

## KEY QUESTIONS

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### Who are the main actors in South Korea's development cooperation?

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

The president of South Korea leads the 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. Moon Jae-in (Democratic Party) has been president of South Korea since 2017, following the impeachment of the previous president, Park Geun-hye. Moon appointed Lee Nak-yeon as prime minister shortly after his inauguration. Within the prime minister's office, Young Hyun Jang 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 Economy and Finance (MOEF, formerly the Ministry of Strategy and Finance).

- **MOFA**, led by Kyung-wha Kang since 2017, sets policies and priorities for bilateral grants and multilateral ODA channeled 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 Oh Hyun-joo) is responsible for the development cooperation bureau.
- **MOEF**, currently led by Hong Nam-ki, 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 MOEF sets the national budget, and its Budget Office can also veto MOFA grants and loans that do not meet project-approval criteria. Within MOEF, a director-general (currently Heo Jang) is responsible for the development finance bureau.

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 chair 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 MOEF, 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.

Bilateral ODA priorities are articulated by the government in the Strategic Plan for International Development Cooperation for 2016 to 2020. 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. In its latest Peer Review, published in 2018, the OECD found that CIDC involvement in priority setting has supported strengthened quality assurance and results management in South Korea's development cooperation. Desk officers have a great deal of discretion over priority sectors at the country level and are decided during the update of the CPS (every three to five years).

Based on a CPS, South Korean policy-makers develop concrete project proposals for the following year. This process, occurring between July and September, is coordinated by inter-agency committees led by MOFA and MOEF, as well as the CIDC. Once proposals are developed, the MOEF can still veto any grant or loan; this has happened repeatedly in the past.

- **KOICA** is another key player in the implementation of development policy in South Korea. KOICA was founded in 1991 and is responsible for providing bilateral grants 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.

- **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 MOEF. The Korea Export-Import Bank (Eximbank) manages and implements EDCF loans. The Eximbank was established in 1976 to support South Korea's economic 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.

**Parliament:** The National Assembly of the Republic of Korea, the Parliament, 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. The Parliament also provides the legal basis for South Korea's ODA policies, for example by approving the Framework Act on International Development Cooperation in 2010.

**Civil Society:** South Korean civil society organizations (CSOs) are involved in policymaking, yet they have raised concerns in recent years that the government has only consulted them in ad-hoc and selective ways. There are seven CSO delegates on the CIDC out of a total of 25 members. CSOs play a minor role in implementing South Korea's ODA. In 2017, only 3% of South Korea's bilateral ODA was channeled through CSOs, an increase from 2% in 2016, but well below the average of member countries of the OECD's Development Assistance Committee (DAC, 17%).

SOUTH KOREA'S DEVELOPMENT COOPERATION SYSTEM

