

KEY QUESTION

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What are South Korea's strategic priorities for development?

Promoting rural development is a key priority

The Framework Act on International Development Cooperation, published in 2010, outlines the overarching principles of South Korean development cooperation, and clarifies the responsibilities of different actors. The Framework Act sets out five guiding principles for development: poverty reduction, human rights, gender equality, sustainable development and peace and prosperity in the international community. The 'Strategic Plan for International Development Cooperation for 2016-2020', published in 2015, outlines current strategic priorities for development policy and indicative volumes of ODA. Among other things, it specifies that South Korea will continue to channel around 40% of its ODA in the form of loans. Compared to other donor countries, loans account for a high share of South Korea's ODA portfolio (OECD Development Assistance Committee (DAC) member average: 10%). Loans are preferred as they limit the burden of ODA on public spending and are thought to incentivize fiscal discipline in the recipient country. A key priority of South Korea's development policy is to promote inclusive and sustainable rural development based on the New Village Movement ('Saemaul Undong'). The New Village Movement was a community-based approach that South Korea applied in the 1970s to raise the standard of living in rural in South Korea. Additionally, the current plan prioritizes the increase of aid to economic infrastructure and environmental policy issues, the alignment of aid with the Sustainable Development Goals (SDGs), and the focus of funding on girls' health and education as well as agricultural development.

The government has launched four flagship initiatives in support of reaching the SDGs under the overarching theme of 'Better Life for All'. The 'Better Life for Girls' initiative supports projects that promote girls' education and health. The 'Science, Technology and Innovation for Better Life' initiative aims to promote science capacity, research and development R&D, and entrepreneurship. Both initiatives are funded with US\$200 million for the five-year period. Moreover, the 'Safe Life for All' initiative allocates US\$100 million to combat infectious diseases. Through the 'Better Education for Africa's Rise' initiative, the government plans to spend US\$100 million to foster industrial and technical manpower.

Key development funding priorities for 2016 to 2020:

- **Increased ODA:** Gradually increase total ODA to 0.2% of GNI by 2020 (2015: 0.14%)
- **Focus on bilateral ODA:** Maintain ratio of bilateral/multilateral ODA of 70:30
- **Loans as key instrument:** Maintain ratio of ODA provided as grants vs. loans at 60%:40%.

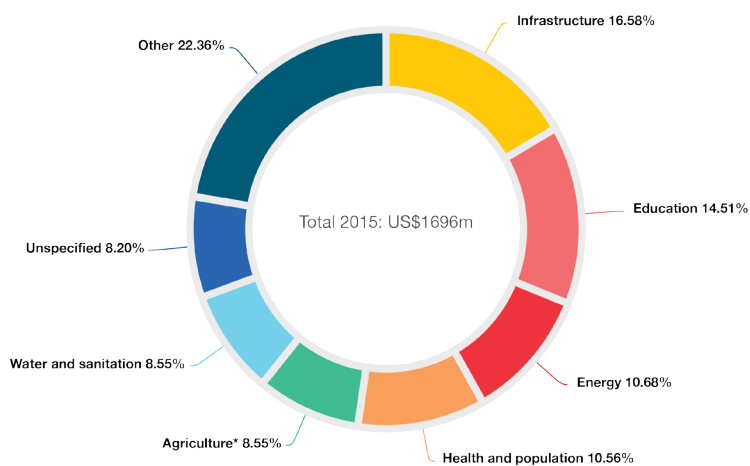
In addition to its thematic initiatives, the government has become more active in global debates on development over the past years. This was exemplified by South Korea's hosting of the Fourth High Level Forum on Aid Effectiveness in Busan in 2011, as well as a range of high-level, post-Busan meetings.

Infrastructure is a focus area of bilateral cooperation

Supporting hard infrastructure through loans is a key area of bilateral ODA investments. In 2015, the government allocated 17% of its bilateral ODA to infrastructure projects. Key areas include transport and energy infrastructure. The vast share of infrastructure ODA is provided in the form of loans (85%). Geographically, South Korean infrastructure projects focus on Asia (81%), followed by sub-Saharan Africa (10%).

Other key areas of bilateral cooperation include education (15% of bilateral ODA in 2015), health and population (11%), water and sanitation (9%), and agriculture, including rural development (9%).

SOUTH KOREA'S BILATERAL ODA BY SECTOR



Source: OECD CRS. *Includes agriculture, forestry, fishing, and rural development.