative terms, with the figure amounting to USD 2.4 billion.

Annual support to ASEAN countries surged from USD 81.22 million in 2005 to USD 411.6 million in 2013. Also, net Korean ODA disbursement to ASEAN reached USD 1.9 billion, which also accounted for roughly 28% of total bilateral aid. Approximately 43.9% was directed to Vietnam, which received USD 831.21 million between 2005 and 2013. Cambodia was the second largest recipient, receiving 17.7% of support directed to ASEAN (USD 334.83 million). Meanwhile, Indonesia and the Philippines received USD 230.16 million and USD 225.27 million, respectively.

In March 2015, the Korean Committee for International Development Cooperation (CIDC) revised the 2nd Strategic Plan for International Development Cooperation. CIDC has selected 24 priority partner countries as a part of Korea's 2016-2020 Mid-term ODA Strategy. Among ASEAN members, six countries - Cambodia, Laos, Myanmar, Indonesia, Philippines, and Vietnam - were selected. Currently, the Korean government is pursuing the effectiveness of aid based on Country Partnership Strategy (CPS), which is closely linked to the Mid-term ODA Strategy and annual schemes employing "focus and concentration" principle.

The two largest implementing actors in Korean ODA, the Korea International Cooperation Agency (KOICA) and the Economic Development Cooperation Fund (EDCF) have also been increasing their spending to ASEAN countries over the last several years. KOICA maintains its stance to provide primary support to ASEAN countries while channeling grants to vulnerable sectors such as health, education and rural development. From 2005 to 2013, KOICA provided USD 660.48 million to 8 countries (Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Thailand, and Vietnam) in the ASEAN region, which accounted for 22.2% of its total spending. By country, the largest amount was given to Vietnam (USD 164 million) followed by Indonesia, the Philippines, Cambodia, Laos, Myanmar, Thailand and Malaysia. Grants to the top four recipients accounted for some 81% of KOICA's total spending to the ASEAN.

In regards to concessional loans, the EDCF provided USD 1026.19 million to 6 countries (Cambodia, Indonesia, Laos, Myanmar, Philippines, and Vietnam) in the ASEAN region, which accounted for 41.2% of the total spending. Similar to KOICA's support, Vietnam was the largest recipient (USD 613 million), followed by Cambodia, Laos, the Philippines and Indonesia. The total amount provided to Vietnam accounted for roughly 60% of the EDCF's total spending on the ASEAN.

In 2013, 24.3% of Korean ODA was disbursed to Southeast Asia. Such high level of concentration is partly due to geographical and cultural proximity between Korea and the countries in the region. Furthermore, Korea has maintained close economic and diplomatic relationships with ASEAN, which has now become an important partner in trade and investment. Undoubtedly, common interests exist and there is even potential for further cooperation between Korea and ASEAN in the years to follow.

At the ASEAN-Korea Special Summit held in June 2009, the Korean government reaffirmed its commitment on continuous support for sustainable economic and social development as well as poverty alleviation in Southeast Asia. In December 2014, the 2nd ASEAN-Republic of Korea Commemorative Summit took place under the theme of “Building Trust, Bringing Happiness.” Not only did the gathering commemorate the 25th anniversary of the relationship between the two parties, but it has also served an occasion to discuss measures to deepen the strategic partnership. Alongside discussions on the establishment of the ASEAN Economic Community (AEC), cooperative measures to strengthen cooperation on economic growth and other regional issues such as climate change and natural disasters were also discussed.

Currently, there is growing recognition in Korea to share its experience and knowledge with ASEAN member states in order to contribute to the regional partnerships for sustainable development. Korea shall reinforce and explore cooperative programs that target regional cooperation with the ASEAN, especially at such a time when integration among ASEAN is being highlighted. In the initial stage of project design and development, reflecting the needs and interest of ASEAN countries is of utmost importance. Such consideration will also promote strategic cooperation to bolster mutual benefits and economic integration, with a goal of integrating the entire ASEAN economic community by 2015. **KIEP**