


Opinions

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Reassessment of South Korea's Development Assistance



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Recently South Korea has greatly increased its budget for Official Development Assistance (ODA), despite difficulties arising from the global financial crisis of 2009. In fact, the budget has risen approximately nine times from \$0.21 billion in 2000 to \$1.76 billion in 2013. Korea is receiving a great deal of attention from practitioners and scholars as a model country, which went from being a very poor recipient country in the 1950s and 1960s, to becoming a rare example of successful economic development among newly independent countries of ODA recipients.

On the other hand, Korea is sometimes accused by the international community for only pursuing its own economic interests. This unwelcome reputation may stem from the following three

characteristics of Korea's ODA: first, Korean aid focuses on building economic infrastructure and production capacity including industrial development; second, relatively large project-type interventions were preferred; third, the share of tied aid is relatively high compared to other donors.

Although Korean ODA still has visible weaknesses in comparison with the ODA of advanced donors, Korea has recently made efforts to overcome these shortcomings. First, the Korean government recognizes that support for humanitarian aid and cross-cutting purposes related to basic subsistence sectors must be expanded further. This identification of a problem is a good starting point toward its resolution. As developing countries in Southeast Asia and other areas achieve economic growth, their needs also change. No longer content with satisfying subsistence needs, these countries want to enjoy greater well-being. The Korean government has responded to these changes by supporting regional studies. Because there is a shortage of regional specialists in Korea, the government has been providing support for graduate schools of international studies to produce regional specialists.

Second, the Korean government has also recognized that tied aid still constitutes a large share of its ODA. Tied aid has often been criticized as being an instrument for furthering the economic interests of donors, and is less concerned with reduction of poverty in recipient countries, because this form of aid limits access by local firms wishing to participate in the production process. Therefore, Korea has come up with a more reasonable approach that enables involvement by local SMEs of developing countries in the production process. For example, in August 2015, the Minister of Trade, Industry and Energy of Korea expressed his country's intentions for sharing industrial technology with small and medium enterprises (SMEs) in developing countries. Moreover, Korea has successfully involved its SMEs in global value chains (GVCs) in the 1980s and 1990s. This valuable experience can be passed on to developing countries. The growth of local SMEs in developing countries can create jobs and contribute to the development of recipient countries. In the near future, local firms in developing countries may be quickly involved in GVCs. All countries acknowledge that Korea has accumulated significant experience in development, which is now being shared with others. The private sector and external factors such as low oil prices in the 1980s played a vital role in achieving economic growth in Korea, and the country over-came subsequent difficulties such as the economic crises of 1997 and 2008. In addition, Korean ODA has focused on bolstering trade capacity of recipient countries as well as their "hardware," in order to contribute to economic development in developing countries. Since international trade can stimu-

late the economic growth of developing countries, the Korean government has recently shifted its ODA resources toward supporting aid for trade.

Third, public awareness on the objectives of ODA was very much limited in Korea. Given the fact that the source of ODA is tax revenue, the Korean government is required to go through all the procedures related to the ODA and provided an explanation to Korean citizens as to the necessity of ODA for developing countries. Fortunately the awareness of ODA has been improving. According to the survey conducted by Korea Institute for International Economic Policy, the number of respondents requesting more information to be released dropped to 40.5% in 2013 from 51.6% in 2011.

In sum, the Korean government has steadily expanded the scale of its ODA to fulfill its promise to the international community in 2010, the provision of 0.25 percent of GNI to ODA by 2015. As a result, the size of its ODA has increased dramatically. Alongside learning from advanced donors on how to provide international aid more effectively, the Korean government has made efforts to enhance the effectiveness of its ODA in terms of inclusiveness and sustainability. This has resulted, I believe, in improvements in Korea's ODA, both quantitatively and qualitatively. However, as support from Korea for developing countries has not been fully recognized outside of a circle of Korean officials and those directly working on its ODA programs, it is time to reevaluate the Korean ODA program and let the international community know the full details. **KIEP**