

## KEY QUESTIONS

### the big six

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## What are South Korea's strategic priorities for development?

### Promoting rural development remains a key priority

The Framework Act on International Development Cooperation, published in 2010 and amended in 2014, outlines the overarching principles of South Korean development cooperation and clarifies the responsibilities of different actors. The Framework Act sets out six basic ideas for development: poverty reduction, human rights, gender equality, sustainable development and humanitarianism, economic cooperation, and peace and prosperity in the international community. The 'Strategic Plan for International Development Cooperation for 2016-2020', published in 2015, translates the framework into concrete strategic priorities for medium-term development policy and indicative volumes of ODA.

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 'Saemaul 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

### 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).

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 combatting 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.

**Infrastructure is a focus area of bilateral cooperation**

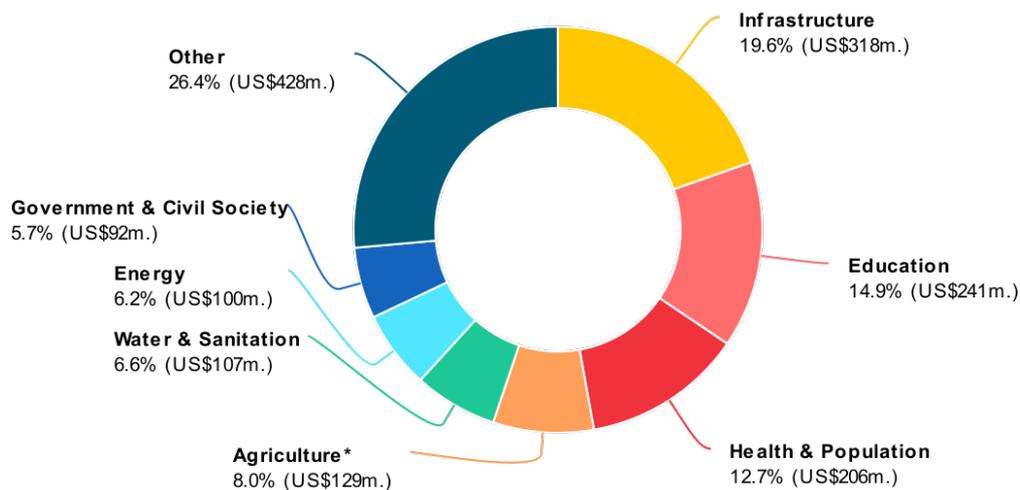
Supporting hard infrastructure through loans is a key area of bilateral ODA investments. In 2016, the government allocated 20% of its bilateral ODA to infrastructure projects. The majority of this funding was in the form of loans to Asian countries (60%). South Korea has increased its infrastructure 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



OECD CRS. Gross disbursements. \*Includes agriculture, forestry, fishing, and rural development. In 2016 prices.