FUNDING TRENDS
South Korea's ODA is disbursing growing levels of ODA funding since becoming a member of the OECD Development Assistance Committee in 2010.

STRATEGIC PRIORITIES
A framework on international development cooperation outlines strategic priorities, including poverty reduction and gender equality, and states much of ODA will remain in the form of loans.

KEY OPPORTUNITIES
With an expected rise in ODA, and significant funding allocations still to be made, opportunities exist to shape South Korea's future funding.

Vietnam is the largest recipient of South Korea's development assistance, mostly as loans.
Funding trends

• South Korea is the 15th-largest donor country, spending US$2.1 billion on net official development assistance (ODA) in 2017 (in current prices). This corresponds to 0.14% of its gross national income (GNI).

• After steadily increasing its ODA since becoming a member of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) in 2010, preliminary data shows a slight decrease in ODA between 2016 and 2017 (-6.5%). The government nonetheless remains committed to increasing its ODA, targeting 0.2% of its GNI by 2020.

Strategic priorities

• The ‘Strategic Plan for International Development Cooperation for 2016-2020’ outlines the current strategic priorities of South Korea’s development policy and indicative volumes of ODA. Among other things, it specifies that the country will continue to channel around 40% of its ODA in the form of loans.

• After the presidential impeachment in 2017, South Korea restructured its government and abolished its four flagship development initiatives. However, the committed funding will be allocated to other ODA programs with a similar focus, e.g., funding for the ‘Better Life for Girls’ flagship initiative (US$200 million) will be used for maternal and child health programs.

• According to the ‘2018 Annual Implementation Plan for Development Cooperation’, funding is expected to focus on five sectors: industrialization; water, sanitation, and hygiene (WASH); health; education; hunger; and agriculture.

Key opportunities

• South Korea is expected to increase its ODA in years to come, and a large part of the anticipated additional funds have yet to be allocated. This provides opportunities to engage with the South Korean government and shape future funding allocations.

• In December 2016, the South Korean Parliament impeached President Park Geun-hye following a corruption scandal. The impeachment was upheld by the Constitutional Court in March 2017. Subsequently, South Koreans elected Moon Jae-in as president on May 9, 2017. The administration’s overall priorities for development are expected to be largely in line with the ‘Strategic Plan for International Development Cooperation for 2016-2020’.
How much ODA does South Korea provide?

South Korea is a small yet growing donor; government plans to increase ODA to 0.2% of GNI by 2020

The Republic of Korea (hereafter referred to as South Korea) was the 15th-largest donor country in 2017. It spent US$2.2 billion in net official development assistance (ODA) in 2017 (in current prices; US$2.1 billion in 2016 prices). This corresponds to 0.14% of South Korea’s gross national income (GNI), a decrease from 0.16% in 2016.

South Korea was an ODA recipient until 1995 and became a member of the OECD Development Assistance Committee (DAC) in 2010. Since then, it has increased its ODA volume steadily: ODA rose by 18% between 2015 and 2016. In 2017 however, ODA decreased by 6.5%. According to the OECD DAC preliminary data, this decrease is mainly due to lower level of core contributions to multilateral organizations in 2017. In 2018, the total ODA budget is set to increase to KRW3.0 trillion (US$2.6 billion), or 0.17% of GNI. The government’s 2015 ‘Strategic Plan for International Development Cooperation for 2016-2020’ foresees that ODA will increase gradually to 0.2% by 2020.
What are South Korea’s strategic priorities for development?

Promoting rural development remains a key priority


Compared to other donor countries, loans account for a high share of South Korea’s ODA portfolio (39%; OECD Development Assistance Committee (DAC) member average: 9%). 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 ODA’). The New Village Movement was a community-based approach that South Korea applied in the 1970s to raise the standard of living in rural parts of the country. As the Movement is associated with President Park Chung-hee, the father of impeached President Park Geun-hye, it is expected that the new administration will scrutinize existing projects and set a stronger focus on transparency and effectiveness of implementation. Nevertheless, rural development will likely remain a priority of South Korean ODA, and ‘Saemeul Undong’ will likely remain a key program for implementation.

Additionally, the Strategic Plan prioritizes the increase of development assistance to economic infrastructure and environmental policy issues, alignment with the Sustainable Development Goals (SDGs), funding girls’ health and education, and agricultural development. Within the five-year Strategic Plan, South Korea’s development cooperation is guided by an annual document that outlines specific priorities, the International Development Cooperation Action Plan. The 2018 International Development Cooperation Action Plan, published in December 2017, outlines five sector priorities for 2018: industrialization; education; health; water, sanitation, and hygiene (WASH); and hunger and agriculture.

In 2017, during a presidential impeachment process and subsequent change in government, South Korea abolished its four flagship development initiatives. The initiatives had been launched in 2016 and accompanied the country’s Strategic Plan 2016-2020: The ‘Better Life for Girls’ initiative supported projects on girls’ health and education (US$200 million). The ‘Science, Technology and Innovation for Better Life’ initiative aimed to promote science capacity, research and development, and entrepreneurship (US$200 million). The ‘Safe Life for all’ initiative focused on combating infectious diseases (US$100 million). Lastly, the ‘Better Education for Africa’s Rise’ initiative aimed to foster industrial and technical manpower (another US$100 million). The committed funding will be used to fund government programs with a similar focus, e.g. the pledge for the ‘Better Life for Girls’ initiative will be mainly allocated to maternal and child health projects.

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.

Key development funding priorities for 2016 to 2020:

- **Increased ODA**: Gradually increase total ODA to 0.2% of GNI by 2020 (2016: 0.16%)
- **Focus on bilateral ODA**: Maintain ratio of bilateral/multilateral ODA of 70:30 (2016: 70:30)
- **Loans as key instrument**: Maintain ratio of ODA provided as grants vs. loans at 60:40 (2016: 61:39).
Infrastructure is a focus area of bilateral cooperation

Supporting hard infrastructure through loans is a key area of bilateral ODA investments. In 2016, the government allocated 20% of its bilateral ODA to infrastructure projects. The majority of this funding was in the form of loans to Asian countries (60%). South Korea has increased its infrastructure investments in sub-Saharan Africa, with 27% of infrastructure ODA going to the region in 2016, up from 10% in 2015.

Other key areas of bilateral cooperation include education (15% of bilateral ODA in 2016); health and population (13%); agriculture, including rural development (8%); and water and sanitation (7%).

SOUTH KOREA’S BILATERAL ODA BY SECTOR, 2016
Total: US$1622 million

- Infrastructure: 19.6% (US$318m.)
- Education: 14.9% (US$241m.)
- Health & Population: 12.7% (US$206m.)
- Agriculture*: 8.0% (US$129m.)
- Water & Sanitation: 6.6% (US$107m.)
- Energy: 6.2% (US$100m.)
- Government & Civil Society: 5.7% (US$98m.)
- Other: 26.4% (US$429m.)

OECD CRS. Gross disbursements. *Includes agriculture, forestry, fishing, and rural development. In 2016 prices.
Who are the main actors in South Korean development cooperation?

Ministry of Foreign Affairs and Ministry of Strategy and Finance steer policy; KOICA and the Korea Eximbank implement

The president leads the South Korean government and sets broad strategic guidelines for development cooperation. The president’s directions are honored by ministries and agencies, including on ODA volumes and thematic priorities. In December 2016, the South Korean Parliament impeached President Park Geun-hye, following a corruption scandal. The impeachment was upheld by the Constitutional Court in March 2017. Subsequently, South Koreans elected Moon Jae-in (Democratic Party) as president in May 2017. Moon appointed Lee Nak-yeon as Prime Minister shortly after his inauguration. Within the Prime Minister’s office, Park Jin-ho is Director-General of the ODA Bureau. Under the overall policy and decision-making authority of the president, two ministries guide the definition of development policy: the Ministry of Foreign Affairs (MOFA) and the Ministry of Strategy and Finance (MOSF).

- The MOFA, currently headed by Kang Kyung-wha, sets policies and priorities for bilateral grants and multilateral ODA channelled through the UN and other multilateral instruments, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). Bilateral grants are implemented by the Korea International Cooperation Agency (KOICA), which is supervised by the MOFA (see below). Within MOFA, a Director-General (currently Jeon Jin-kyu) is responsible for the development cooperation bureau. In its annual work plan, MOFA seeks to strengthen the partnership with domestic, regional, and international stakeholders and to broaden its agenda, increase the total ODA and humanitarian assistance budget, enhance synergies between development and foreign affairs, support the capacity of NGOs and other small-scale partners, and enhance accountability, effectiveness, and transparency of ODA.

- The MOSF, currently led by Kim Dong-yeon, sets policies for ODA loans and manages contributions to multilateral development banks. It also supervises South Korea’s Economic Development Cooperation Fund (EDCF), which finances bilateral loans, and the Export-Import Bank of Korea (Korea Eximbank) that implements them (see below). In addition, the MOSF sets the national budget, and its Budget Office can also veto MOFA grants and loans that do not meet project-approval criteria. Within MOSF, a Director-General (currently Yook Tae-sik) is responsible for the development finance bureau.

Government officials are not legally permitted to be affiliated with a political party. For this reason, ministers who have been previously affiliated with a party must leave the party when they come into government office.

Major ODA-related policies are decided by the Committee for International Development Cooperation (CIDC). The CIDC is composed of 25 members and includes the prime minister (who chairs the CIDC), 14 cabinet members, the president of KOICA, the chairman of the Korea Eximbank, and seven experts.

The CIDC was established in 2006 and has since adopted major policies including the ‘Strategic Plan for International Development Cooperation for 2016-2020’ and annual ODA implementation plans. The CIDC meets approximately three times a year. The Sub-Committee for Evaluation – composed of the directors-general of MOFA and MOSF, executives from KOICA and Korea Eximbank, as well as nine representatives from academia and civil society – meets usually before each CIDC meeting. The sub-committee reviews the alignment of South Korea’s ODA spending with the Sustainable Development Goals (SDGs) agenda and gives advice to CIDC.

KOICA is a key player in the implementation of development policy. KOICA was founded in 1991, and is responsible for providing bilateral grant aid and technical cooperation. Over the past 20 years, almost half of total ODA spending (46%) and three-quarters of all grants (75%) were provided by KOICA through country offices in 28 partner countries. KOICA elected its first female president, Mi-kyung Lee, in November 2017. It is expected that KOICA’s strategic priorities will be largely in line with its strategy for 2017 to 2021 and the wider Strategic Plan for International Development Cooperation (2016 to 2020).

The EDCF was established in 1987, with the purpose of promoting economic cooperation between South Korea and partner countries through loans. The direction of EDCF operations and policy-making responsibilities rest with the MOSF. The Korea Eximbank (Eximbank) manages and implements EDCF loans. The Eximbank was established in 1976 to support South Korea’s economic de-
development through strengthened exports, imports, and overseas investments projects. Its goals include the promotion of economic cooperation with developing countries, development of South Korea’s strategic industries, and unification with North Korea.

The parliament (National Assembly of the Republic of Korea) can influence the direction of South Korea’s development policy and budget. The National Assembly votes on, amends as necessary, and ultimately approves the budget bill presented by the government. Within the National Assembly, the Foreign Affairs and Unification Committee is responsible for development cooperation and can change overall ODA spending amounts and specific allocations through its Sub-committee on Budget.

South Korean civil society organizations (CSOs) are involved in policy-making, yet they have raised concerns in recent years that the government has only consulted them in ad-hoc and selective ways. Nonetheless, six CSO delegates are members of the CIDC and are thus involved in setting priorities. CSOs play a minor role in implementing South Korea’s ODA. In 2016, only 2% of South Korea’s bilateral ODA was channeled through CSOs, well below the average of member countries of the OECD’s Development Assistance Committee (16%).
How is the South Korean ODA budget structured?

MOFA and MOSF manage three-quarters of ODA budget; the budget is very prescriptive

The majority (74%) of South Korean ODA is provided by the Ministry of Strategy and Finance (MOSF, US$1.1 billion, 40% of total ODA in 2018) and the Ministry of Foreign Affairs (MOFA, US$882 million, 34%). The remaining 26% is spread across 41 other ministries and agencies.

South Korea’s overall ODA budget includes breakdowns by sector, region, ministry, and implementing agency. It also sets out how much funding is allocated to bilateral and multilateral channels within each ministry’s budget. In addition, the annual budget lists concrete activities to be funded from each ministry’s budget. This leads to very limited ministerial discretion over their respective budgets once each has been approved by the parliament.

Most of MOSF’s ODA budget is delivered bilaterally (90%), almost exclusively as loans through the Economic Development Cooperation Fund (EDCF). Only a small amount (US$44 million, 4% of MOSF’s bilateral ODA) is delivered as grant funding. The rest (US$303 million) comes in the form of assessed and voluntary contributions to multilateral organizations and international financial institutions.

The ODA-related budget of MOFA comprises two major funding lines, for bilateral grants and multilateral organizations. Bilateral grants account for 90% of MOFA’s ODA, broken down into projects/programs, technical assistance (channeled through KOICA), and funding delivered through public-private partnerships. MOFA’s multilateral ODA comprises assessed contributions to international organizations and voluntary contributions to international organizations.

### Overview:

<table>
<thead>
<tr>
<th>Ministry of Strategy and Finance</th>
<th>US$</th>
<th>KRW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilateral</td>
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<td>Economic Development Cooperation Fund loans</td>
<td>912</td>
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<tr>
<td>Grants (including Committee for International Development Cooperation spending)</td>
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<td>49</td>
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<tr>
<td>Multilateral</td>
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<td>Ministry of Foreign Affairs</td>
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<td>Bilateral grants</td>
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<td>918</td>
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<td>Projects and programs</td>
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<td>461</td>
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<td>Technical assistance</td>
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<tr>
<td>Other spending</td>
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<td>22</td>
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<tr>
<td>Public-private partnerships</td>
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<td>63</td>
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<td>Admin costs</td>
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<td>5</td>
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<tr>
<td>Multilateral</td>
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<tr>
<td>Other ministries</td>
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<td>408</td>
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<td>Ministry of Health (incl. part of funding for the Global Fund)</td>
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<td>51</td>
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<tr>
<td>Ministry of Agriculture (incl. Food and Agriculture Organization, International Fund for Agricultural Development)</td>
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<td>Other contributions</td>
<td>338</td>
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<tr>
<td>Total ODA spending</td>
<td>2,627</td>
<td>3,048</td>
</tr>
</tbody>
</table>
KEY QUESTIONS
the big six

What are important decision-making opportunities in South Korea’s annual budget process?

Overall ODA levels are set by the MOSF between January and April; specific allocations are made between July and October:

- **Ministries submit medium-term finance plan:** Until the end of January, each ministry submits a medium-term spending plan to the Ministry of Strategy and Finance (MOSF). On this basis, the MOSF draws up budget guidelines including spending limits for each ministry.

- **Ministries develop budgets:** Between May and June, ministries develop their budgets for the coming year, based on the limits set by the MOSF. At this stage, relevant ministries, particularly the Ministry of Foreign Affairs (MOFA), develop proposals for sectoral and geographic allocations of ODA. Key stakeholders are the directors-generals of the ministries, as they submit the ministerial budgets for review in June.

- **The CIDC debates budget allocations:** Between July and September, ministries that have a role in dispersing ODA negotiate their sectoral and geographic allocations. This process is led by the Committee for International Development Cooperation (CIDC). It includes expert consultations followed by a review by the cabinet.

- **The government submits its draft budget:** By the beginning of September, the government submits its draft budget to the Parliament (National Assembly) for debate, amendments, and approval. Once the budget has been submitted, committees within the National Assembly review the draft budget in detail. The Foreign Affairs and Unification Committee is responsible for the ODA budget. Following the review, the Special Committee on Budget and Accounts conducts an overall review of the budget draft.

- **Parliament approves the budget:** in December, the National Assembly votes on the ODA budget in a plenary session.
How is South Korea’s ODA spent?

Focus is on bilateral ODA; new multilateral ODA strategy highlights aim to enhance effectiveness

South Korea provides most of its ODA in the form of bilateral funding. In 2016, the South Korean government channeled US$1.6 billion bilaterally, well above the average of the OECD Development Assistance Committee (DAC) members (62%). The government plans to keep the share of ODA spent bilaterally at about 70% for the period 2016 to 2020. Core contributions to multilaterals increased by 57% between 2015 and 2016 (to US$698 million in 2016).

Loans accounted for 39% of South Korea’s bilateral ODA in 2016, more than four times the DAC average of 9%. South Korea’s emphasis on loans can be explained by the Ministry of Strategy and Finance’s (MOSF) strong preference for promoting fiscal discipline in recipient countries and by the positive experience South Korea itself had with this instrument as an ODA recipient. The Ministry of Foreign Affairs, on the other hand, is in favor of disbursing ODA as grants to prevent higher levels of debt in partner countries. Nonetheless, the government plans to maintain a stable, high share of loans.

South Korea channels the majority of its bilateral grants and loans through its own implementing agencies (84% in 2016), mainly the Korea International Cooperation Agency (KOICA) and Korea Eximbank. It also seeks to diversify its activities by promoting public-private partnerships such as the Global Corporate Social Responsibility Program, which promotes the involvement of the South Korean private sector in development cooperation. Despite this goal, the share of funding channeled through public implementing agencies increased by four percentage points between 2015 and 2016.

South Korea’s multilateral ODA is based on three principles: 1) creating synergies with bilateral funding, 2) enhancing effectiveness and ensuring sustainable development of partner countries, and 3) enhancing mutual cooperation among stakeholders.

Key recipients of South Korea’s core contributions to multilateral organizations in 2016 were regional development banks (52%), the World Bank Group (27%), and United Nations (UN) agencies (17%; including 5% to the UN Office for Project Services (UNOPS), 2% to the World Health Organization (WHO), and 2% to the Food and Agricultural Organization (FAO)). In addition, the country channeled US$203 million, or 9% of its total ODA in 2016, through multilateral organizations for programs earmarked for specific thematic priorities or regions (this is reported as bilateral ODA, see figure).

South Korea is also progressively ‘untying’ its funding, which means that ODA no longer must be spent on goods produced in South Korea or services provided by South Korean companies. The Strategic Plan 2016-2020 states that South Korea will increase the share of ‘untied’ ODA to 55% of concessional loans and 95% of grants by 2020; until 2006, 98% of South Korean ODA was ‘tied’.

Who are South Korea’s ODA recipients?

South Korea’s bilateral ODA is concentrated on Asia

South Korea’s bilateral assistance has a clear focus on Asia and on its Southeast Asian neighbors in particular. Funding to Asia made up 48% of bilateral ODA between 2014 and 2016. The largest recipient over this time was Vietnam, which received around 13% of bilateral ODA, predominantly as loans.

South Korea has 24 priority countries for ODA. Eleven of them are in the Asia-Pacific region, seven in sub-Saharan Africa, four in Latin America, and two in Central Asia (see box). The focus on Asia was reaffirmed by the 2018 International Cooperation Action Plan, which allocates 37% of bilateral ODA to the Asia-Pacific region, 18% to sub-Saharan Africa, and 12% to the Middle East and Central Asia. South Korea’s priority countries are mostly neighboring countries, many of which are lower middle-income countries (LMICs).
LMICs received more than a third (35%) of South Korea’s bilateral ODA in 2016, well above the average of OECD Development Assistance Committee (DAC) members (19%). With 37%, South Korea’s funding to low-income countries (LICs) is also far above the OECD average (25%).

How is bilateral funding programmed?

Committee for International Development Cooperation sets priorities; country partnership strategies outline country-level priorities

Bilateral ODA priorities are articulated by the government in the Strategic Plan for International Development Cooperation for 2016 to 2020. The Committee for International Development Cooperation (CIDC) concluded its review of the list of priority countries in early 2016. Programming of bilateral funding for priority countries is set through Country Partnership Strategies (CPS). CPSs cover periods of three to five years, to match recipient countries’ national planning cycles; the strategies set out two to three priority sectors. Within ODA management, the Ministry of Foreign Affairs (MOFA) controls grants and technical cooperation, and the Ministry of Strategy and Finance (MOSF) is responsible for loans to partner countries. This process is coordinated by the CIDC. In its 2018 Peer Review, the OECD found that CIDC involvement in priority setting has supported strengthened quality assurance and results management in South Korea’s development cooperation.

Priority sectors at the country level can be influenced through engagement with desk officers during the update of the CPS (every three to five years). In December 2016, new CPSs were announced for Cambodia, Ethiopia, Ghana, Laos, Mongolia, Mozambique, Myanmar, Nepal, Pakistan, Peru, Philippines, Senegal, Sri Lanka, Tanzania, and Vietnam.

Based on a CPS, South Korean policy-makers develop concrete project proposals for the following year; a minimum of two consultations are undertaken with each priority country. This process is coordinated by inter-agency committees led by MOFA and MOSF, as well as the CIDC. The development of proposals takes place between July and September. However, once proposals are developed, the MOSF can still veto any grant or loan; this has happened repeatedly in the past.
THE TOP 10 RECIPIENTS OF SOUTH KOREA'S ODA
average 2014-2016, excluding debt relief; US$ millions.

<table>
<thead>
<tr>
<th>Country</th>
<th>Grants</th>
<th>Loans and equity investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Viet Nam</td>
<td>145</td>
<td>50</td>
</tr>
<tr>
<td>Tanzania</td>
<td>55</td>
<td>16</td>
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<tr>
<td>Cambodia</td>
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<td>36</td>
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<tr>
<td>Philippines</td>
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<td>30</td>
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<tr>
<td>Afghanistan</td>
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<td>55</td>
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<tr>
<td>Bangladesh</td>
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<td>16</td>
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<tr>
<td>Lao</td>
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<td>Ethiopia</td>
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<td>Mozambique</td>
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</tr>
<tr>
<td>Indonesia</td>
<td>21</td>
<td>21</td>
</tr>
</tbody>
</table>

Grants vs Loans and equity investments

OECD CRS. Gross disbursements, in 2016 prices.

SOUTH KOREA'S BILATERAL ODA BY INCOME-GROUP, 2014-2016
Average 2014-2016: US$1.5 billion

- Unallocated by income: 16.0% (US$243m.)
- Low-income countries: 36.3% (US$550m.)
- Upper middle-income countries: 9.8% (US$149m.)
- Lower middle-income countries: 36.8% (US$544m.)

OECD CRS. Gross disbursements, in 2016 prices.
How will South Korea’s ODA develop?

- South Korea increased its ODA steadily between 2010 and 2016. Funding slightly decreased in 2017 according to OECD DAC preliminary data, but the government remains committed to continue its growth trajectory and strengthen its commitment to international cooperation.

- ODA is expected to reach 0.2% of South Korea’s GNI by 2020, up from 0.14% in 2017. South Korea aims to reach an ODA level of 0.3% GNI to GDP by 2030.

What will South Korea’s ODA focus on?

- In 2017, South Korea abolished its four flagship initiatives in the context of the presidential impeachment and the change in government. The initiatives were launched in 2016 and accompanied the country’s Strategic Plan 2016-2020: The committed funding will be allocated to other government programs with a similar focus.

- Overall, South Korea will likely continue to focus its bilateral investments on supporting transport and energy infrastructure projects in Asia, a vast share of which is in the form of loans. Eleven of the 24 priority countries are in Asia. The 2018 Action Plan calls for greater synergies between loans and grants, enhancing performance and international partnerships, and increasing investments in its strategic priority sectors, including humanitarian assistance.

- As ‘Saemeul Undong’ (the New Village Movement promoting rural development) is associated with President Park Chung-hee, the father of impeached President Park Geun-hye, it is expected that the new administration will scrutinize existing projects and set a stronger focus on transparency and effectiveness of implementation. Nevertheless, rural development will likely remain a priority of South Korean ODA, and ‘Saemeul Undong’ will likely remain a key program for implementation.

What are key opportunities for shaping South Korea’s development policy?

- ODA is expected to continue to increase in the coming years. As much of the additional funding has yet to be strictly allocated to specific projects, there will be opportunities to engage with the South Korean government on allocation.

- The impeachment of President Park Geun-hye in 2017 led to a change in political leadership. South Korean voters elected Moon Jae-in as president on May 9, 2017. Although current development policies are largely in line with already existing long-term strategies, this provides an opportunity to engage with the new government and other stakeholders to shape the direction of South Korea’s development policy moving forward.
South Korea Donor Profile

DEEP DIVES

topics

South Korea’s global health ODA

South Korea increasingly focuses on global health and has significantly increased funding to this sector

South Korea’s health ODA stood at US$243 million in 2016, equivalent to 10% of total ODA. This is above the average share of ODA spent on health by other members of the OECD Development Assistance Committee (DAC). Global health has become a priority issue since its inclusion in South Korea’s Strategic Plan for International Development Cooperation, released in 2015. Although South Korea’s new government has abolished the previous government’s flagship development initiatives, including those focused on global health, funding to these issues is expected to remain; investments in health are expected to continue to increase.

The ‘Better Life for Girls’ was one of the previous government’s flagship initiatives and was aimed at assisting 15 priority countries in developing projects that promote girls’ education and health. The US$200 million previously committed will be used for maternal and child health programs. The ‘Science, Technology and Innovation for Better Life’ (US$200 million) initiative was intended to support projects which build scientific capacity, conduct research and development (R&D), and encourage entrepreneurship, including initiatives related to health. South Korea also introduced the ‘Safe Life for All’ initiative, which committed US$100 million towards combating infectious diseases. This initiative came out of the 2015 Global Health Security Agenda High Level Meeting, which was hosted by South Korea. It is expected that most of the funding that was committed to this initiative will be allocated to other government programs with a similar health focus. In South Korea’s 2018 International Development Cooperation Action Plan, health is one of five top priorities, with a focus on improving the environment for health and medicines by building capacities of hospitals and medical care.

Bilateral funding is largely channeled through the Korea International Cooperation Agency (KOICA) and the public Korea Foundation for International Healthcare (KOFIH). KOICA’s mid-term health strategy for 2016 to 2020 highlights the importance of health as a human right and essential factor for socioeconomic development. According to the strategy, South Korea’s goal is to contribute to the achievement of universal health objectives by improving access to quality health and medical services and care for all. The three strategic priorities to achieve this are a) enhancing water/sanitation and access to comprehensive nutrition services, b) ensuring access to health services for reproductive, maternal, child, and adolescents’ health (RMNCAH), including vaccination and immunization, and c) preventing diseases and ensuring treatment, including infectious diseases, neglected tropical diseases, and non-communicable diseases.

South Korea channeled around 15%, or US$36 million, of its health ODA multilaterally in 2016, far below the OECD DAC average (56%). Assessed contributions to the World Health Organization (WHO) and the World Bank accounted for 68% of this amount (International Development Association 33%, WHO 30%, International Bank for Reconstruction and Development 5%). The remaining 37% went to Gavi, the Vaccine Alliance (Gavi; 11%), the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund; 10%), regional development banks (13%), and UN organizations (2%).

At the Global Fund’s September 2016 Replenishment Conference, South Korea committed US$12 million for its 2017 to 2019 funding period. South Korea previously pledged and disbursed US$8 million to Gavi in 2016 and 2017. A US$4 million disbursement is also budgeted for 2018 (with contributions for 2019 and 2020 still unclear). South Korea also contributes to UNITAID, a global health research and development initiative focused on tuberculosis, HIV/AIDS, malaria, and hepatitis C, contributing US$23 million from 2013 to 2017 (US$4 million in the 2018 budget). The 2018 budget further includes a US$2 million disbursement to the Global Polio Eradication Initiative (GPEI). Funding for the Global Fund, UNITAID, and the GPEI is raised through an air-ticket solidarity levy, which is pooled in the ‘Global Disease Eradication Fund’.
The Ministry of Foreign Affairs Development Cooperation Bureau leads on the development of the global-health strategy

South Korea’s global health policy is largely determined by the Ministry of Foreign Affairs (MOFA). Within MOFA, the Development Policy Division is in charge of developing global-health policies. The Multilateral Development Cooperation and Humanitarian Assistance Division manages relations with multilateral health initiatives such as the Global Fund and Gavi.

The Ministry of Health and Welfare (MOHW) and the Korea Foundation for International Healthcare (KOFIH) are also engaged in improving global health. Their global health programs include medical and health-care assistance programs, including the provision of medical devices, equipment, and disaster relief.

Pullquote: South Korea channels most of its health ODA bilaterally (85% in 2016). Bilateral investments increased by 22% from US$169 million in 2015 to US$206 million in 2016.
RECIPIENTS OF SOUTH KOREA’S HEALTH ODA, 2016

Total: US$242 million

- Bilateral 85.5% (US$206m.)
- IDA 5.0% (US$12m.)
- WHO (assessed & CVCA) 4.8% (US$11m.)
- Other 5.0% (US$12m.)

OECD CRS and imputed multilateral contributions to the health sector: DAC secretariat estimations. In 2016 prices.

SOUTH KOREA’S KEY GLOBAL HEALTH COMMITMENTS

US$ millions

- Gavi (direct) (2016-2020) US$8m.

Data from government and listed organizations
South Korea’s global health R&D

Global health R&D is not yet a strategic priority; limited funding focuses on vaccine development and typhoid

Funding by the South Korean government for global health R&D is low: South Korea invested US$530,000 for research and development (R&D) on poverty-related and neglected diseases (PRNDs) in 2016, referred to as ‘global health R&D’ in this profile. This level of funding makes South Korea one of the lowest-ranking donor countries to global health R&D.

In 2015, the Korean Health Industry Development Institute (KHIDI), a national agency focusing on increasing the competitiveness of the national health industry, provided 63% of the funding for PRNDs, equivalent to US$413,000, mainly to the Seoul-based International Vaccine Institute (IVI), Product Development Partnership (PDP), and the Korean Institute of Tuberculosis. The IVI is dedicated to research in vaccine development and delivery for partner countries. KHIDI investments focus on developing new innovations for diarrheal diseases, typhoid, and paratyphoid fevers.

The second-largest funder of global health R&D in 2016 was SK telecom, a major telecommunications company, which also contributed US$122,000 to the Korean Institute of Tuberculosis. The Korea Research Institute of Bioscience and Biotechnology (KRIIB), a government research institute located in Daejeon, which is dedicated to wide-ranging biotechnology research activities, and the National Research Foundation of Korea (NRF), also make small contributions to the IVI. This contribution represents a low share of the NRF’s overall spending, as its main focus is not on neglected diseases. The NRF is designed to enhance the efficiency and coordination of the national basic research support system. For this reason, it was established in 2009 as a merger of the Korea Science and Engineering Foundation, Korea Research Foundation, and Korea Foundation for International Cooperation of Science and Technology, and is now under the direction of the Ministry of Education, Science and Technology.

South Korea’s Center for Disease Control and Prevention (CDC) takes on the lead role for disease control in South Korea. Within the CDC, the Risk Assessment and International Cooperation Division under the Emergency Operations Bureau manages operations in partner countries.

Further information: G-FINDER

G-FINDER is a data source developed by Policy Cures Research that provides information on global investments into R&D for neglected diseases. Figures in this section are based on the G-FINDER survey, which covers basic research and product-related R&D (drugs, vaccines, and diagnostics) for a select group of diseases. The G-FINDER scope has been defined by an expert committee, in line with three criteria: the disease disproportionately affects people in developing countries, there is a need for new products, and the commercial incentives are insufficient to attract R&D from private industry.

For more information see: www.policycuresresearch.org.
South Korea’s education ODA

Education is a top priority; focus is on quality of education, inclusiveness, and vocational training

South Korea is the seventh-largest donor country to global education, spending US$265 million on education ODA in 2016 (in 2016 prices). Education is a top priority of South Korea’s development portfolio: In 2016, the country spent 11% of its total ODA on education, ranking sixth among OECD donor countries. This is well above the average spent on education by other donor countries (8%). However, to get a full picture of South Korea’s education assistance, it is important to exclude scholarships and other costs of students from partner countries studying in South Korea; these costs are reportable as ODA but do not constitute cross-border financial flows. If these costs are excluded, education ODA decreases to US$227 million in 2016.

South Korea considers education a key sector through which it can achieve the Sustainable Development Goals (SDGs). Education is one of five priorities of South Korea’s 2018 International Development Cooperation Plan of Action, with a focus on information and communication technology-based education systems. Education is also featured prominently in South Korea’s four flagship initiatives, which were abolished during the presidential impeachment in 2017 and the election of a new government. Three of the four initiatives had a focus on education: ‘Better Life for Girls’ (US$200 million), focusing on girls’ education and health; ‘Science, Technology and Innovation for Better Life’ (US$200 million); and ‘Better Education for Africa’s Rise’ (US$100 million). It is expected that most of the committed funding will be allocated to other government programs with an education focus. Gender equality, linked to girls’ education, remains a cross-cutting issue of South Korea’s development policy.

In addition, South Korea has increased its multilateral engagement in education. The country joined the Global Partnership for Education (GPE) in 2014 and held the 2015 World Education Forum in Incheon, South Korea, where stakeholders identified key elements of the Education 2030: Framework for Action. A key outcome of the forum was that countries agreed on a goal of spending 4% to 6% of gross domestic product (GDP) and/or 15% to 20% of total public expenditure on education in order to achieve the Education 2030 agenda.

South Korea’s bilateral education ODA has increased from US$232 million in 2015 to US$241 million in 2016. This was driven by increased spending on higher education, including a US$33 million scholarship program for students to study in South Korea. Looking forward, education ODA is likely to continue to increase moderately, in line with the overall expectations for a growing ODA budget (for more details on ODA outlook, see Key Question 1 in South Korea’s donor profile).

South Korea provided US$241 million in education ODA as bilateral funding: 92%, or US$232 million in 2015. Most funding is allocated to ‘post-secondary education’, which accounted for 38% of bilateral ODA in 2016 (see figure below) and includes the majority of costs of hosting international students in South Korea (US$38 million in 2016). These costs are reported as ODA by some donors but do not constitute cross-border financial flows.

Another funding priority is vocational training, which accounted for 24% of bilateral ODA to education in 2016. Smaller shares were spent on ‘general education’ (20%) and ‘basic education’ (14%).

This funding pattern is in line with South Korea’s priorities for education as outlined in ‘KOICA’s education mid-term strategy 2016-2020’. The strategy envisions “inclusive development through quality education”. Its mission is “to ensure rights to education for all by strengthening education systems in partner countries”. The strategy outlines three strategic objectives which are linked to the targets of SDG 4:

- Quality education and learning achievement, with a focus on training for teachers, a safe and healthy educational environment, and basic learning competencies.
- Inclusive education for disadvantaged groups, focusing on access to education for girls, people with disabilities, out-of-school children, and students from poor households, as well as providing facilities and equipment necessary to operate educational programs in disaster and conflict-affected regions.
- Improving skills and technology for work by identifying skill shortages in local labor markets, supporting vocational training and the development of qualification frameworks, and investing in the quality of education and vocational training through capacity development and technical cooperation.

South Korea’s bilateral education ODA is focused on middle-income countries (MICs). On average, 47% of all bilat-
eral education ODA went to MICs between 2014 and 2016. Funding to low-income countries (LICs) averaged 35%. This is in line with South Korea’s overall focus on MICs. Geographically, the funding focuses on Asia: 44% of all bilateral ODA to education went to Asia and only 19% was invested in sub-Saharan Africa between 2014 and 2016. The list of top recipients reflects this focus on Asia: Vietnam, Jordan, and Bangladesh together received 18% of all bilateral education ODA between 2014 and 2016. Education is a focus sector in 15 of the 24 priority countries of South Korea’s development assistance. Seven of these priority countries are in Africa, eight in Asia.

South Korea is not a major provider of multilateral ODA to education, spending only US$24 million in 2016 (9% of its overall education ODA). Most of this funding was channeled in the form of core contributions to the World Bank (69%) and the Asian Development Bank (19%). In addition, South Korea joined the Global Partnership for Education (GPE) in 2014 and pledged to contribute US$5 million for the 2015 to 2018 replenishment period. South Korea has not yet pledged additional funding for the 2018 to 2020 replenishment period.

The country has so far not financially supported the international initiative ‘Education Cannot Wait’, a special fund launched in 2016 that aims to improve access to education services in humanitarian emergencies and crises. Overall, South Korea does not report any education-related funding as part of its humanitarian assistance (according to data from the UN Office for the Coordination of Humanitarian Affairs (OCHA)). The global share of humanitarian assistance spent on education was 2.7% in 2016, according to OCHA. This is still significantly below the 4% target established by the UN Global Education First Initiative (GEFI). However, education and vocational training are two of three priorities for humanitarian assistance in South Korea’s 2018 International Development Cooperation Plan of Action, an indication that the country may increase spending on education in humanitarian emergencies.

MOFA’s Development Cooperation Bureau guides international education policy

MOFA drives the formulation of South Korea’s global education policy. Within MOFA, the Development Policy Bureau is responsible for developing policies (specifically the Development Policy Divisions within the Bureau). MOFA’s Multilateral Development Cooperation Division manages relations with multilateral education initiatives such as GPE. KOICA (overseen by MOFA) is responsible for the implementation of bilateral grants and other technical cooperation. The Korea Eximbank implements projects for the Ministry of Strategy and Finance (MOSF), mainly in the form of ODA loans. MOFA’s Multilateral Development Cooperation Division manages relations with multilateral education initiatives such as GPE.

Further information: ‘basic’ and ‘general’ education

In this profile, ‘basic education’ refers to the OECD Creditor Reporting System (CRS) sector code ‘basic education’ (112), which includes primary education, basic skills for youths and adults, and early childhood education. ‘General education’ refers to the OECD CRS sector code ‘education, level unspecified’, which includes education policy and administrative management, education facilities and training, teacher training, and educational research.
SOUTH KOREA’S ODA TO EDUCATION
US$ millions

SOUTH KOREA’S BILATERAL ODA TO EDUCATION ACROSS SUB-SECTORS, 2016
Total: US$241 million

Vocational training 24.0% (US$57.9m.)
General Education 19.7% (US$47.5m.)
Basic education 13.9% (US$33.2m.)
Secondary education 4.0% (US$9.6m.)
Post secondary education 38.0% (US$91.8m.)

OECD CRS. In 2016 prices.
South Korea’s agriculture ODA

**Rural development is a key priority of South Korean development cooperation**

South Korea’s ODA for agriculture (which, as a sector category, includes forestry and fisheries) and rural development has increased continuously between 2010 and 2013, before stabilizing at around US$165-170 million. In 2016, funding stood at US$167 million, accounting for 7% of total ODA. This is on par with the average of other members of the OECD’s Development Assistance Committee (OECD DAC).

South Korea has identified rural development as a priority sector of its development policy, arguing that it can share best practices in this area from its own history as a developing country. The focus on rural development is based on the country’s promotion of the New Village Movement (‘Saemaul Undong ODA’) – a community-based approach that improved local economies in the South Korean countryside in the 1970s. As the Movement is associated with President Park Chung-hee, the father of impeached President Park Geun-hye, it is expected that the new administration will scrutinize existing projects and set a stronger focus on transparency and effectiveness of implementation. Nevertheless, rural development will likely remain a priority of South Korean ODA. Among South Korea’s largest agriculture investments in 2016 were Saemaul Undong agriculture development projects in Laos, Vietnam, and Rwanda, all with a focus on local participation and sharing best practices.

South Korea channeled US$129 million in agriculture ODA bilaterally in 2016, focusing on agricultural development (36%) and rural development (20%). For the first time since becoming a member of the OECD DAC, bilateral ODA to agriculture has decreased slightly compared to 2015 (US$137 million), mainly due to lower contributions to agricultural development.

The Korea International Cooperation Agency (KOICA), South Korea’s implementing agency, has identified ‘inclusive and sustainable rural development’ as one of its three priority sectors in its ‘Agriculture and Rural Development Mid-Term Strategy 2016-2020’. The other priorities are sustainable production and expanding market access, and conservation of rural production system and natural resources by responding to climate change. In addition, agriculture is a priority sector of South Korea’s 2018 International Development Cooperation Plan, with a specific priority for improving the self-reliance of rural areas through comprehensive rural development programs, training, and agricultural technology.

Less than a quarter (US$38 million, or 23%) of agriculture ODA was channeled multilaterally in 2016, which is well below the OECD DAC average of 45%. The vast share of this multilateral agriculture ODA represents contributions to the World Bank through the International Development Association (IDA; 45%), the Food and Agriculture Organization (FAO; 26%), and regional development banks (18%). South Korea pledged US$84 million to the Global Agriculture and Food Security Program (GAFSP) for 2011 to 2015 and disbursed an additional US$15 million to it in 2016. South Korea is a contributor to the International Fund for Agricultural Development (IFAD) and plans to disburse US$3 million to the organization in 2018.

**Policy divisions within the Ministry of Foreign Affairs steer agriculture strategy**

The Ministry of Foreign Affairs (MOFA) leads on the development of policies related to agriculture and rural development. The Development Policy Division, within MOFA’s Development Cooperation Bureau, is in charge of developing ODA policies, including on agriculture. The Multilateral Development Cooperation and Humanitarian Assistance Division manages relations with multilateral agricultural organizations like IFAD. In addition, the Ministry of Agriculture, Food and Rural Affairs, specifically its International Cooperation Bureau, allocates some additional funding to agriculture and food-related projects.
SOUTH KOREA’S ODA TO AGRICULTURE

US$ millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Multilateral agriculture ODA</th>
<th>Bilateral agriculture ODA</th>
<th>Agriculture ODA as % of total ODA</th>
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<td>2014</td>
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<td>2015</td>
<td>174</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>2016</td>
<td>167</td>
<td>77%</td>
<td>23%</td>
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</table>

OECD CRS, and imputed multilateral contributions to the agriculture sector: DAC secretariat estimations. In 2016 prices.

RECIPIENTS OF SOUTH KOREA’S AGRICULTURE ODA, 2016

Total: US$167 million

- Bilateral: 77.4% (US$130m.)
- Other: 6.9% (US$11m.)
- IDA: 6.0% (US$13m.)
- FAO: 10.1% (US$17m.)

OECD CRS and imputed multilateral contributions to the AG sector: DAC secretariat estimations. In 2016 prices.
South Korea’s nutrition ODA

Nutrition is focus of South Korea’s new global health strategy; funding is low but increasing

South Korea has not made nutrition a top priority in its overall development policy. However, the Korea International Cooperation Agency (KOICA) identifies ensuring the stable supply of key nutrients and creating a self-sustaining environment where communities leverage their resources to adequately supply nutrients as one of its focus areas within the mid-term health strategy for 2016 to 2020. Major programs emphasized in the strategy are exclusive breastfeeding, preventing and treating malnutrition, community-based nutrition, and supplying essential micronutrients for pregnant women and children.

According to OECD data, South Korea spent US$8 million on basic nutrition in 2016, a strong increase from US$3 million in 2015 and US$1 million in 2014. This increase was driven by larger contributions to UNICEF and the World Food Program (WFP) in 2016 for nutrition support in Afghanistan and Timor-Leste, and ‘Korea Aid Projects’ for improved food production techniques in sub-Saharan Africa. The Korea Aid Projects are part of the ‘Saemaul Undong’ rural development movement. South Korea plans to continue this partnership and intends to contribute US$50 million to WFP in 2018.

South Korea does not participate in the reporting framework set by the ‘Scaling Up Nutrition’ (SUN) initiative to track nutrition-sensitive interventions. The country also did not make a commitment to Nutrition for Growth, an initiative where participating countries signed on to a ‘global compact’ to improve nutrition and made a range of international commitments.

Further information: ‘nutrition-sensitive’ and ‘nutrition-specific’ interventions

‘Nutrition-sensitive interventions’ are those that address underlying causes of malnutrition and take into account cross-sector actions and impacts (i.e., improving access to diverse foods). ‘Nutrition-specific interventions’ address the immediate causes of undernutrition and have the improvement of nutrition (i.e., support for exclusive breastfeeding, supplementary feeding, etc.) as their primary objective.

The Ministry of Foreign Affairs leads South Korea’s nutrition strategy development

South Korea’s nutrition policy is largely defined by the Ministry of Foreign Affairs (MOFA). The Development Policy Division, within MOFA’s Development Cooperation Bureau, is responsible for nutrition policies. The Multilateral Development Cooperation and Humanitarian Assistance Division manages relations with multilateral organizations like the WFP.

The Ministry of Agriculture, Food and Rural Affairs and its International Cooperation Bureau are also engaged in nutrition policy. The Ministry’s total ODA budget for food and agricultural projects amounts to KRW 46 billion (US$40 million) in 2018 and is mainly channeled through WFP.
About the Donor Tracker

The Donor Tracker seeks to advance and support progress in global development by providing advocates with easy access to high-quality quantitative and qualitative strategic information to support their work. The Donor Tracker is a free, independent website for development professionals that provides relevant information and analysis on 14 major OECD donors.

For more in-depth information on the six donor countries covered in this analysis and to find out more about strategic priorities, funding trends, decision-making, and key opportunities, please visit: donortracker.org and follow us on twitter @DonorTracker

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