

## KEY QUESTIONS

### the big six

# 3



## How does South Korea spend its ODA?

### 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 2017, the South Korean government channeled US\$1.7 billion bilaterally or 74% of total ODA, according to data from the OECD. This was above the average of the OECD Development Assistance Committee (DAC, 60%). The government plans to keep the share of ODA spent bilaterally at about 70% for the period 2016 to 2020.

Loans accounted for 39% of South Korea's bilateral ODA in 2017, more than four times the DAC average of 9%. South Korea's emphasis on loans can be explained by the Ministry of Economy and Finance's strong preference for promoting fiscal discipline in recipient countries and by the positive experience South Korea itself had with this instrument when it was 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 most of its bilateral grants and loans through its own implementing agencies (83% in 2017), mainly KOICA and the Korean Export-Import Bank (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-private partnerships was only 1% in 2017, and that channelled through private sector institutions was 0.3%.

### Infrastructure is a focus area of bilateral cooperation

Supporting hard infrastructure through loans is a key area of South Korea's bilateral ODA investments. In 2017, the government disbursed 17% of its bilateral ODA to infrastructure projects, down from 20% in 2016. Most of this funding was in the form of loans to Asian countries (70%). Other key areas of bilateral cooperation include education (13% of bilateral ODA in 2017); health and population (12%); water and sanitation (10%), and agriculture, including rural development (8%).

### Who are South Korea's ODA recipients?

#### South Korea's bilateral ODA is concentrated in Asia

#### South Korea's 24 priority countries

- **Asia (11):** Bangladesh, Cambodia, Indonesia, Laos, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Vietnam
- **Africa (7):** Ethiopia, Ghana, Mozambique, Rwanda, Senegal, Tanzania, Uganda
- **Middle East/Central Asia (2):** Azerbaijan, Uzbekistan,
- **Latin America (4):** Bolivia, Colombia, Paraguay, Peru.

South Korea's bilateral assistance has a clear focus on Asia, particularly its Southeast Asian neighbors. Funding to Asia was on average 45% of bilateral ODA between 2015 and 2017. The largest recipient over this time was Vietnam, which received around 12% 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 has been reaffirmed by the 2019 International Cooperation Action Plan, which allocates 39% of bilateral ODA to the Asia-Pacific region (up from 37% in 2018), 22% to sub-Saharan Africa (an increase from 18% in 2018), and 5% to the Middle East and Central Asia (a decrease from 12% in 2018). South Korea's priority countries are mostly neighboring countries, many of which are middle-income countries (MICs).

MICs received almost half (46%) of South Korea's bilateral ODA in 2017, well above the average of OECD DAC members (33%). At 37%, South Korea's funding to low-income countries (LICs) is also far above the OECD average (24%).

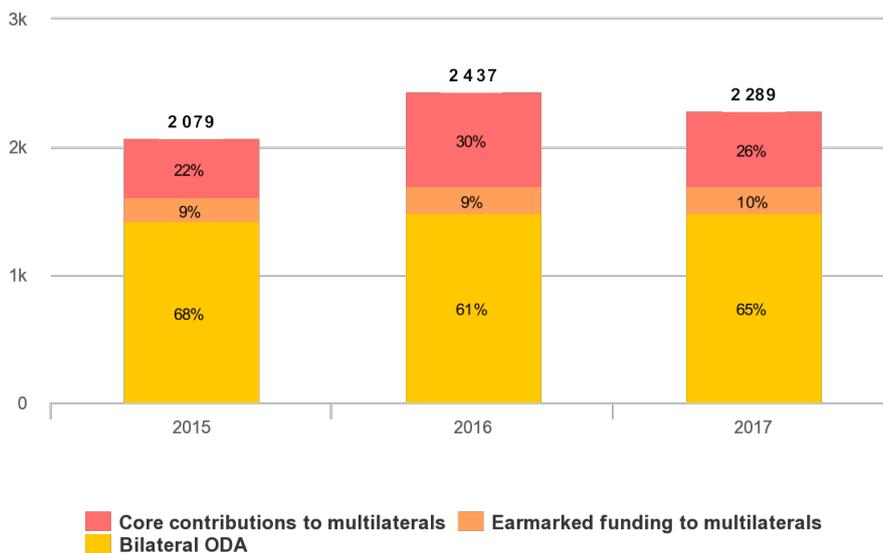
For a deeper understanding of funding at the recipient level, please consult data from the International Aid Transparency Initiative (IATI). IATI is a reporting standard and platform on which organizations and governments voluntarily publish data on their development cooperation, including more recent activity than is available through OECD data.

Data can be searched by recipient country, the ‘publisher’ (including funders that do not report to the OECD), and other filters. Click here for more information on IATI’s

data. Click here to go directly to IATI’s ‘d-portal’, a user-friendly interface for data searches.

### SOUTH KOREA'S BILATERAL AND MULTILATERAL ODA

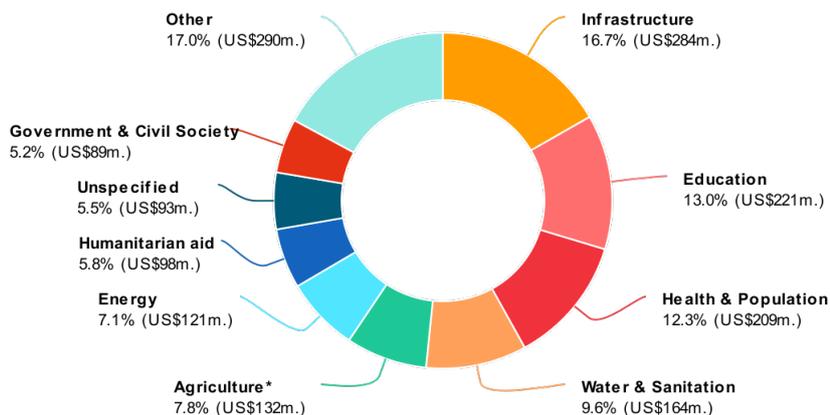
US\$ millions



OECD DAC 1 table. Gross disbursements; in 2017 prices.

### SOUTH KOREA'S BILATERAL ODA BY SECTOR, 2017

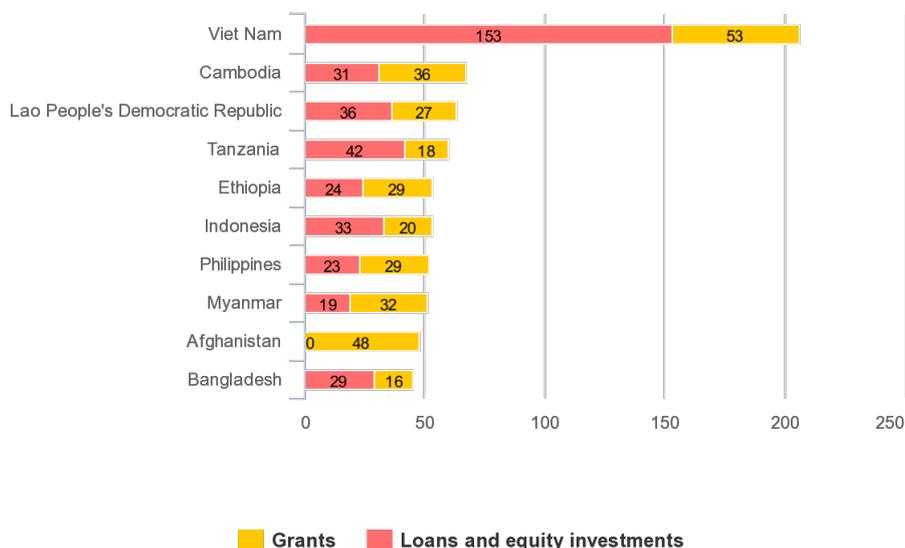
Total: US\$ 1.702 million



OECD CRS. Gross disbursements. \*Includes agriculture, forestry, fishing, and rural development. In 2017 prices.

### THE TOP 10 RECIPIENTS OF SOUTH KOREA'S ODA

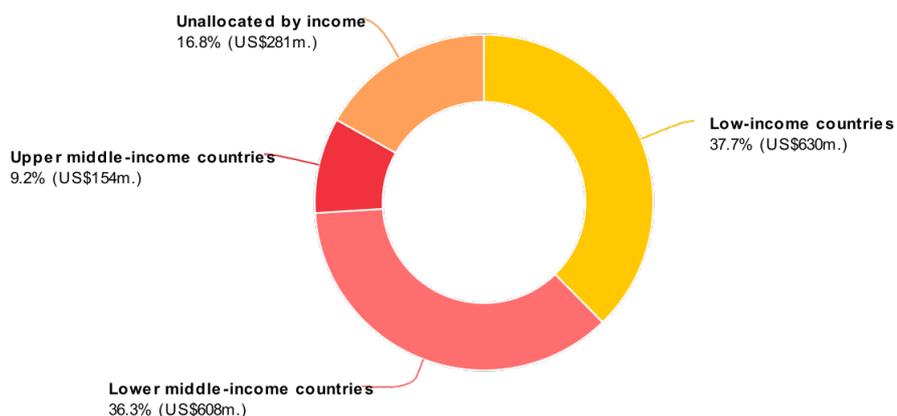
average 2015-2017, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2017 prices.

### SOUTH KOREA'S BILATERAL ODA BY INCOME-GROUP, 2015-2017

Average 2015-2017: US\$ 1.7 billion



OECD CRS. Gross disbursements; in 2017 prices.