

# 우리나라의 OECD/DAC 특별동료심사를 위한 Memorandum

## OECD-DAC Special Peer Review Memorandum of the Republic of Korea

February, 2008

우리나라는 2010년 OECD/DAC에 가입할 예정이다. DAC 가입을 위해 금년 9월에는 DAC의 특별 동료검토를 받을 예정이며 지난 3월 동 특별동료검토를 대비하여 DAC 실사단이 방한하여 우리나라 ODA 관련 주요기관을 방문, 조사하였다. 동 특별동료검토를 위해 작성된 하기 우리 정부의 Memorandum은 여러 기관에서 실시하고 있는 우리나라 ODA의 종합 개요서라 할 수 있을 것이다. 동 자료는 우리나라 ODA 현황 및 전략, 향후계획을 파악하는데 매우 유용한 자료이다. 다만 ODA의 증액에 대한 부분은 우리 정부의 추가적인 검토로 인해 구체적인 수치는 이후 변경될 수 있다.

[정리 : 정책연구실]

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## Introduction

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This Memorandum presents a brief account of the international development cooperation of the Republic of Korea (hereinafter, Korea) for the purpose of the OECD–DAC Special Peer Review. It seeks to demonstrate Korea's growing competence as an emerging donor country and to discuss Korea's key issues in development cooperation with the DAC members.

As the world's 13th largest economy and a member of the OECD, Korea has embraced its role as a donor in the international development community, commensurate with its economic standing and significance in global affairs. The Korean government is now striving to help meet the objectives of various international development agendas, including the Millennium Development Goals (MDGs) and the Paris Declaration on Aid Effectiveness. It has developed and implemented various plans to expand the quantity and the scope of Korea's ODA programs, to enhance its capacity in policy-making and implementation of development assistance, and to harmonize its aid policies with those of partner as well as other donor countries.

In preparation for the DAC membership in 2010, we hope that this Memorandum and the following Special Peer Review will strengthen Korea's partnership with the DAC member countries and contribute towards the enhancement of Korea's international development cooperation.

## List of Abbreviations

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ADB	Asia Development Bank
AfDB	African Development Bank
BHN	Basic Human Needs
CABEI	Central American Bank for Economic Integration
CAS	Country Assistance Strategy
CAP	Consolidated Appeals Process
CERF	Central Emergency Response Fund
CIDC	Committee for International Development Cooperation
DAC	Development Assistance Committee
EBRD	European Bank for Reconstruction and Development
EDCF	Economic Development Cooperation Fund
EIF	Enhanced Integrated Framework
Korea Eximbank	Export and Import Bank of Korea
GNI	Gross National Income
IBRD	International Bank for Reconstruction and Development
IDB	Inter-American Development Bank
IDEP	International Development Exchange Program
KOAFEC	Korea Africa Economic Cooperation Conference
KOICA	Korea International Cooperation Agency
LDCs	Least Developed Countries
MDBs	Multilateral Development Banks
MDIs	Multilateral Development Institutions
MOFAT	Ministry of Foreign Affairs and Trade
MOFE	Ministry of Finance and Economy
MOPAN	Multilateral Organizations Performance Assessment Network
MPB	Ministry of Planning and Budget
NGO	Non-Governmental Organization
ODA	Official Development Assistance
PCSD	Presidential Commission on Sustainable Development
SSA	Sub-Saharan Africa
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization

## 1. Historical Overview

### 1.1 Korea's Experience of Development Cooperation until 2005

Korea's participation in international development cooperation is founded upon its historical experience of overcoming poverty and attaining economic growth in just a few decades. Between 1945 and the late 1990s, Korea received a total of 12.69 billion USD of ODA from the international community, and the effective utilization of aid contributed greatly toward its economic growth. With a first-hand experience of successful national development, Korea began its first donor activities as early as the late 1970s with the provision of invitational technical training. In the 1980s, the Korean government designed and implemented the International Development Exchange Programs (IDEPs) in the spirit of South-South cooperation. Towards the 1990s, the Korean government sought to create more consistent and systematic channels for development

cooperation, and thus established the Economic Development Cooperation Fund (EDCF) in 1987 and the Korea International Cooperation Agency (KOICA) in 1991. Korea's graduation from the World Bank lending list in 1995 signaled its full transition toward a donor country, and Korea's annual volume of ODA to developing countries has steadily expanded since 1987 totalling 752 million USD in 2005.

### 1.2 Reform of Korea's ODA System since 2005

**1.2.1** In 2005, the Korean government decided to expand its ODA to 0.1 % of its GNI by 2009 and established the Comprehensive ODA Improvement Plan (hereinafter, the Comprehensive Plan) through extensive consultation with various stakeholders in the Korean development cooperation system. The purpose of the Comprehensive Plan was to facilitate more coherent and systematic policy-making regarding, as well as the implementation of, Korea's ODA, in order for Korea to make a greater contribution toward

the attainment of the MDGs. The key elements of the Comprehensive Plan are as follows:

- For result-based ODA implementation, adopt the principle of “focus and concentration,” establish a mid-term strategy for focus countries, select a small number of assistance sectors in each country, and establish development assistance strategies based on Korea's comparative advantage and the partner country's priorities.
- Appoint an agency/organization to oversee grant-aid and concessional loans, and establish a government-wide committee to enhance the collaboration between the two ministries, and to coordinate ODA policies across all government ministries.
- Increase ODA to the level appropriate for Korea's economic standing in the international community and find ways to ensure the predictability of the aid over the mid- and long-term by securing the necessary financial resources and effectively managing the budget.

- Increase the proportion of grant aid and 'untied aid' in Korea's ODA and expand Korea's assistance to the least-developed countries (LDCs) gradually over the mid- and long-term.

The Comprehensive Plan was implemented with speed and effectiveness. In January 2006, the Committee for International Development Cooperation (CIDC), chaired by the Prime Minister, was created with a mandate to deliberate the key policies and plans of Korea's development assistance. To date (February 2008), the CIDC has held three meetings and has deliberated and passed the Mid-term ODA Strategy, the Annual Operation Plan, Country Assistance Strategies (CAS) for focus countries (2008–2010), as well as roadmaps for the creation of an overall policy statement, for untying Korea's aid and for the accession to the OECD–DAC.

Moreover, the Korean government hammered out the “Vision 2030” in August 2006, the very first long-term strategy for the next 20 to 30 years, designating the vision, goal, strategy and core task in each sector that Korea seeks to realize by 2030. Among the 50

core tasks of the Vision were measures to increase Korea's ODA to a level commensurate with the size of the Korean economy and the nation's status in the global society.

## 2. Philosophy and Objectives of Korea's Development Cooperation

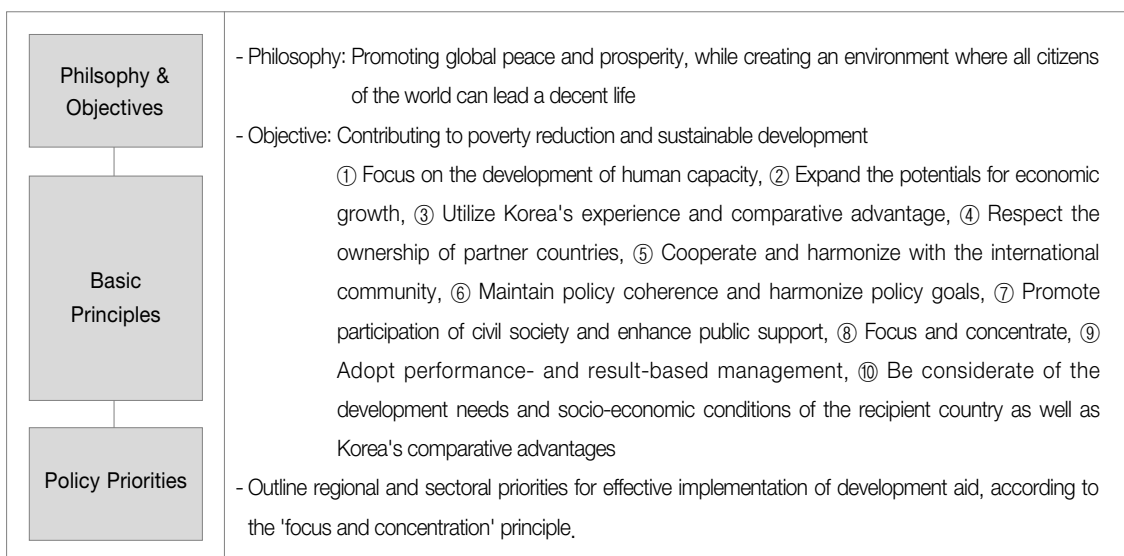
### 2.1 Philosophy and Objectives of Korea's Development Cooperation

**2.1.1** In the Mid-term ODA Strategy established in 2007, the Korean government set the elimination of poverty, attainment of economic development and the improvement

of development capability as the core objectives of Korea's development cooperation. In particular, the Korean government concentrated its efforts on achieving the MDGs and expanding its ODA to Sub-Saharan African countries since the Strategy's first phase (2008–10) coincided with the mid-term check point for the MDGs.

**2.1.2** With a long term view, the government is currently preparing to devise a basic policy statement that would set the overall guidelines on Korea's development cooperation. This statement contains the philosophy, objectives and concrete action plans and strategies to achieve such goals.

〈Box 1〉 Core Elements of Korea's Policy Statement on International Development Cooperation (Currently Under Review)





The key elements of the statement were reported at the Third CIDC meeting, convened in January 2008, and the government plans to complete the Statement by the end of 2008 after consultation with a wide range of stakeholders of Korea's development cooperation. The Statement is expected to provide comprehensive guidelines for Korea's development cooperation.

### **3. Legal Framework**

#### **3.1 Korea International Cooperation Agency Act**

The Act was enacted in 1991 to establish Korea International Cooperation Agency (KOICA) with the task to implement Korea's grant aid programs and promote international cooperation. The Act provides a legal platform of KOICA's grant aid programs, its human resource management, and ODA policy implementation. According to the Act, KOICA's grant aid programs include the following: (a) invitation of trainees; (b) dispatch of experts and volunteers; (c) research for development studies (d) emergency and distress relief activities; and (e) provision of commodities, capital, and

facilities. Also prescribed in the Act are programs to support civil society organizations, cooperation with multilateral organizations, research and policy planning, as well as projects entrusted by the Korean government.

#### **3.2 Economic Development Cooperation Fund Act**

The EDCF Act was enacted in 1986 to establish and manage the Economic Development Cooperation Fund (EDCF). The EDCF is designed to promote industrial development and economic stability of developing countries and to strengthen Korea's partnership with the partner countries by providing soft loans. According to the EDCF Act, the purpose of the funds is the following: (a) to lend or subscribe required funds to promote economic exchange with Korea and, the same time, assist economic development in partner countries; (b) to lend funds required to conduct research and feasibility study for pilot projects or potential projects; (c) to lend funds required for partner countries to import goods that are deemed to be critical for their economic stability. The EDCF Act also allows the management of the

funds to be delegated to the Korea Eximbank.

### **3.3 Overseas Emergency Relief Act**

The Overseas Emergency Relief Act was enacted in 2007 to enhance Korea's humanitarian efforts in emergency and disaster relief through the rapid, systematic, and effective implementation of various aid programs.

### **3.4 Korean Foundation for International Healthcare Act**

The Korean Foundation for International Healthcare Act was legislated in 2005 to stipulate guidelines and principles for Korea's development cooperation in the health sector. The Act enables Korea's assistance programs (i.e. inviting trainees or dispatching experts) to improve healthcare systems and medical services in developing countries.

### **3.5 Act regarding Korea's Entry into International Financial Institutions**

The Act regarding Korea's Entry into International Financial Institutions was established in 1963 in order to conduct

necessary procedures for Korea's entry into international financial institutions and implementing Agreements with such institutions. It governs Korea's methods of contributions and subscriptions to international financial institutions and designates MOFE as Governor to these institutions along with the President of the Bank of Korea as Alternate Governor.

### **3.6 Act on Closing the Digital Divide**

The Act on Closing the Digital Divide was introduced in 2001 in order to promote Korea's efforts on bridging the digital divide between nations and societies.

### **3.7 Enacting the ODA Act**

In light of Korea's increasing ODA and the corresponding need for greater aid effectiveness and policy coherence, the Korean government is currently in the process of enacting the ODA Act. The Act will provide an umbrella law that supervises and stipulates all ODA-related regulations, management systems, as well as the due processes of establishing main policy priorities and project plans. The introduced

bill is currently in the process of review at the National Assembly.

## **4. Korea's Policies on Development Cooperation**

### **4.1 Policy Framework**

More concrete framework for Korea's policy on development cooperation has been developed since the creation of the CIDC in 2006. Under the current framework, the Mid-term Strategy and the CAS provide the overall policy guideline, based on which annual operation plans and individual assistance programs are then devised and implemented.

The Mid-term Strategy (2008–2010), approved by the CIDC in 2007, provides broad policy guidelines on financial resource allocation and assistance strategies by delivery channel, by sector, and by types of support. It highlights the importance of predictability and coherence. According to the Strategy, Korea's concessional loans for the mid-term will focus on economic infrastructure, while grant aid will focus on

social infrastructure, technical assistance, and training and education for human resource development. In addition, the CAS provides a thorough analysis of development environment and assistance needs for each of the 18 priority partner countries and draws appropriate strategies by sector and by type of support.

Aside from these broad policy guidelines, the government is also in the process of establishing basic policies for each of the major issues in Korea's development cooperation, such as the untying of aid and evaluation guidelines.

### **4.2. Main Policy Goals and Directions**

**4.2.1** The Korean government endeavors to scale up its ODA as a national policy priority. Increasing Korea's ODA to the level of DAC countries has been set as one of the Fifty Core Tasks of "Vision 2030," the Korean government's national long-term plan. The National Assembly also adopted a resolution to increase the ODA/GNI ratio to the level of DAC countries (Nov.8, 2007). The government has established specific targets in stages over the next seven years to increase the ODA/GNI ratio to 0.118% by 2010 and 0.25% by 2015

respectively. In addition, the Korean government plans to increase in its ODA budget the proportion of grant aid and to provide greater assistance to the LDCs, in accordance with global efforts on alleviating extreme poverty.

**4.2.2** Korea has adopted the following principles and strategies to pursue more result-based and effective aid: 1) concentrate Korea's aid on identified strategic partner countries (or focus countries) and on areas of Korea's comparative advantage; 2) align Korea's development assistance with partner countries' poverty reduction strategies and harmonize Korea's policies with those of other donor countries; 3) strengthen the linkage among various aid channels and types of support (multilateral vs. bilateral, grant vs. loan, etc.); and 4) provide field-based development assistance by collaborating with Korean embassies and field offices of aid implementation agencies.

**4.2.3** Based on its successful accomplishment of rapid economic growth and poverty eradication, Korea seeks to share its development experience with the international community and deliver its

know-how to partner countries. Many partner countries have expressed their interest in learning from the “miracle” that Korea has achieved within one generation. Accordingly, the Korean government has devised the ‘Development Experience Sharing Plan’ (DESP) to 1) analyze Korea's development experience and identify key lessons, and then 2) tailor them to fit the partner countries' particular needs and conditions for their development plans. The goal of the DESP is assisting Korea's partner countries with building and strengthening capabilities to achieve their socio-economic development. Reflecting this goal, Korea plans to provide consulting on national economic development strategy, successful transition to a market economy, and human resource development. The government also plans to dispatch more experts to developing countries and to provide greater education and training opportunities, along with its existing programs for industrial development, rural development, and capacity building of public institutions.

**4.2.4** Korea has made efforts to adopt international development guidelines and standards to its development policy and

strategy. First, the government has rigorously adopted the MDGs and incorporated them into Korea's assistance programs as well as key policy documents such as the Mid-term Strategy and annual operation plans. Second, for the implementation of the Paris Declaration on Aid Effectiveness, the Korean government has taken steps to harmonize its policies with other donors and to align its aid programs with partner countries' development strategies. Third, Korean aid to the LDCs with extreme poverty has been continuously expanded. Finally, the Korean government is planning to gradually increase the proportion of untied aid in conformity with the international standard as well as DAC recommendations. (For further discussion on Aid Effectiveness, refer to Chapter 4.) To this end, the government will attend the Accra Forum on aid effectiveness in 2008 and also actively participate in the follow-up process for the implementation of the Monterrey Consensus.

**4.2.5** Korea is endeavoring to strengthen its partnership with the international community in development cooperation. The Korean government, for instance, has made efforts to

enhance its bilateral policy coordination with other donors such as the UK and Japan, and has been proactively embracing international standards and exemplary international practices through the process of joining the DAC by 2010. Furthermore, it has been seeking to improve the effectiveness of its aid programs through bilateral policy dialogues with main partner countries as well as through multilateral donor consultations for Vietnam, Iraq, and Palestine. Lastly, the Korean government is endeavoring to expand and deepen its development cooperation with multilateral institutions. The government plans to replicate its successful collaboration with the UNDP in its future engagements with other UN agencies, and seeks to strengthen its partnerships with multilateral development banks (MDBs) through the establishment of various trust funds. In addition, through meetings and annual consultations with the IMF/WB and the ADB, the Korean government seeks to strengthen its high-level dialogue channels with the MDBs for the enhancement of policy coherence. Finally, Korea's participation as an observer in the Multilateral Organizations Performance Assessment Network (MOPAN) starting from 2008 will provide an

opportunity to further increase the effectiveness of Korea's multilateral aid cooperation.

**4.2.6** Finally, the Korean government plans to promote greater participation of civil society and public support for development assistance. The Korean government is well aware that civil society has strengths in certain areas that the government sector may not possess, and plans to promote greater involvement of civil society in the formulation as well as the implementation stage of aid. In particular, the Korean government plans to fully utilize its field-based knowledge and expertise of development NGOs. Furthermore, in recognition that sustainable development cooperation requires strong public support, the Korean government is cultivating various strategies to increase the public awareness and support for Korea's development cooperation. In 2006, for example, the government developed the “ODA Public Relations Strategic Plan” in order to develop tailored public relations programs for various stakeholders in development cooperation. Under this plan, the government has implemented various public relations initiatives such as public opinion survey and

youth education programs. In addition, the government is working to generate greater political support from the National Assembly by holding information-sessions on ODA policies at the National Assembly.

## **5. Policy Coherence for Development**

**5.1** The Mid-term Strategy was also designed to harmonize and link Korea's ODA policies with those in other areas for overall policy coherence and synergy. Since Korea has a relatively short history of development assistance, its focus has been first to establish a fundamental development assistance policy. For this reason, policy coherence issues had not received much attention until recent years. However, now with the introduction of the CIDC and the establishment of working committees and consultation mechanisms across government ministries, the Korean government has established a framework for more systematic efforts aimed at policy coherence. Outside of the CIDC structure, relevant ministries are also holding policy discussions on such major agendas as 'development and trade' and 'development and the environment'.

**5.2** Korea recognizes from its own history the importance of a holistic approach to development. The Korean government is thus endeavoring to provide more holistic assistance through, for instance, expanding trade opportunities, encouraging direct investment, and protecting labor rights and the environment for developing countries and their citizens. For instance, in July 2003, the Korean government introduced a system of employment license for migrant workers in Korea, so as to protect the labor rights of foreign workers in Korea. Furthermore, the government established the Presidential Commission on Sustainable Development of the Republic of Korea (PCSD) in 2000 to develop the main policy directions and to devise systematic plans for promoting sustainable development both abroad and at home, integrating economic, social, and environment agendas and concerns. In particular, the government has strived to implement international environmental treaties such as the United Nations Framework Convention on Climate Change (UNFCCC). Finally, the government has made financial contributions to the Enhanced

Integrated Framework (EIF) for Sub-Saharan African (SSA) nations, which has been established by six multilateral institutions, including the WTO, to strengthen the capacity of the LDCs for increased participation in global trade. Through the EIF, Korea is contributing towards greater policy harmonization between global trade and development.

### **Discussion Points**

The Korean government is currently in the process of devising an overall Policy Statement of Korea's International Development Cooperation as well as the Korea ODA Act to guide the overall policy directions for Korea's international development cooperation. What have been the experiences of DAC members with such tasks and what are the lessons learned from those experiences? Please suggest what kind of factors or issues that Korea should consider to make this process most effective and successful.



## 1. Aid Volume

### 1.1 Increasing ODA since 2000

There has been a steady increase in the volume of Korea's ODA. Between 2000 and 2006, the total volume increased by 62.4% (4.2 billion USD in 2006), and bilateral cooperation, in particular, surged by 116.8%.<sup>1)</sup> Source: OECD/DAC statistics based on constant prices. Korea's ODA/GNI ratio reached a peak of 0.095% in 2005, owing to such exceptional factors as increased contribution/subscription to the IDB and IDA, reconstruction aid to Afghanistan and Iraq, and emergency aid for natural disasters in South Asia. In 2007, the estimated total of Korea's ODA amounted to 695.22 million USD, or 0.072% of the GNI, which constituted a 31.8% increase from 2006.

### 1.2 Scaling-up Korea's ODA

Korea has made a commitment to scale up its

ODA, so as to respond to today's global challenges, i.e. poverty reduction, to help achieve the MDGs, and to expand Korea's development cooperation to a level commensurate with Korea's economic standing. Accordingly, the Korean government, through the National Finance Operation Plan, has set specific targets to increase Korea's ODA/GNI ratio: 0.128% by 2011 and 0.25% by 2015. At the same time, the government plans to make annual adjustments to these targets in consideration of the future financial situation of the country. In 2008, the first year of the Mid-term Assistance Strategy (2008–2010), 0.107% of Korea's GNI will be allocated to development cooperation, which is already ahead of the previous schedule to reach 0.1% in 2009.

### 1.3 ODA Volume by Aid Channels and Types

#### 1.3.1 *Bilateral and Multilateral Assistance*

Korea has traditionally focused on bilateral

1) Source: OECD/DAC statistics based on constant prices



assistance in development cooperation. On average (2000–2006), Korea's bilateral assistance made up approximately 70% of the total ODA, while multilateral assistance maintained a level of 30% with some variations each year. In recent years, however, multilateral assistance has been increasing. In 2007, estimated bilateral assistance rose by 11.3% to 427.1 billion KRW from 383.5 billion KRW in the previous year, and estimated multilateral assistance increased by 105.2% to 218.9 billion KRW from 106.7 billion KRW in the previous year.

### ***1.3.2 Grants and Loans***

For loans, the Korea Eximbank has approved 172 EDCF projects in 43 countries, totaling 3,309 million USD, and disbursed 1,509 million USD since its establishment in 1987. In terms of commitment base, it grew 31 times (based on KRW value) from 23.5 million USD in 1987 to 584.2 million USD in 2007.

Grant aid became full-scale since the establishment of KOICA in 1991. The estimated total volume of Korea's grant aid between 1991 and 2007 reached 1,757 million USD in 2007. Here, 80% of the total grant aid

has been provided through KOICA. Grant aid had been offered mainly in the form of material/equipment supply assistance until the 1980s, but the percentage of project /program-type assistance has recently been growing. In 2006, 31.5% of bilateral grant aid was project/program assistance and 45% was technical cooperation.

## **2. Distribution and Strategy by Region and Income Level**

### **2.1 ODA Distribution by Region**

Of Korea's bilateral ODA in 2006, 60.5% was disbursed to Asia, 12.7% to Africa, and 8.3% to Europe. The majority of bilateral grant aid, 65.7%, was disbursed to Asia, while 10.1% was provided to Africa. Of concessional loans, 49.1% went to Asia, followed by 24.8% to Europe and 18.5% to Africa. In Asia, which has the largest population of poor people in the world, Korea's development aid was concentrated in the LDCs and ASEAN member states. Since 2004, assistance to Africa has substantially increased, making Africa the second largest in regional ODA distribution. In particular, the percentage of

bilateral aid to Africa has substantially expanded from 8.4% of the total in 2005 to 12.7% in 2006. In accordance with the Korea's Initiative for Africa's Development announced in March 2006, Korea's bilateral aid to Africa in 2008 is expected to exceed 20% of the total grant aid.

By country, Iraq received the largest portion of Korea's bilateral ODA, 15.2% of the total and 22% of the total bilateral grant aid, followed by Sri Lanka and Bangladesh. The percentage of Korea's bilateral ODA to the top 10 partner countries dropped from 74.6% in 2004 to 54.2% in 2006.

## **2.2 ODA Distribution by Income Level**

By income level, 49.4% of Korea's bilateral aid in 2006 was concentrated in low and middle-income countries (LMICs), 24.5% in the LDCs, and 12.9% in other low income countries (LICs). Korea has been making its efforts to improve the effectiveness of its aid by providing multilateral aid to countries and sectors where Korea lacks capacity for direct aid implementation, while continuing to disburse its bilateral aid mainly to the LMICs and LICs which maintain relatively positive

conditions for aid implementation (i.e. attitudes toward aid and political stability in the partner country). In the future, the Korean government plans to strengthen its partnership with the international efforts for poverty eradication by expanding the percentage of grant aid to the LDCs.

## **2.3 Focus Partner Countries and Country Assistance Strategy**

### ***2.3.1 Establishment of Country Assistance Strategy (CAS)***

For effective delivery of aid resources, the Korean government adopted the principle of “focus and concentration” and has established the CAS for 18 countries for both grant and loan type aid. Being closely linked with the Mid-term ODA Strategy and annual operational plans, CAS is expected to provide a guideline for project/program design and a standard for evaluation. 7 countries in Asia, 4 countries in Africa, 3 countries in Latin America, and 2 countries each in the Middle East, Central Asia, and Eastern Europe were selected as focus countries through the comprehensive consideration of various factors such as international development

〈 Table 1 〉 Mid-term Strategic Partner Countries

Region	Country (total of 18 countries)
Asia (7 countries)	Vietnam, Indonesia, Philippines, Cambodia, Sri Lanka, Bangladesh, Pakistan
Africa (4 countries)	Egypt, Tanzania, Senegal, Angola
Central and South America (3 countries)	Guatemala, Peru, Colombia
Middle East (2 countries)	Iraq, Yemen
Central Asia, Eastern Europe, and CIS (2 countries)	Uzbekistan, Kazakhstan

goals, development needs of partner countries, bilateral relations, and attitudes as well as capacities of aid management in the partner countries. Firmly based on the overall principles of the Paris Declaration, CAS formulated development assistance strategies by region and by country through a close analysis of the needs of partner countries and regions, and through a critical consideration of the optimal assistance channels/methods based on Korea's comparative advantages. CAS will be updated and modified every three years, reflecting the changes in the development strategies of partner as well as donor countries, as identified through bilateral or multilateral policy dialogues.

***2.3.2 Assistance Strategy by Region and by Country: Focusing on Asia while Expanding Assistance toward Africa and the LDCs***

First in the Asian region, Korea seeks to expand its development assistance to the ASEAN member states which have both enormous development needs and great development potential. Here, priority in loan assistance will be given to countries with great needs in large-scale infrastructure investment, while the LDCs will receive first priority in grant assistance.

Second, Korea's assistance to Africa will focus on the SSA region and will involve greater humanitarian aid, so as to help meet the basic human needs and achieve the MDGs in places with greatest needs. Concessional loans, however, will be also provided to finance the establishment of large-scale economic infrastructures. Overall, the Korean government will strive to implement the existing plans under "Korea's Initiative for Africa's Development Program," to share Korea's development experience by inviting

2,000 Africans to Korea from 2007 to 2009, and to help eradicate diseases in Africa through the utilization of the new Air-ticket Levy Fund.

For the Middle East, where most countries are dependent on foreign skills and technologies, the Korean government will focus on sharing its experience and know-how in national economic development, peace building and post-war reconstruction, as well as government capacity building. For Central Asia and Eastern Europe, the priority for Korea's development cooperation will be the provision of assistance to human resource development, so as to help the partner countries strengthen their governance capacity and make a successful transition to the market economy.

### **3. Aid Distribution and Strategy by Sector**

**3.1** In 2006, the government delivered its aid focusing on two sectors: 59.7% in social infrastructure and service, and 25.3% in economic infrastructure and service. In the social infrastructure and service sector, assistance to public administration and civil

society made up the largest portion (35%), followed by the assistance to education and human resources development (33.5%), and to water supply and sanitation (20%). As for the economic infrastructure and service sector, the assistance to transportation (58.2%) was the largest, followed by the assistance to communications (38%). In other sectors, humanitarian aid accounted for 3.6% while the support for NGOs remained the modest 0.8%.

**3.2** Priority sectors were adopted in the Mid-Term ODA Strategy for the first time to maximize the effectiveness of Korea's development assistance. Here, based on the consideration of the MDGs, as well as development priorities of partner countries, Korea's comparative advantage, and possibilities for mutual economic benefit, 7 sectors were selected as focus areas of Korea's aid: human resources development, public health, governance, information & communication technology, rural development, industrial infrastructure and environment & global issues. The government will develop and assist the programs with the aim to improve the synergy effect among the sectors, focusing on ways to effectively

integrate Korea's development experience to ODA programs and on sectors that have significant impact on socio-economic development of the partner countries.

**3.3** In particular, CAS made a major step forward in improving the effectiveness of Korea's aid by selecting 4–5 prioritized sectors in focus countries and by providing detailed program directions for each sector. In addition, it allowed EDCF loans and grant aid to be pursued in a way that would complement each other. Recently, the government has recognized good governance as an important strategy for poverty reduction and has begun to give greater attention to addressing cross-cutting issues for instance, by providing support for governance reforms in each sector. However, such cross-cutting issues as Gender and Human Rights have not yet been adequately addressed in the strategy. Hence, the government plans to make greater efforts to address these issues in the future.

**(Box 2) Efforts to Improve Korea's Assistance on Cross-cutting Issues**

Actively incorporating cross-cutting issues into development policies is considered as a critical element in enhancing aid effectiveness. However, KOICA's

assistance in the environmental sector stands only at 2.55% of the total aid, amounting to 29.2 million USD from 1991 to 2006, and aid for the Gender sector was particularly low, except for the programs of inviting trainees to Korea. In order to improve Korea's assistance to cross-cutting issues, KOICA has added Gender and Environment sectors into its 7 focused assistance sectors and created project implementation teams for those sectors with an aim to proactively incorporate the gender and environmental issues into its programs. As an effort to mainstream cross-cutting issues into KOICA's programs, KOICA is currently planning to establish a Program Implementation System, so as to apply cross-cutting issues to all programs when devising poverty reduction strategies in line with the DAC poverty reduction guidelines, and will conduct necessary research to this end.

## **4. Multilateral Aid**

**4.1** The budget size of Korea's multilateral aid has dramatically increased during the period of 2007–2008. The total volume of multilateral aid is estimated to have reached 238 million USD in 2007, and it is further expected to reach 334 million USD in 2008. Over 70% of Korea's multilateral aid is provided to international financial organizations. In Korea, over 20 ministries and government agencies are currently making contributions or subscriptions to about 80 international organizations, including the UNDP, UNICEF, UNIDO, and

their programs.

**4.2** The main objective of Korea's multilateral aid is to contribute toward the achievement of the MDGs and sustainable development in developing countries by strengthening Korea's cooperation and partnership with multilateral development institutions (MDIs). In pursuing greater multilateral development cooperation, Korea also seeks to ensure that Korea's multilateral aid becomes complementary to the bilateral aid from the standpoint of assistance strategy. For instance, the Korean government utilizes the MDIs when providing assistance to countries where bilateral assistance would be ineffective due to insufficient or poor governance. Furthermore, the government is exploring various possibilities for cooperation with MDIs, so as to utilize their comparative advantages and specialties in addressing such global development challenges as human rights, the environment, gender equality, and health.

**4.3** For more effective collaboration with the MDIs in development cooperation, the Korea government is currently endeavoring to draw up a guideline for cooperation with MDIs as

well as for evaluation on Korea's cooperation with the MDIs. Here, the government plans to proactively adopt the OECD guidelines and the Paris Declaration for aid program assessment such as relevance, efficiency, effectiveness, impact, and sustainability. In addition, it is planning to undertake more policy discussions and joint-assistance projects with the MDIs, so as to learn from the expertise and experiences of the MDIs in development cooperation.

More specifically, the Korean government will continue to supply resources for the Multilateral Debt Reduction Initiatives (MDRI), make regular contributions to IDA and the ADF, establish trust funds with the World Bank, IDB, ADB, and EBRD, and promote small-scale projects with local development organizations such as the AU. In addition, it will seek to continuously expand cooperation with the UN development organizations. Here, Korea's upcoming participation as a member of the Executive Board at both the UNDP and UNICEF from 2008 to 2010 is expected to provide valuable opportunities for Korea's development cooperation through the UN.

## 5. Humanitarian Assistance

**5.1** Korea is proactively participating in international efforts to ensure life, basic dignity and rights of people in danger due to famine, disease, and (natural or man-made) disasters. In its humanitarian assistance programs, Korea seeks to reflect and respect the international humanitarian aid principles, namely Humanity, Impartiality, Neutrality, and Independence. In 2007, the Korean government established valuable institutional infrastructures for humanitarian assistance by creating the Humanitarian Aid Division in MOFAT and by enacting the Foreign Disaster Emergency Relief Act in 2007. The Act has helped establish a governmental system for the provision of prompt and effective emergency relief in case of large-scale disasters and also helped promote greater cooperation with the international community in disaster relief.

**5.2** In 2006, Korea's humanitarian aid stood at only 24 million USD, but the percentage of humanitarian aid has grown over the past few years. Activities in the field of disaster emergency relief have also increased. For example, Korea provided emergency relief

funds/goods and dispatched relief workers for the earthquake in Iran in December 2003, the tsunami in South Asia in December 2004, the earthquake in Pakistan in February 2006, the earthquake in Jogjakarta, Indonesia in May 2006, and the cyclone in Bangladesh in November 2007. The Korean government also offered emergency relief aid of about 5 million USD to 28 countries in 2007, and contributed about 6 million USD to the UN CERF from 2006 to 2007. In 2008, Korea participated in the UN Consolidated Appeals Process (CAP) and subscribed 3 million USD in advance for it, and subscribed another 2 million USD in advance for the Central Emergency Response Fund (CERF). In addition, the Korea government has allocated a budget of about 10 million USD for unexpected overseas emergency relief efforts, thereby securing more stable financial resources for humanitarian assistance.

## 6. Assistance and Partnership Strategy for NGOs

**6.1** Korea has been expanding the range and volume of assistance to NGOs, recognizing development-related NGOs as important

partners for Korea's development cooperation. The assistance by KOICA consists of direct assistance for NGO's projects, the dispatch of volunteers through Korean NGOs, and programs to strengthen the capacity of NGOs. In 2007, assistance to NGOs reached 5.56 million USD, with 34 NGOs implementing 42 projects in 19 countries, and 192 NGO volunteers were dispatched to 32 countries.

Partnerships with NGOs are concentrated on two areas: satisfaction of basic human needs (BHN), such as basic nutrition, health, elementary education, water supply, and housing, and provision of emergency relief and peace building assistance. In terms of regional distribution of the assistance, Asia receives the most support with 46.8% of the total NGO partnership assistance, followed by the Middle East, 25%, and Africa, 10.3%. Like

in multilateral aid, the Korean government seeks to maximize the effectiveness of Korea's partnership assistance to NGOs by focusing on the LDCs in Africa and on the regions where governmental assistance programs may not reach.

**6.2** As part of its efforts to support civil organizations, KOICA is pursuing to provide capacity building programs for NGOs and to improve the monitoring and evaluation systems for program efficiency. In this vein, it has devised a plan to increase the percentage of its matching funds, which currently amounts to 50%, in proportion to the capacity development of the partner NGOs. Furthermore, in cooperation with the Korea NGO Council for Overseas Cooperation established in 1997, KOICA has held photograph exhibitions, symposiums, and workshops, so as to help develop the capacity

〈 Table 3 〉 KOICA Operations through NGOs

Category	2004	2005	2006	2007
Amount (USD 1,000)	919	2,286	4,169	5,563
Countries (no.)	14	19	17	19
Organizations (no.)	21	25	24	34
Operations (no.)	21	41	39	42
NGO overseas (no.)	33	35	78	192
% of KOICA's budget (%)	0.5%	1.8%	2.2%	2.4%



of the NGOs and to promote public awareness of Korea's ODA. In the near future, KOICA plans to expand the range of its partnership assistance to international civil organizations and regional NGOs in developing countries. It also plans to diversify the methods of KOICA's program development with NGOs and to further utilize the expertise of various NGO partners by providing selective support to those programs in which each organization has a comparative advantage.

## **7. Securing Budget and Resources**

### **7.1 Process and System of ODA Budget**

#### **Allocation**

Korea is making significant efforts to secure stable and predictable financial resources for its future ODA. The ODA budget consists of two parts: the government's five-year National Finance Operation Plan and the annual budget plan. The ODA National Finance Operation plan is a master plan for annual resource allocation to achieve the government's mid-/long-term ODA expansion target 0.25% of the GNI by 2015. An overall plan for Korea's ODA budget and

the volume expansion is discussed and deliberated in the Cabinet meetings and the Resource Allocation Meetings of cabinet members which are annually hosted by the Ministry of Planning and Budget (MPB).

The process of allocating the ODA budget in Korea is as follows: By the end of each January, the related ministries and offices submit to the MPB their mid-term plans of new and core ODA projects/programs for the next five years. In April, the MPB holds an annual Resource Allocation Meeting of cabinet members to make decisions on the overall resource volume and allocation scheme, and then notifies the relevant ministries and offices of their annual budget size based on the Top-down System. The budget plans proposed by MOFAT (including KOICA budget), MOFE (EDCF budget) and other government offices are deliberated by the MPB and subsequently approved and confirmed by the Cabinet Council. At this time, the five-year plan (the National Finance Operation Plan) that reconciles diverse plans of each ministry is also approved. This confirmed government budget is then submitted to the National Assembly by September, to be proposed and adopted at

a plenary session in December.

According to the Article 7 of the National Finance Act, the related ministries are to consult with the MPB when formulating their mid-/long-term ODA plans and strategies that require fiscal spending. The MPB consults and deliberates the organization, staff and administrative expenses of the Korea Eximbank and KOICA.

## 7.2 The Current Situation of ODA Resources

Although the Korean government planned to significantly increase the ODA volume in the coming years, it would be problematic to secure necessary resources for meeting the original goal because of the existing gap between the target and the current ODA volume. In particular, the growing budgetary requirements such as the budget for improving the efficiency of the government, the increase of the national debt, and the welfare needs could impede the securing of ODA resources. It is, therefore, crucial to adjust the policy priorities of the government and to achieve the domestic consensus. In this regard, it is encouraging that the public awareness about the value of the

international cooperation and contribution is increasing and that more politicians and citizens are positive in expanding ODA.

The Korean government will make steady efforts to improve the aid effectiveness and actively inform the results of such efforts to the public and politicians, thus promoting the public awareness and support for ODA. With the growing support from the public, the Air-ticket Levy Fund was endorsed in 2007 as one of the efforts of developing innovative financing for development.

### 〈Box 3〉 Example of Korea's Innovative Financing for Development : Air-ticket Levy Fund

Korea has long shared the view in the international community that the MDGs and poverty eradication cannot be achieved without additional, predictable, and stable resources to complement the traditional ODA. In this context, the Korean government introduced an Air-Ticket Solidarity Levy Fund in 2007.

In September, 2005, the Korean government reiterated its national commitment to participate in global efforts to eradicate poverty and famine at the UN General Assembly. The government subsequently held 6 rounds of discussions among relevant ministries and agencies in the early 2006 to find specific means to meet this commitment and succeed in generating a consensus on the necessity of introducing the "International Poverty Eradication Contribution" to introduce the air-ticket solidarity fund, which has emerged rapidly in the international agenda as

one of the ways to ensure stable resources for poverty and diseases.

With the passage of the Partial Legislative Amendment of the KOICA ACT during a Cabinet meeting on September 11th, 2007, the government finally established the legal measure to impose a contribution of 1,000KRW for each passenger departing from Korea. This fund will be mainly used to help eradicate poverty and diseases in the LDCs in Africa and will thereby expand Korea's international development cooperation through innovative financing.

## Discussion Points

(1) In order to achieve the government's targets on scaling up the ODA, it is necessary to increase and secure sufficient financial resources within a short period of time. In doing so, however, the government is expected to encounter some challenges, including political opposition or side-effects of sudden resource reallocation. Have any of the DAC members made a drastic increase in their ODA within a short period of time? If so, how did they manage to secure the necessary financial resources as well as distribute the financial burdens that follow in an equitable and manageable fashion? In the current situation, more specifically, there are three possibilities for Korea to secure the necessary financial resources for increasing

ODA: 1) to decrease government spending in other sectors (e.g. education, social security, defense, etc.), 2) to increase government debt (e.g. by issuing government bonds), 3) to increase taxation or create a new tax. Other than these methods, can the DAC offer some practical and creative ideas to secure financial resources for Korea?

(2) There is a growing voice that Korea needs to provide more development assistance to countries with extreme poverty, including those in Africa. In response, the government in 2006 promulgated the "Korea's Initiatives for Development in Africa," which declared the government's intention to triple Korea's assistance to Africa by 2008. In the same year, the government hosted the "Africa Forum" in Seoul with African Heads of the State as well as Foreign Ministers, and also hosted the Korean Africa Economic Cooperation Conference (KOAFEC) in Seoul with Finance Ministers of 15 African countries. Nevertheless, Korea still faces many challenges in fostering development cooperation with African countries due to its short history as a donor, particularly to African states, as well as its lack of historical-cultural experiences with and

understanding of the African region. For effective ODA engagement and implementation in Africa, what practical steps and strategies can Korea adopt?

(3) In the case of Korea, which has a short history as a donor country, most of its development cooperation is taking place in the form of ODA, and very little assistance is

being provided abroad through the private sector. In the case of DAC member countries, what kind of role does the private sector play in international development cooperation?

What are the possible ways to increase the capacity and positive involvement of the private sector, and how can the government strengthen its partnership with the private sector in development cooperation?



## 1. Overall Institutional Framework

The management system of Korea's development cooperation broadly consists of policy-making institutions and implementation agencies/organizations. MOFAT and MOFE, in cooperation with the MPB, establish basic policies and strategies on Korea's development cooperation, while KOICA and the Korea Eximbank, along with other government institutions, implement and administer Korea's development aid programs.

## 2. Institutional Roles and Responsibilities for Development Cooperation

### 2.1 Ministry of Foreign Affairs and Trade (MOFAT)

MOFAT, which oversees and coordinates Korea's diplomatic relations, has recently designated international development cooperation as one of its top policy priorities.

As a policy-making institution for grant aid, MOFAT formulates short-term and long-term bilateral grant aid policies and strategies, and also acts a channel for cooperation with the OECD/DAC and other donor countries. Furthermore, it participates in various policy dialogues, joint-assistance programs, as well as processes of norm creation with development-related multilateral institutions. It also makes contributions to the UNDP and the MDBs. In August 2007, MOFAT created the Bureau for Development Cooperation, consisting of the Development Policy Division, the Development Cooperation Division, and the Humanitarian Assistance Division, for the purposes of overseeing and reinforcing its development cooperation activities. The Bureau closely works with other bureaus responsible for various regions and multilateral organizations within MOFAT, so as to attain a more comprehensive perspective on development cooperation and to implement more strategic and effective development assistance programs.

## 2.2 Korea International Cooperation Agency (KOICA)

KOICA was established in April 1991 as a government agency under the supervision of MOFAT. KOICA is responsible for administering the Korean government's grant aid and technical cooperation program, and maintains close relations with Korean embassies abroad. KOICA has 22 representative offices in 21 partner countries which play a critical role in implementing KOICA's aid programs at the field level. To design and implement effective aid programs, KOICA continuously collects information on the aid demands of its partner countries by holding policy dialogues with various stakeholders and/or conducting surveys through Korean embassies and its overseas offices. Based on such information, KOICA then designs detailed project plans, and, once obtaining approval from MOFAT, implements the projects directly or through outsourcing.

As of 2007, KOICA has 213 employees, with 20% of its staff dispatched to overseas offices. The headquarters office has three policy-related departments and eight operational

divisions by sector (i.e., Health, Education, Environment & Gender, Information & Communication Technology, Rural Development, Governance, Industry & Energy, and Disaster Relief & Reconstruction). The operational divisions conduct feasibility studies, conclude various agreements with partner countries, dispatch experts and oversees volunteers, and supervise the overall implementation process of KOICA's programs. As of 2007, 94.1% of KOICA's total budget was dedicated to implementing assistance programs, while administrative expenses accounted for 5.9% of the total budget.

## 2.3 Ministry of Finance and Economy (MOFE)

Participating in the Policy making process on the official development assistance (ODA), MOFE, which is in charge of economic cooperation and international finance, makes a concentrating effort for the efficient utilization of ODA. At the same time, it supports the socio-economic development of developing countries on the basis of its experience and expert knowledge of development and receipt of assistance. MOFE formulates and draws up policies and

institutions related to the EDCF through the Fund Management Council (Chairperson: MOFE Minister, members: 14 Ministers and presidents of execution agencies), coordinates discussions among the related ministries regarding EDCF programs through the Working-level Consultation (15 Ministries and execution agencies), and manages and supervises the Korea Eximbank's execution of EDCF. MOFE also supports aid programs on grant basis through, for instance, providing technical assistance facility for feasibility study before the implementation of the EDCF assistance and consultations on establishing development plans for developing countries. The Development Cooperation Division is in charge of these tasks. For multilateral aid, the International Financial Institutions Division of the International Finance Bureau at MOFE, acting as a Governor at the MDBs, formulates policies and makes contributions and subscriptions and also acts as a channel for cooperation with the MDBs.

## 2.4 The Korea Eximbank

Since its establishment the Korea Eximbank has been operating and administrating the EDCF, which was entrusted by MOFE in July

1987. The EDCF offers 4 types of loans; Development Project Loan, Equipment Loan, Two-step Loan and Project Preparation Loan. Among those, Development Project Loan and Equipment Loan are the majority. Eligible countries for the EDCF are determined by MOFE through the deliberation of the Fund Management Council in consideration of per capita income and the level of industrialization as defined by OECD/DAC.

As of the end of 2007, a total of 65 full-time employees are in charge of EDCF operations and administrations, and 5 out of which are EDCF Country Directors overseas. The EDCF Group at the Korea Eximbank consists of 4 offices the EDCF Planning Office for planning and assessment of projects and 2 offices for the loan operations and the EDCF Project Development Office for procurement, technical review and cooperation with MDBs.

## 2.5 Other Ministries

### *Sectoral Ministries*

The original purpose of KOICA's establishment was to integrate Korea's grant aid programs under a single, specialized

agency. At the same time, with the expansion of Korea's development cooperation in various sectors (including health, education, environment, and information and communications technology), as well as the increasing need for sectoral expertise in aid provisions, the Korean government has also allowed some 30 other ministries and institutions to participate in providing grant aid, mainly in the form of technical cooperation (e.g. dispatch of experts and invitational training). Similarly in the case of EDCF programs, relevant ministries are participating in the decision making of the EDCF projects through the Fund Management Council and the EDCF Working-level Committee in order to enhance the professionalism and effectiveness.

### ***MPB***

The MPB provides policy support to the government by developing long-term national policies (e.g. "VISION 2030"), reviewing annual and five-year ODA plans of relevant ministries, and by deliberating and adjusting each project budget.

## **2.6 CIDC: Inter-Ministerial Coordination Mechanism**

Finally, the Korean government has established the CIDC to formulate and approve the overall policies of Korea's ODA, to coordinate various programs, and to effectively link the grant-aid programs with those of concessional loans. This Committee consists of 25 members; 15 Ministers, the President of KOICA, the Chairman of the Korea Eximbank, as well as 6 civil society representatives. The CIDC deliberates and approves major policies and plans in Korea's development cooperation<sup>2)</sup>.

## **3. System for Effective and Result-Based Aid Management**

### **3.1 Overview**

To increase the effectiveness of Korea's development assistance, Korea endeavors to undertake necessary reforms at various levels of management. In particular, Korea seeks to promote partner countries' participation and

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2) After the change of Korea's government on February 25, 2008, the new administration plans to discern and decide on the future status of the CIDC.



ownership through the system of result-based management (RBM). When designing and implementing programs, implementing organizations/agencies take into consideration such factors as feasibility, aid demand, sustainability, and the impact of their programs. They also plan to make continuous efforts in the future for the improvement of their institutional infrastructure, coordination systems, evaluation mechanisms, as well as methods of project implementation.

### 3.2 Aid Project Cycle

#### *3.2.1 KOICA's Grant Aid Projects*

- (1) In accordance with the Mid-term Strategy and the CAS, KOICA identifies potential projects in close collaboration with partner countries. When the government of a partner country submits a request form for development cooperation, KOICA officially receives the document through official diplomatic channels.
- (2) Projects requested by the partner country are reviewed based on a number of factors such as: policy priorities of the partner

country as expressed in the national development plans and the poverty reduction strategies, compatibility with KOICA's mid-term strategy and CAS, the scale of the project, Korea's comparative advantage, existence of specialized domestic agencies to deliver the aid, as well as the appropriate level of assistance to that particular country.

- (3) The Project Review Committee makes preliminary selections based on the assessment of the economic, technical, financial, environmental, and social aspects of the project.
- (4) The Record of Discussions (R/D), which describes project details and responsibilities of the stakeholders, is concluded between KOICA and the partner country. The Korean government undertakes discussions with the partner government to officially sign the R/D.
- (5) KOICA implements the project in the following order: (i) formulation of the implementation plan, (ii) selection of the project contractor and conclusion of contracts, (iii) project implementation and

monitoring, and (iv) completion of the project.

- (6) Finally, evaluation is carried out as the project as a whole as well as by type of the assistance provided. For the purpose of improving the efficiency of KOICA's development assistance as a whole, evaluations by country and by sector are also selectively carried out.

### **3.2.2 The Korea Eximbank's EDCF Loans**

- (1) High priority projects are identified by means of inter-governmental policy dialogues based on Country Programs, mid-term EDCF strategic plans and Country Assistance Strategies.
- (2) When a partner country submits a request for the EDCF loan via diplomatic channels, the Korea Eximbank comprehensively appraise the economic feasibility of the projects, its effect on the socio-economic development of the partner country, and conformity with the partner country's development policy, etc.
- (3) After the review by MOFE and the Korea

Eximbank, the MOFE determines the assistance details such as the amount, terms and conditions of the loan through consultation with the related ministries, and then an arrangement between partner the two countries and a Loan Agreement (by Korea Eximbank) are entered into.

- (4) The procurement process is conducted through open bidding after the agreement between the debtor and the Korea Eximbank is concluded under the responsibility of the former, and then the EDCF loan is disbursed as the project progresses.
- (5) Monitoring is conducted throughout the implementation. And lastly within 12 months of completion, completion monitoring concentrates on the correspondence between the original plan and the output of the project by the check-list method based on the Project Completion Report (PCR). Two years after the completion monitoring, the EDCF performs an ex-post evaluation, which is carried out by an independent evaluation unit, on the projects based on the 5 evaluation criterion: Relevance, Efficiency,

Effectiveness, Impact, Sustainability. The lessons learned and recommendations from the ex-post evaluation benefit the partner country by improving its capacity to prepare, implement, and maintain development projects.

In order to ensure the long-term sustainability of the project, when necessary and requested by the partner country, the EDCF provides the Ex-post Assistance Facility to the partner country, so as to deal with the issues and problems arising from the completed project.

### 3.3 Monitoring and Evaluation System

Evaluations on Korea's development cooperation are currently carried out by implementing agencies (i.e. KOICA and Korea Eximbank). In 2008, however, the Korean government plans to establish a common set of evaluation guidelines across the implementing bodies and the types of assistance, based on a critical analysis of Korea's experience thus far as well as international best practices. These guidelines will stipulate the objectives, methods and procedures of evaluation, as well as the

agents/organizations in charge of the evaluation.

#### ***3.3.1 KOICA's Grant Aid Projects***

KOICA established its Evaluation Office in 1998 in order to strengthen the monitoring and evaluation of its ODA projects. It formulated evaluation guidelines in 1999 which have been continually revised and updated over the years. Furthermore, KOICA instituted the Project Evaluation Regulations in 2006 to lay the foundation for mainstreaming evaluation activities within the agency. KOICA has established three objectives for project evaluation: (i) enhancement of its evaluation capacity, (ii) establishment of an open evaluation system that enables more independent evaluations, and (iii) the creation of a result-based management system with a stronger mechanism for feedback from the evaluation results.

In principle, KOICA has five evaluation criteria in accordance with the OECD-DAC guidelines. At times, however, KOICA exercises flexibility in applying the criteria, considering the particular characteristics,

stages, as well as types of the evaluation it undertakes. Methods and types of evaluation also vary depending on the stage of the evaluation (mid-term, completion, and post-evaluation) as well as the type of the evaluation (project/program evaluation, evaluation by country/field and evaluation by types of assistance).

To elaborate, the mid-term and completion evaluations are undertaken by individual project implementation teams, while post-evaluations are carried out by the Evaluation Office. A mid-term evaluation takes place in the middle of the project implementation, and the completion evaluation and post-evaluation are conducted within six months and three years after the project completion, respectively. On the other hand, evaluations by type of assistance focus on the efficiency and effectiveness of the methods of project operation, while the evaluations by country or by sector undertakes a comprehensive assessment of the appropriateness of resource allocation, justification, as well as the performance of KOICA's projects.

To ensure the quality and the application of the evaluation results, KOICA's Evaluation

Office reviews each project team's evaluation every quarter and also distributes the results in debriefing sessions, published reports, or on KOICA's website.

### **3.3.2 EDCF Loans**

EDCF's evaluation consists of the creation of a performance indicator (introduced in 2007), completion monitoring and ex-post evaluation. A performance indicator is jointly made with partner countries at the stage of project appraisal after comprehensively analyzing project benefits, resources required to achieve the benefits as well as obstacles to pursuing the project. It is used for regular monitoring and ex-post evaluation in order to measure the achievement of project objectives.

Completion monitoring is carried out when Project Management Unit (PMU) in charge of a project reports the completion of the project. It focuses on examining whether the project has been completed as planned and whether the outcome has been put to proper use.

Ex-post evaluation is conducted within 2~3

years after completion monitoring. It basically uses 5 evaluation criteria of OECD DAC guidelines: Relevance, Efficiency, Effectiveness, Impact, and Sustainability. It is done by the evaluation unit independent of project operation for a more objective evaluation. The evaluation unit consisting of evaluation experts and technicians is set up. For large-scale projects, it can be conducted by experts outside of the EDCF Group.

Finally at the feedback stage, correction measures on the improvement of internal systems are reviewed and if necessary, relevant institutions are notified to ensure system improvement. Evaluation reports are opened to the public as well as partner countries so that the feedback process can be strengthened.

## **4. System for Cooperation and Coordination between Headquarters and Local Offices**

### **4.1 Role of Korean Embassies in Partner Countries**

The Korean government seeks to align

Korea's country assistance strategies and annual assistance plans with the national development strategy of partner countries. To this end, the government has utilized Korea's embassies to gain understanding of the development priorities at the field level and to accurately reflect them in Korea's cooperation programs. For instance, the Korean government requested and fully took into account the information provided by its embassies abroad when devising the mid-term CAS for 19 focus countries, published in November 2007. In the future, the government plans to increase the role of Korean embassies in development cooperation, as a way to deepen Korea's engagement with the local networks of partner countries throughout the process of project design, implementation, and evaluation.

### **4.2 KOICA**

After KOICA's Headquarters office formulates the sectoral and country assistance plans, the representative offices in partner countries then implement those plans in consultation with the Headquarter operational offices. KOICA's field offices are affiliated to Korean

embassies and are responsible for various tasks including: consultation with local organizations, policy discussions with local governments, identification of potential projects, project implementation and management, and supervision of Korean experts and volunteers dispatched to the partner countries. On critical matters, KOICA offices are required to consult with (and to obtain approval from) the Headquarters in advance and to report results ex-post.

With the expansion of its development programs and operations, KOICA seeks to undertake reforms to establish a more field-based management system. To this end, KOICA has begun to increase its overseas staff and delegated greater authority and responsibilities to its field offices, so that the field offices can play a greater role in policy dialogues and formulations of development strategies and projects. Through these measures, it intends to adopt more of the local perspectives and meet the local priorities for development.

#### 4.3 The Korea Eximbank

The Korea Eximbank dispatches country

directors mainly to major partner countries to strengthen project monitoring and to ensure smooth project implementation. EDCF has sent a total of 5 country directors to Vietnam, Indonesia, the Philippines and Tanzania, and is planning to dispatch more for closer cooperation with partner countries. Through stronger cooperation, country directors help discover project items that are highly beneficial and important to partner countries and support policy dialogue with local governments. They also provide their expertise in the procurement process such as the employment of consultants and signing of contracts, while regularly checking the ongoing projects, identifying solutions for off-track projects, and monitoring the completed projects.

In addition, utilizing the bank's global network of 13 overseas representative offices and liaison officers in 4 countries, the Korea Eximbank seeks to learn know-how in providing aid through cooperation with other donors of OECD members and encourage information-sharing by signing MOU with other multilateral/bilateral donor agencies such as regional MDBs, the United States, European countries and Japan. The Korea

Eximbank also maintains close networks with EBRD, IBRD, IDB, ADB and AfDB.

## **5. Partnership with the Civil Sector and Human Resource Development**

**5.1.** The Korean government plans to strengthen its strategic partnership with the civil sector and promote greater participation of research institutions, academia, and private companies in ODA policy-making and implementation, and in evaluation of its aid programs. Through greater collaboration with the civil sector, the government seeks to increase the effectiveness of Korea's development cooperation by utilizing the professional skills and expertise, creativity, as well as financial resources of the civil sector. The government, for instance, has already made significant progress in the area of research on development cooperation, by commissioning an increasing number of research projects to national universities and prominent research institutions. In addition, the government established the International Development Cooperation Society in 2007 to jumpstart quality research on ODA issues by non-government actors. Finally, the Korean

government has plans to build a comprehensive network for development cooperation, so as to create an effective mechanism of channeling information and human resources for development cooperation.

**5.2** Along with the efforts to scale up the ODA, the Korean government has endeavored to meet the increasing human resource needs for Korea's development cooperation. As of December 31, 2007, 60 out of 714 executives and members of the Korea Eximbank are stationed at the Headquarter office as an EDCF task force, and there are 5 EDCF country directors in 4 countries. On the other hand, KOICA has 213 regular staff members, 20% of whom are stationed at worldwide KOICA representative offices. For more effective implementation of development assistance, the Korean government is determined to make continuous efforts to recruit highly qualified professionals and to upgrade the skills and expertise of current staff members in relevant ministries and agencies.

Finally, the Korean government plans to strengthen Korea's capacity for development

cooperation by expanding its support for consulting firms and graduate schools in the field and by nurturing ODA experts and overseas volunteers<sup>3)</sup>.

## Discussion Points

(1) For the next few years, Korea's budget for ODA is expected to increase dramatically. For effective management and implementation of such growing resources for ODA, however, the government needs to strengthen its human resources for development cooperation as well as improve its implementation and management system. What kind of suggestions and advice can the DAC offer in this regard? In particular, what are the effective ways to enhance the professional knowledge and expertise of government

employees in development cooperation, so as to effectively undertake and address the challenging issues of poverty reduction as well as such cross-cutting issues as gender and HIV/AIDS?

(2) Based on its own history and experience of national development, the Korean government plans to devise an effective model for Korea's development assistance. However, considering the different historical, socio-economic, and political development experiences across nations, what are the possible ways to increase the field applicability of Korea's assistance model? In the case of DAC countries, what are good examples of transferring one's own development experience and expertise in ways that are appropriate for the local environment and development needs?

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3) To date, some 20 graduate schools of international studies have been established in Korea, and an increasing number of young people are studying development issues and taking part in various volunteer activities.





Despite the provision of development assistance in the past decades, the problem of extreme poverty and income inequality has endured and even escalated in many parts of the world. Thus, donor countries and partner countries alike have begun to question the effectiveness of development aid. In this context, over 90 countries adopted the Paris Declaration in 2005, which contains five main principles as well as some 50 commitments to improve the quality of aid. Here are some of Korea's efforts for aid effectiveness.

### 1. The Implementation Status of Paris Declaration and Future Plans

**1.1.** As a signatory of the Paris Declaration on Aid Effectiveness, Korea endeavors to implement the principles and commitments of the Declaration. In particular, it seeks to align its development strategies with those of partner countries, to harmonize its policies with those of other donor countries, to adopt a result-based approach to management, and

to increase mutual accountability with partner countries. To this end, the Korean government has already begun to introduce various policy measures.

**1.2 Ownership and Alignment.** From the early days of its development cooperation, Korea has upheld the principle of providing aid in ways that meet the priorities and needs of partner countries. Since 2006, for example, KOICA has formulated its mid-term assistance strategies for grant aid through policy dialogue with partner countries. For the loans, the Korea Eximbank has devised country as well as regional assistance strategies and programs through consultation with partner countries, and also sought to keep pace with the changes in the development needs of partner countries by annually updating the list of its candidate projects for mid-term assistance.

**1.3 Harmonization.** Although Korea has not yet undertaken extensive cooperation or coordination initiatives with other donor

countries, the Korean government has been working to harmonize the planning and implementing process of its aid policies with the MDBs, UN development agencies, NGOs, or other donor countries. For instance, Korea has already carried out several policy dialogues with the United Kingdom and Japan. In the future, the Korean government will actively participate in donor coordination meetings and undertake joint-projects with other donor countries as well as various multilateral development organizations. It also plans to conduct joint-evaluations with relevant organizations in the partner country. Furthermore, Korea will pursue more policy dialogues with the MDBs and other donor countries. It also seeks to utilize its concessional loans for joint-financing projects with the ADB, IDB, IBRD, AfDB and CABI (currently totaling 185million dollars) as opportunities to gain more know-how and technical expertise in development assistance.

**1.4 Towards Accra High Level Forum.** Korea plans to take the Accra High Level Forum to be held this September as an opportunity to critically review the progress thus far in implementing the Paris Declaration and to devise concrete action plans for the future. In

preparation for the Forum, Korea is currently taking part in the 2008 Survey on Monitoring the Paris Declaration. Compared with the previous one in 2006, the scope of this year's survey has been expanded for a more accurate assessment of Korea's aid program: the survey is being carried out in 13 partner countries with KOICA field offices. In order to build consensus around and promote understanding of the Paris Declaration and the 2008 Survey, KOICA has already conducted training for the headquarters staff and also plans to hold a special workshop during the upcoming Meeting for KOICA Overseas Representatives in March.

## **2. Progressive Approach to Untying Aid**

**2.1** As an emerging donor, Korea lacks sufficient expertise and resources for development assistance, and as a result has had a low ratio of untied aid. However, in order to enhance transparency and effectiveness of Korea's ODA and to join the international efforts for the untying of aid, the Korean government has decided to progressively increase the proportion of untied aid in its future development

assistance.

2.2 Korea's policy direction for untying aid is as follows: the government intends to first extend untied aid to the LDCs and then gradually expand its provision to other low income countries in accordance with the DAC recommendations. At the same time, the government plans to build a lasting foundation for the policy of untying aid by creating various institutional and policy mechanisms to facilitate adaptation to a new procurement environment and by eliciting understanding and support from the general public and the private sector.

## Discussion Points

(1) Korea is making various efforts to enhance aid effectiveness, including the expansion of cooperation programs with multilateral development institutions and participation in policy dialogues with donor as well as partner countries. What kind of measures for aid effectiveness can the DAC suggest for emerging donor countries like Korea?

(2) Korean government views the Public-Private Partnership (PPP) as a possible way to increase the effectiveness of Korea's development aid with the professional skills and expertise, creativity, as well as financial resources of the private sector. In our understanding, many DAC member countries have succeeded in utilizing various PPP programs as means for more practical aid policies that contribute not only to the development of the partner countries but also to the economic interests of the donor countries themselves. Now that Korea intends to actively promote the PPP, please provide DAC's advice on effective policy-making, design, and implementation of the PPP.

(3) The Korean government has recently devised the Roadmap for Untying Aid and intends to actively promote the policy of untying aid. However, while major donor countries have already attained their expertise and superior abilities in procurement, Korea lacks a strong foundation for international procurement competition. For this reason, there are rising concerns in Korea on the government's policy of untying aid.

Considering the fact that Korea is a new donor country and that the current international standards on procurement considers past achievement in procurement, what kind of policies and mechanism is the DAC considering to ensure fair competition and to promote the policy of untying aid among emerging donor countries? What kind of strategies can Korea undertake to prepare for the untying of aid?

(4) In order to effectively implement the policy of untying aid, the partner countries must have a working system of procurement. If the situation is such that this is not possible, what kind of measures can the donor country undertake in response? How can the donor country develop various cooperation mechanisms/channels with other donor countries that promote/implement the policy of untying aid?

# Annex

## 1. Korea's ODA disbursement

### (1) Gross disbursements

(Million US dollars)

	2000	2001	2002	2003	2004	2005	2006
<b>ODA (A+B)</b>	<b>229,37</b>	<b>288,67</b>	<b>303,79</b>	<b>396,48</b>	<b>450,51</b>	<b>778,22</b>	<b>513,03</b>
<b>Bilateral ODA (A=a+b)</b>	<b>134,98</b>	<b>181,02</b>	<b>218,63</b>	<b>259,02</b>	<b>347,93</b>	<b>482,57</b>	<b>401,37</b>
<b>Bilateral grants, total(a)</b>	<b>47,78</b>	<b>52,97</b>	<b>66,70</b>	<b>145,46</b>	<b>212,09</b>	<b>318,00</b>	<b>258,95</b>
Project and programme aid	18,08	12,77	21,59	83,34	123,78	184,99	81,58
Technical co-operation	19,79	21,69	30,21	36,93	53,83	80,16	116,78
ODA grants in Associated Financing packages	-	-	-	-	-	-	-
Developmental food aid	-	-	-	1,02	-	-	-
Humanitarian aid	0,51	8,18	2,96	2,99	12,90	26,66	24,37
Debt forgiveness and other action on debt	-	-	-	-	-	-	-
General (core) support to national NGOs & other priv. bodies	0,55	0,79	1,39	6,66	1,75	3,77	5,12
General (core) support to international NGOs	0,05	0,04	-	0,35	0,40	0,76	0,22
General (core) support to Public-Private Partnerships	-	-	-	-	0,25	-	-
Promotion of development awareness	0,83	0,70	0,72	1,15	1,67	2,27	2,53
Administrative costs not included elsewhere	7,98	8,11	9,03	13,03	17,51	19,38	25,31
Other	-	0,70	0,80	-	-	-	3,05
<b>Non-grant bilateral ODA (b)</b>	<b>87,21</b>	<b>128,05</b>	<b>151,93</b>	<b>113,57</b>	<b>135,85</b>	<b>164,56</b>	<b>142,41</b>
Loans by government or official agencies	87,21	128,05	151,93	113,57	135,85	164,56	142,41
Acquisition of equity	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Offsetting entry for debt forgiveness	-	-	-	-	-	-	-
<b>Multilateral ODA (B=c+d)</b>	<b>94,38</b>	<b>107,65</b>	<b>85,16</b>	<b>137,46</b>	<b>102,58</b>	<b>295,66</b>	<b>111,67</b>
<b>Grants and capital subscriptions (c)</b>	<b>87,58</b>	<b>95,14</b>	<b>85,16</b>	<b>137,46</b>	<b>102,58</b>	<b>295,66</b>	<b>111,67</b>
UN agencies	19,60	25,53	21,46	25,10	21,58	38,27	42,86
EC	-	-	-	-	-	-	-
IDA	34,56	33,37	33,93	51,94	43,67	119,73	-
IBRD, IFC, MIGA	0,33	1,66	0,52	0,59	0,51	0,39	0,71
Regional development banks	25,88	24,38	19,49	34,29	28,29	125,92	53,91
Global Environment Facility	0,42	2,36	0,71	1,16	0,75	0,77	1,13
Montreal Protocol	0,04	0,03	-	0,04	0,04	0,04	0,10
Other agencies	6,76	7,80	9,03	24,33	7,74	10,55	12,95
<b>Concessional lending to multilat. agencies(d)</b>	<b>6,80</b>	<b>12,51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exchange rate</b>	<b>1130,60</b>	<b>1,290,83</b>	<b>1,251,24</b>	<b>1,191,89</b>	<b>1,144,67</b>	<b>1,024,31</b>	<b>955,51</b>

Source: [http://www.oecd.org/document/33/0,2340,en\\_2649\\_34447\\_36661793\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/33/0,2340,en_2649_34447_36661793_1_1_1_1,00.html) (TABLE DAC 1)

## (2) Net disbursements

(Million US dollars)

	2000	2001	2002	2003	2004	2005	2006
<b>ODA (A+B)</b>	<b>212,07</b>	<b>264,65</b>	<b>278,78</b>	<b>365,91</b>	<b>423,32</b>	<b>752,32</b>	<b>455,25</b>
<b>Bilateral ODA (A=a+b)</b>	<b>131,18</b>	<b>171,54</b>	<b>206,76</b>	<b>245,17</b>	<b>330,76</b>	<b>463,30</b>	<b>376,06</b>
<b>Bilateral grants, total(a)</b>	<b>47,78</b>	<b>52,97</b>	<b>66,70</b>	<b>145,46</b>	<b>212,09</b>	<b>318,00</b>	<b>258,95</b>
Project and programme aid	18,08	12,77	21,59	83,34	123,78	184,99	81,58
Technical co-operation	19,79	21,69	30,21	36,93	53,83	80,16	116,78
ODA grants in Associated Financing packages	-	-	-	-	-	-	-
Developmental food aid	-	-	-	1,02	-	-	-
Humanitarian aid	0,51	8,18	2,96	2,99	12,90	26,66	24,37
Debt forgiveness and other action on debt	-	-	-	-	-	-	-
General (core) support to national NGOs & other priv. bodies	0,55	0,79	1,39	6,66	1,75	3,77	5,12
General (core) support to international NGOs	0,05	0,04	-	0,35	0,40	0,76	0,22
General (core) support to Public-Private Partnerships	-	-	-	-	0,25	-	-
Promotion of development awareness	0,83	0,70	0,72	1,15	1,67	2,27	2,53
Administrative costs not included elsewhere	7,98	8,11	9,03	13,03	17,51	19,38	25,31
Other	-	0,70	0,80	-	-	-	3,05
<b>Non-grant bilateral ODA (b)</b>	<b>83,41</b>	<b>118,57</b>	<b>140,06</b>	<b>99,71</b>	<b>118,68</b>	<b>145,30</b>	<b>117,11</b>
Loans by government or official agencies	83,41	118,57	140,06	99,71	118,68	145,30	117,11
Acquisition of equity	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Offsetting entry for debt forgiveness	-	-	-	-	-	-	-
<b>Multilateral ODA (B=c+d)</b>	<b>80,89</b>	<b>93,11</b>	<b>72,02</b>	<b>120,74</b>	<b>92,56</b>	<b>289,01</b>	<b>79,19</b>
<b>Grants and capital subscriptions (c)</b>	<b>87,58</b>	<b>95,14</b>	<b>85,16</b>	<b>137,46</b>	<b>102,58</b>	<b>295,66</b>	<b>111,67</b>
UN agencies	19,60	25,53	21,46	25,10	21,58	38,27	42,86
EC	-	-	-	-	-	-	-
IDA	34,56	33,37	33,93	51,94	43,67	119,73	-
IBRD, IFC, MIGA	0,33	1,66	0,52	0,59	0,51	0,39	0,71
Regional development banks	25,88	24,38	19,49	34,29	28,29	125,92	53,91
Global Environment Facility	0,42	2,36	0,71	1,16	0,75	0,77	1,13
Montreal Protocol	0,04	0,03	-	0,04	0,04	0,04	0,10
Other agencies	6,76	7,80	9,03	24,33	7,74	10,55	12,95
<b>Concessional lending to multilat. agencies(d)</b>	<b>-6,69</b>	<b>-2,03</b>	<b>-13,14</b>	<b>-16,72</b>	<b>-10,02</b>	<b>-6,64</b>	<b>-32,48</b>
<b>ODA/GNI (%)</b>	<b>0,04</b>	<b>0,06</b>	<b>0,05</b>	<b>0,06</b>	<b>0,06</b>	<b>0,10</b>	<b>0,05</b>
<b>Exchange rate</b>	<b>1130,60</b>	<b>1,290,83</b>	<b>1,251,24</b>	<b>1,191,89</b>	<b>1,144,67</b>	<b>1,024,31</b>	<b>955,51</b>

Source: [http://www.oecd.org/document/33/0,2340,en\\_2649\\_34447\\_36661793\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/33/0,2340,en_2649_34447_36661793_1_1_1_1,00.html) (TABLE DAC 1)

### (3) Commitments

(Million US dollars)

	2000	2001	2002	2003	2004	2005	2006
<b>ODA (A+B)</b>	<b>325,01</b>	<b>262,65</b>	<b>368,82</b>	<b>437,15</b>	<b>780,49</b>	<b>771,69</b>	<b>892,00</b>
<b>Bilateral ODA (A=a+b)</b>	<b>257,25</b>	<b>174,59</b>	<b>254,51</b>	<b>316,59</b>	<b>483,45</b>	<b>657,79</b>	<b>675,49</b>
<b>Bilateral grants, total(a)</b>	<b>47,82</b>	<b>52,97</b>	<b>66,70</b>	<b>145,56</b>	<b>240,98</b>	<b>339,04</b>	<b>316,27</b>
Project and programme aid	18,08	12,77	21,59	86,46	150,64	192,91	129,89
Technical co-operation	19,79	21,69	30,21	36,94	55,87	83,06	125,53
ODA grants in Associated Financing packages	-	-	-	-	-	-	-
Developmental food aid	-	-	-	-	-	-	-
Humanitarian aid	0,51	8,18	2,96	0,98	12,90	36,87	24,62
Debt forgiveness and other action on debt	-	-	-	-	-	-	-
General (core) support to national NGOs & other priv. bodies	0,55	0,79	1,39	6,66	1,75	3,77	5,12
General (core) support to international NGOs	0,05	0,04	-	0,35	0,40	0,76	0,22
General (core) support to Public-Private Partnerships	-	-	-	-	-	-	-
Promotion of development awareness	0,83	0,70	0,72	1,15	1,67	2,27	2,53
Administrative costs not included elsewhere	8,02	8,11	9,03	13,03	17,51	19,38	25,31
Other	-	0,70	0,80	-	-	-	3,05
<b>Non-grant bilateral ODA (b)</b>	<b>209,43</b>	<b>121,62</b>	<b>187,81</b>	<b>171,03</b>	<b>242,47</b>	<b>318,76</b>	<b>359,22</b>
Loans by government or official agencies	209,43	121,62	187,81	171,03	242,47	318,76	359,22
Acquisition of equity	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Offsetting entry for debt forgiveness	-	-	-	-	-	-	-
<b>Multilateral ODA (B=c+d)</b>	<b>67,76</b>	<b>88,06</b>	<b>114,31</b>	<b>120,56</b>	<b>297,03</b>	<b>113,89</b>	<b>216,51</b>
<b>Grants and capital subscriptions (c)</b>	<b>67,76</b>	<b>88,06</b>	<b>114,31</b>	<b>120,56</b>	<b>297,03</b>	<b>113,89</b>	<b>216,51</b>
UN agencies	19,60	25,53	21,46	25,10	21,58	36,66	53,43
EC	-	-	-	-	-	-	-
IDA	34,56	33,37	49,96	41,94	117,29	-	79,74
IBRD, IFC, MIGA	0,33	0,03	0,52	0,59	0,51	0,39	0,71
Regional development banks	6,62	18,90	32,64	27,39	149,26	64,72	69,58
Global Environment Facility	0,42	2,36	0,71	1,16	0,75	0,77	1,13
Montreal Protocol	0,04	0,03	-	-	0,04	0,04	0,08
Other agencies	6,20	7,84	9,03	24,37	7,62	11,32	11,84
<b>Concessional lending to multilat. agencies(d)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Exchange rate</b>	<b>1130,60</b>	<b>1,290,83</b>	<b>1,251,24</b>	<b>1,191,89</b>	<b>1,144,67</b>	<b>1,024,31</b>	<b>955,51</b>

Source: [http://www.oecd.org/document/33/0,2340,en\\_2649\\_34447\\_36661793\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/33/0,2340,en_2649_34447_36661793_1_1_1_1,00.html) (TABLE DAC 1)

## 2. ODA distribution by region and by country

〈Destination of bilateral ODA (Gross Disbursements)〉

(Million US dollars)

	2000	2001	2002	2003	2004	2005	2006
<b>Africa</b>	<b>25,86</b>	<b>7,11</b>	<b>8,36</b>	<b>20,92</b>	<b>29,85</b>	<b>42,41</b>	<b>51,33</b>
North of Sahara	13,12	4,17	5,32	17,15	23,76	35,33	40,91
South of Sahara	12,74	2,94	3,04	3,77	6,09	7,09	10,42
<b>Asia</b>	<b>84,25</b>	<b>130,30</b>	<b>169,37</b>	<b>202,63</b>	<b>272,39</b>	<b>388,89</b>	<b>247,20</b>
South & Centr. Asia	41,64	38,75	45,84	68,16	67,63	102,55	78,83
Far East	41,83	89,81	117,33	91,96	123,12	107,98	94,69
Middle East	0,76	1,70	6,20	42,51	81,44	178,13	72,22
Asia, Regional	0,03	0,04	-	-	0,20	0,23	1,47
<b>America</b>	<b>12,23</b>	<b>13,81</b>	<b>9,45</b>	<b>11,78</b>	<b>15,54</b>	<b>20,53</b>	<b>26,66</b>
North & Central	9,23	11,70	6,24	7,56	9,00	8,78	13,46
South	2,99	2,11	3,21	4,22	6,54	11,75	13,2
<b>Oceania</b>	<b>2,20</b>	<b>4,53</b>	<b>1,52</b>	<b>5,31</b>	<b>0,90</b>	<b>1,07</b>	<b>1,76</b>
<b>Europe</b>	<b>1,04</b>	<b>14,26</b>	<b>19,54</b>	<b>3,71</b>	<b>7,71</b>	<b>4,04</b>	<b>31,92</b>
<b>Bilat. Unallocated</b>	<b>9,40</b>	<b>11,03</b>	<b>10,40</b>	<b>14,66</b>	<b>21,55</b>	<b>25,64</b>	<b>42,50</b>
<b>Bilateral, total</b>	<b>134,98</b>	<b>181,02</b>	<b>218,63</b>	<b>259,02</b>	<b>347,93</b>	<b>482,57</b>	<b>401,37</b>

Source: [http://www.oecd.org/document/33/0,2340,en\\_2649\\_34447\\_36661793\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/33/0,2340,en_2649_34447_36661793_1_1_1_1,00.html) (TABLE DAC 2a)

〈Regional distribution of bilateral ODA (Gross Disbursements)〉

(%)

	2000	2001	2002	2003	2004	2005	2006
Africa	19,2	3,9	3,8	8,1	8,6	8,8	12,8
Asia	62,4	72,0	77,5	78,2	78,3	80,6	61,6
America	9,1	7,6	4,3	4,5	4,5	4,3	6,6
Oceania	1,6	2,5	0,7	2,1	0,3	0,2	0,4
Europe	0,8	7,9	8,9	1,4	2,2	0,8	8,0
Bilat. Unallocated	7,0	6,1	4,8	5,7	6,2	5,3	10,6
<b>Bilateral, total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: [http://www.oecd.org/document/33/0,2340,en\\_2649\\_34447\\_36661793\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/33/0,2340,en_2649_34447_36661793_1_1_1_1,00.html) (TABLE DAC 2a)



〈Top 10 recipients of bilateral ODA (Gross disbursements)〉

(Million US dollars)

2000		2001		2002		2003		2004		2005		2006	
Uzbekistan	18,49	Viet Nam	39,08	China	28,34	Iraq	40,57	Iraq	72,15	Iraq	149,54	Iraq	57,09
Viet Nam	16,03	Indonesia	23,14	Viet Nam	23,59	Indonesia	30,17	Viet Nam	34,44	Sri Lanka	33,21	Sri Lanka	26,99
China	14,62	China	17,59	Cambodia	22,71	Afghanistan	21,12	China	28,02	Bangladesh	32,83	Bangladesh	22,51
Tunisia	12,02	Uzbekistan	16,27	Croatia	18,90	Sri Lanka	19,92	Cambodia	23,88	Yemen	24,10	Indonesia	21,37
Sri Lanka	10,84	Croatia	13,32	Mongolia	16,69	China	19,06	Bangladesh	23,78	China	22,82	Albania	16,94
<b>Top 5 recipients</b>	<b>72,00</b>	<b>Top 5 recipients</b>	<b>109,40</b>	<b>Top 5 recipients</b>	<b>110,23</b>	<b>Top 5 recipients</b>	<b>130,84</b>	<b>Top 5 recipients</b>	<b>182,28</b>	<b>Top 5 recipients</b>	<b>262,50</b>	<b>Top 5 recipients</b>	<b>144,90</b>
Angola	8,61	Sri Lanka	12,18	Indonesia	14,67	Viet Nam	13,71	Afghanistan	21,54	Indonesia	19,29	Kenya	16,25
Panama	8,09	Panama	10,46	Sri Lanka	13,57	Ghana	12,38	Indonesia	18,60	Viet Nam	18,69	Cambodia	13,83
Bangladesh	6,42	Pakistan	4,43	Kazakhstan	10,91	Cambodia	10,76	Ghana	15,22	Cambodia	17,77	Viet Nam	13,72
Indonesia	3,87	Philippines	4,24	Myanmar	7,45	Bangladesh	10,58	Philippines	9,35	Ghana	13,70	Laos	13,55
Philippines	3,28	Papua New Guinea	4,00	Philippines	7,41	Myanmar	7,54	Sri Lanka	8,26	Kenya	11,65	China	13,47
<b>Top 10 recipients</b>	<b>102,27</b>	<b>Top 10 recipients</b>	<b>144,71</b>	<b>Top 10 recipients</b>	<b>164,24</b>	<b>Top 10 recipients</b>	<b>185,81</b>	<b>Top 10 recipients</b>	<b>255,25</b>	<b>Top 10 recipients</b>	<b>343,60</b>	<b>Top 10 recipients</b>	<b>215,72</b>
<b>Bilateral, total</b>	<b>134,98</b>	<b>Bilateral, total</b>	<b>181,02</b>	<b>Bilateral, total</b>	<b>218,63</b>	<b>Bilateral, total</b>	<b>259,02</b>	<b>Bilateral, total</b>	<b>347,93</b>	<b>Bilateral, total</b>	<b>482,57</b>	<b>Bilateral, total</b>	<b>401,37</b>

Source: [http://www.oecd.org/document/33/0,2340,en\\_2649\\_34447\\_36661793\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/33/0,2340,en_2649_34447_36661793_1_1_1_1,00.html) (TABLE DAC 2a)

### 3. Emergency relief assistance between 2004 and 2007

Year	Amount (USD million)	Recipient country & international organization	Operations
2004	0,88	18 countries	- Disaster relief funds for restoration from flood damage in Bangladesh - Relief funds to repair damage from tidal waves, emergency material assistance, dispatch of rescue team
2005	12,13	23 countries, 10 organizations	- Relief funds to repair damage from tidal waves, emergency material assistance, dispatch of rescue team - Relief funds after earthquakes in Pakistan, emergency material assistance, dispatch of rescue team, etc
2006	5,14	15 countries, 1 organization	- Relief funds to Jakarta, Indonesia following earthquakes, emergency material assistance, dispatch of rescue team, etc. - Relief funds for typhoon damages in the Philippines, emergency material assistance, etc.
2007	5,53	28 countries, 4 organizations	- Emergency relief funds for typhoon damages in the South American region, etc - Emergency relief funds and emergency material assistance after typhoon damages in Bangladesh

#### 4. Untied-Tied Ratio of DAC member countries and Korea

(unit: %)

	1979			2001			2005		
	Untied	Partially tied	Tied	Untied	Partially tied	Tied	Untied	Partially tied	Tied
DAC member countries	44.0%	4.6%	51.4%	79.9%	2.6%	17.5%	91.8%	1.8%	6.5%
Korea	N/A	N/A	N/A	1.5%	4.2%	94.3%	2.6%	16.0%	81.4%

#### 5. Examples of Korea's Assistance Programs

##### 1) Improvement of Agricultural Productivity in Algeria (2007–2009)

Agriculture is a major sector of Algeria's economy, accounting for approximately 12% of GDP and 25% of employment. An Algerian consumes 45–50kg of potato a year on average. Yet Algeria heavily relies on imports (70% dependency), spending 70–95 million USD for importing potatoes. Moreover, Algeria experiences a potato upheaval almost every year. For August–October 2007, the Algerian government temporarily exempted tariff (30%) and surtax (17%) for importing 100 thousand tons of potato. Although Algeria spent 30 million USD, it has failed to stabilize prices. Despite the significant amount of potato consumption, the Algerian

government has been importing seed potatoes due to its lack of technical skills and experiences in producing seed potatoes. Given the importance of seed potatoes to increase potato production, agricultural productivity development will play an important role in the national development of Algeria.

The goal of this agricultural productivity improvement program is to (1) enhance self-sufficiency in food production by sharing Korea's technologies in producing high-quality seed potatoes; (2) improve the living standards in rural area; (3) increase partnerships between Algeria and Korea.

Korea has very successful experience in producing high quality seed potatoes since 1960. Its technology has been spread to neighboring countries such as China and South East Asian countries. In order to share

its profound know-how of agricultural development, KOICA is dispatching agricultural experts who have tissue culture, species improvement, blight examination, and seed potato production skills. The experts will work in close cooperation with counterparts from the Algerian government. In addition, invitation of trainees for further technical assistance, building a laboratory and greenhouses, and other facilities will be provided accordingly. This agricultural development will bring better agricultural productivity, which will be expected to contribute to improving quality of life in rural area in Algeria.

## **2) Establishment of National Development Strategy and Action Plan in Mongolia (2006)**

Mongolia has been striving to transit to market economy and democracy by privatizing state properties and forming the private sector. It started in 1991 just after democratic movement and demonstration. More comprehensive policy reforms were introduced from 1993 onwards including banking and government finance. Accordingly, the Mongolian government had been preparing 2021 National Development

Strategy aimed for defining in a comprehensive manner a policy for the next years toward supporting the Mongolian human development by promoting economic growth as well as actively developing its society, economy, and technology with global and regional development. However, the Mongolian government found it challenging due to its weak financial management, expertise, and experience in comprehending national development plan. Consequently, the Mongolian government requested Korea of development assistance.

KOICA assisted Mongolia in various ways. These include inviting and hosting seminars in association with Mongolia in which Mongolia's economic development status were analyzed, dispatching experts to analyze global market trends and suggesting economic development goals and action plans that would integrate Korea's development experience with Mongolia's situation. In particular, the Korean government dispatched 7 experts in 4 sectors: macroeconomists for modeling a economy, community/regional development experts for a balanced development, industrial development experts, and resource

management experts.

As a result, a draft MDGs-based National Development Strategy of Mongolia was adopted by the parliament on 1 February 2008. The long-term development priorities and policies of Mongolia refer to two phases: years 2007–2015 and year 2016–2021 with each set of priorities. This is an example of a project in which Korea's economic development experiences are being shared. As a partner country, it is expected that these efforts will subsequently stimulate Mongolia to achieve sustainable economic growth.

### **3) Assisting Establishment of Export Credit Agency in Vietnam (2005 )**

In 2005, Vietnam requested Korea to share the nation's expertise and experience in establishing an export credit agency, so as to

promote Vietnamese exports and to contribute toward sustainable economic growth of the country. In response, the Korea Eximbank has provided consulting and policy advice on the function and the role of an export credit agency, the credit system, as well as structure and risk management. As a result, the Vietnam Development Bank (VDB) was founded in 2006. In order to assist the VDB's operation and management, the Korean government has also provided continuous monitoring and policy advice, training programs, dispatch of experts, OJT, as well as joint research programs. Furthermore, Korea has helped develop Vietnam's financial sector through its development cooperation with the participation of the Korea Credit Guarantee Fund and the Korea Development Bank.