



NEW KID ON THE BLOCK: SOUTH KOREA AS AN EMERGING ODA PLAYER

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South Korea has so far failed to fulfil its potential as an important player in Overseas Development Aid, with its aid having been too little and spread too thin. Meanwhile, China and other emerging donors have arrived on the scene. However, as aid receiving countries begin to recognize the strings attached to South-South partnerships, Seoul now has a new window of opportunity to increase its soft power and expand beneficial partnerships with developing countries through a better-tailored ODA policy, and one that provides greater political and financial commitments. President Park Geun-hye's new "aid agenda" represents a step in the right direction.

South Korea is one of the few countries in the world that has successfully made a transition from net aid receiver, after the Korean War, to aid donor, becoming the 24th member of the OECD Development Assistance Committee (DAC) in 2010. As developing countries come to recognize that aid from New Donor Countries (such as China) in so-called South-South partnerships is just as politicized or contingent as aid from Western donors, South Korea is presented with a unique opportunity to fill a niche role among aid providers. Indeed, in a 2012 presidential campaign speech, President Park Geun-hye argued that South Korea should enlarge its ODA contribution and emphasized the country's own unique experience and know-how of development, which, in turn, could help institute a new aid model combining the best practices of Western and New Donor Countries.

Following words with actions, economic summits held in Seoul in late May and early June this year with representatives from Uganda, Mozambique, and Gabon may herald a new approach in South Korean aid policy aimed at trying to play a more significant role in Africa. Having accorded greater priority to ODA than its predecessors, the new Park administration is presented with an opportunity to increase South Korea's soft power and so enhance its international profile. That said, there are a number of obstacles if it is to increase its ODA credentials.

Too Little, Spread Too Thin

United Nations Secretary-General Ban Ki-moon has called

on several occasions for South Korea to increase its aid volume and assume more leadership in the field of ODA. According to OECD data, South Korean ODA nearly doubled in the past five years to US\$1.55 billion in 2012. However, a more significant figure is that its ODA has barely grown in terms of Gross National Income (GNI), standing at only 0.14 percent in 2012, which is significantly lower than the DAC average of 0.29 percent. Seoul has, however, signaled its intention to increase aid to 0.25 percent of GNI by 2015.

South Korea's aid program is further hampered by project proliferation, with the result that a multitude of small-scale projects are carried out with a large number of partner countries, which are sustained from this relatively low level of financial commitment; in 2012, for instance, 26 Asian, African, and Latin American countries were designated as priority partners. However, it is quite unlikely that Korea can sustain meaningful and effective aid partnerships in all of these countries with its current level of ODA spending.

The primary reason behind project proliferation is that South Korea sees its aid program as a means to establish beneficial economic partnerships with developing countries for Korean goods and services. Tying aid to recipient countries purchasing Korean goods and services in this manner prohibits South Korea from playing a leadership role in international aid, as it increases transaction costs and lowers partner country ownership and alignment. The shortcomings of Korea's aid policy damage public and legislative support for ODA, making further financial commitments politically more costly. The resulting inefficient aid structure and



distribution undermines the sustainability of ODA both at home and abroad.

Branding South Korean ODA

Aid from Western countries tends to prioritize direct assistance to the poor through, for example, health, educational, and medical programs. Meanwhile, similarities to South Korea's pursuit of national interests are found among emerging donors, with such an aid model facing considerable competition, particularly in Asia. Instead, South Korea has the potential to promote its own unique brand of aid strategy as a policy goal. Leveraging its historical advantage, South Korea should focus on utilizing the experience and expertise gained through its own development. For example, the experience of Saemaul Undon—a development program launched in 1970 by South Korean President Park Chung-hee, the father of the current president, to modernize the rural South Korean economy—can be promoted within the framework of South Korea's aid program. Focused on self-help and collaboration, the program proved to be a great success by raising people's basic living conditions, improving rural infrastructure, and generating increased community income.

In this regard, South Korean aid could play a supporting role in assisting the smooth implementation of domestic reforms by the aid recipients themselves. As such, it should be focused not only on provision of food and materials but also on other areas, including social sectors and infrastructure, such as building schools and hospitals, transferring technologies in the agricultural, energy, and medical sectors, and training and educating people, thus embodying South Korea's experience and expertise.

More attractive and more effective assistance programs that place a lighter burden on the Korean people is also of importance. Mutually beneficial economic ties are better established with aligned aid taking advantage of local reliable country systems. This would result in wider public support for the aid program, which, in turn, would further reinforce both political and financial commitments, garnering South Korea greater global recognition. Measures to improve domestic aid sustainability should include providing more focused support to a more limited number of priority partner countries and projects, while, at the same time, increasing the size and timeframe of such projects. Seoul should also focus on increasing Civil Society Organization and NGO in-

volvement in aid disbursement and evaluation processes in order to improve transparency and information dissemination. This would result in increased public and political support for the aid program. Engaging in cooperation with other donor countries according to country specific comparative advantages and establishing effective coordination with other development partners would support a better global division of donor labor thus contributing to more sustainable ODA.

Finally, while South Korean aid policy has been traditionally focused on Southeast Asian countries, there has been a recent surge of interest in resource-rich African countries. This signifies a departure from the practices of previous governments that mostly focused aid on neighboring middle-income countries. Focusing on lower-income countries instead can be a positive development for building economic partnerships and for Korean aid efficiency as long as the resources are not spread too thin and South Korea sticks to a clear vision in its partner country policy. In so doing, as a DAC member it should also aim to take steps to further untie its aid.

President Park has recognized the significance of ODA in raising South Korea's profile as a middle power as well as the need for a fresh initiative for effective and sustainable Korean aid. A step in the right direction, it nonetheless remains to be seen if words will be met with the necessary actions.

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