

**DEPUTY DIRECTOR**  
DEVELOPMENT CO-OPERATION DIRECTORATE  
Director's Office

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To: DAC Delegates and Observers

**Korea Mid-term Review, 7-10 June 2021, Seoul – Paris**

Dear Colleagues,

On behalf of the Development Assistance Committee's (DAC) Secretariat, I conducted the mid-term review of Korea virtually, together with DCD Director Jorge Moreira da Silva and Santhosh Persaud. We would like to thank Deputy Minister Young-Soo Kim and Director Younggi Ahn of the Prime Minister's Office (PMO) as well as Directors of the Ministry of Foreign Affairs (MOFA) and the Ministry of Economy and Finance (MOEF) and all staff for the very constructive meetings and close co-operation in the lead up to the review. Over 7-10 June, we had rich discussions with senior officials from the government, the development co-operation agencies Korea International Cooperation Agency (KOICA) and the Export-Import Bank of Korea (KEXIMBank) as well as representatives of civil society organisations (CSOs) and research institutions.

The mid-term review focused on implementation of the recommendations of the OECD DAC 2018 peer review in the context of developments that have taken place since. In particular, Korea revised its Framework Act and adopted the 3rd Strategy for International Development Cooperation for 2021-2025. In 2020, it celebrated its 10-year membership of the DAC, where it is an active member and current Vice-Chair, and also shows continuous leadership in the Global Partnership for Effective Development Co-operation.

In response to the COVID-19 pandemic, Korea provided supplies and funding as well as participated in the G20 Debt Service Suspension Initiative. Moreover, it used its early experience in responding to the COVID-19 pandemic to share disease control knowledge with other countries. Like other DAC members, it has adjusted its ways of working, creating new emergency funding procedures and moving more of its processes and activities online. Examples include an online project system carrying out the entire process from identification to loan repayment being developed by KEXIMBank's Economic Cooperation Development Fund (EDCF), and an e-volunteering programme run by KOICA.

We were pleased to note that Korea has already taken steps to address 11 of the 12 recommendations the DAC made in 2018, in particular those related to:

- updating its policy framework, introducing a policy on civil society partnerships, a revised humanitarian assistance policy and a dedicated humanitarian-development-peace nexus implementation plan;
- reinforcing co-ordination across its development co-operation system comprising 42 implementing agencies;
- measures to further enhance the effectiveness of its interventions in partner countries.

***A strengthened institutional framework with greater capacity at the Prime Minister's Office***

Korea has strengthened its institutional framework. The revised Framework Act created a dedicated Office for International Development Co-operation at the Prime Minister's Office (PMO) with increased capacity to support the Committee for International Development Co-operation (CIDC), which is led by the Prime Minister's Office and oversees Korea's development co-operation. In accordance with the revised Framework Act, the Committee on Grant Strategy was established. Two committees, the EDCF Management Committee led by MOEF, and the Committee on Grant Strategy led by MOFA, facilitate co-ordination on

loans and grants respectively. We encouraged Korea to ensure these reforms enable CIDC to concentrate on political and strategic steering, and effectively support co-ordination between Korea's ministries and agencies.

### ***A strong commitment to increase ODA volumes may not be sufficient to reach ODA/GNI commitments***

Since it joined the DAC, Korea has been able to significantly increase its official development assistance (ODA) volume, from USD 1.3 billion in 2010 to 2.3 billion in 2020 (constant 2019 prices). While ODA dropped by 8.6% in 2020, Korea plans again significant ODA budget growth in 2021. We welcomed Korea's commitment to double its ODA volume by 2030 from 2019 levels as a minimum target. As Korea's economy experienced substantial growth, the ratio of ODA to gross national income improved only moderately from 2010 to 2020, from 0.12% to 0.14% (in 2020, Korea ranked joint 25<sup>th</sup> of the 29 DAC countries). To enable Korea to reach its previous interim target of 0.3% by 2030, we strongly encouraged Korea to regularly revise ODA volume targets upwards, as doubling ODA volumes from 2019 will likely not be sufficient to reach 0.3% by 2030 if the economy continues to grow. In this regard, we highlighted that strengthened partnerships with CSOs are an opportunity to raise development awareness and deepen public support for ODA.

Korea has launched a number of programmes and instruments to mobilise private finance for sustainable development, including bonds for infrastructure financing, public-private partnerships and a matching fund programme. In pursuing these efforts, we encouraged Korea to draw on the growing body of international standards and guidance to ensure public and private investments generate a positive impact on sustainable development. We also noted Korea's role as host of the recent summit of the P4G (Partnering for Green Growth and the Global Goals 2030) that highlighted the role of public-private partnerships in achieving carbon-neutral economies.

We welcomed the fact that Korea is setting concrete targets to close the gap towards meeting the DAC Recommendation on Untying ODA (in 2019, 63% of Korea's aid covered by the DAC Recommendation was untied, against an international target of 100%), and that a relatively low share of contracts is awarded to domestic suppliers. To meet and ideally surpass its own targets, we encouraged Korea to pursue its efforts to raise awareness of the benefits of untied aid and to promote private sector engagement in developing countries through other means than tied aid. We were pleased to learn that Korea is considering notifying contracts ex ante to the [DAC Untied Aid Bulletin Board](#), to further enhance transparency.

### ***A new foundation for civil society partnerships and opportunities to advance policy coherence for development***

In 2019, Korea adopted its first civil society policy, and in 2021 an implementation plan, both following close consultation with civil society organisations. These are welcome steps, as the policy now provides a normative framework for collaboration with civil society as independent actors and implementing partners in development co-operation, humanitarian assistance and global citizenship education. It also stresses the importance of the effectiveness and accountability of civil society action. In 2020, Korea allocated 2.7% of gross bilateral ODA to and through CSOs (with almost no core contributions), compared to a DAC average of 15%. We therefore look forward to the concrete implementation of the policy, notably increased and more reliable and flexible funding, regular dialogue and support for CSO capacity building in Korea and partner countries. To share experiences with other DAC members, we encouraged Korea to continue engaging in the DAC Community of Practice on Civil Society.

As Korea is integrating the Sustainable Development Goals (SDGs) into domestic policy making, we encouraged greater efforts to enhance policy coherence for improving the effects of Korea's policies on developing countries. We highlighted opportunities regarding responsible business conduct, sustainable financing and trade, arising from a growing private sector interest in Environment Social Governance (ESG) investing and the recent [peer review of the national contact point for responsible business conduct](#). These efforts can also build on the welcome announcement that Korea's national pension fund will 'decarbonise' its investments. Moreover, the PMO now has oversight for SDG co-ordination and the government has committed to advance policy coherence for sustainable development (PCSD) in the 4<sup>th</sup> Strategic Plan for Sustainable Development. Building on these developments, we encouraged Korea in particular to discuss how to address the effects of its policies on developing countries with technical ministries, concerned stakeholders in Korea and its partner countries, as well as to engage in relevant OECD workstreams, notably the follow-up to the 2019 Council Recommendation on PCSD.

### ***Welcome measures to make bilateral development co-operation more responsive to partner country contexts***

Bilateral co-operation was a focus of a number of the 2018 peer review recommendations as Korea provides most of its development co-operation funding bilaterally (78% in 2020). Its 27 priority partner countries are mainly in Asia and Africa, with significant shares of gross bilateral ODA provided to least developed countries (37% in 2019) and lower middle-income countries (41%). Korea adopts Country Partnership Strategies for the priority partner countries, building on their consultation and feedback, and has a very high share of country programmable aid (84% in 2019).

In response to the peer review findings, Korea has also taken important measures to increase the sustainability of its interventions and their responsiveness to local needs. In addition to KOICA and EDCF introducing sustainability plans upon project completion, EDCF is increasing support for local capacity to manage and maintain investments, and has made safeguard assessments mandatory. For some of its infrastructure projects, it has conducted public hearings with the local population and civil society. Korea has also increased the share of screened bilateral aid targeting gender equality (23% in 2019, up from 18% in 2018; although well below the DAC country average of 42%) and targeting the environment (38% in 2019, up from 10% in 2018; DAC country average of 36%). We strongly encouraged Korea to pursue these efforts and ensure it can engage in regular dialogue with a broad range of local stakeholders to inform its interventions.

We welcomed Korea's efforts to make its development co-operation more "field-focused". While project approval authority rests with headquarters, it has advanced decentralisation of project management, and EDCF is running a dedicated decentralisation pilot. Korea has strengthened the role of embassies in project identification, oversight and monitoring and EDCF has increased offices and staff in partner countries. Further, Korea has taken welcome steps to ensure the timely approval and delivery of interventions. At headquarters level, while it still sees room for further progress, Korea has streamlined approval processes, and is taking steps to increase the flexibility of its budgets. In partner countries, KOICA has implemented a local efficiency action plan to shorten project management processes. We encouraged Korea to continue on this path, and track whether progress allows Korea to further adapt its interventions to partner country needs and contexts.

Korean embassies play a key role in liaising with partner country governments, complemented by KOICA and EDCF field offices' consultations with their partners. The embassies can also identify and explore co-operation with international development agencies in consultation with the government of partner countries and provide support to facilitate development projects, in particular in the countries which do not have KOICA and EDCF offices. We welcomed Korea's efforts to further strengthen dialogue with partner country stakeholders. In addition to comprehensive headquarters-led policy dialogue with selected partner countries, Korea is also expanding policy dialogues between its embassies, KOICA/EDCF field offices and the authorities of partner countries, in order to strengthen a co-operative basis for planning and implementing projects.

#### ***Co-ordination inside the Korean system and with partners could benefit from more dialogue at partner country level***

Korea has taken additional measures to create synergies amongst and avoid duplication of its interventions. Oversight at headquarters level through the CIDC and the loans and grants committees has been effective in ensuring adjustments or, where necessary, rejecting project proposals. In partner countries, embassy-led local ODA councils facilitate exchange and co-ordination within Korea's system, complemented by regular meetings of KOICA and EDCF offices. We stressed that further investments in early co-ordination at partner country level could improve efficiency, limiting adjustments when projects are well advanced, considering the high number of agencies and separate institutions and procedures for loans and grants. As Korea is planning package programmes that will combine interventions by Korean agencies, the private sector and civil society, this will be an excellent opportunity to advance field-focused and co-ordinated support.

Korea engages in dialogue and partnerships with DAC and non-DAC partners, for example co-ordinating the COVID-19 response with the U.S. Agency for International Development in South-East Asia, participating in a newly created MIKTA co-operation network (Mexico, Indonesia, Korea, Turkey and Australia) and sharing experiences with Asian co-operation agencies from the People's Republic of China, Japan and Thailand. Also, Korea has been closely co-ordinating with multilateral development agencies, including the UN agencies particularly through annual consultations at headquarters level, based on the "Multilateral Cooperation Strategy (2016-2020)". In this vein, a significant portion of Korea's aid operation including in-kind donations of medical equipment in response to COVID-19 in 2020 was conducted in co-operation with multilateral partners such as WHO, UNICEF and UNHCR. In 2021, it has also launched a plan to enhance co-financing with multilateral development banks (MDBs) and launched new programmes with MDBs as part of its COVID-19 response. We encouraged Korea to complement these efforts with an equally strong engagement in country-level co-ordination and dialogue between donors and partner countries, including by taking lead roles where appropriate.

#### ***On-going efforts to put the humanitarian-development-peace nexus into practice***

Korea is taking a number of steps to integrate the humanitarian-development-peace nexus in both policies and delivery, and is actively engaging in the DAC's International Network on Conflict and Fragility and other international fora. It updated the humanitarian assistance policy in 2019 and adopted a specific nexus implementation plan in 2021. Korea is also planning three nexus pilots that reflect diverse levels of Korean engagement, and context and risk analysis will be regularly undertaken by embassies and MOFA. Having joined the Grand Bargain in 2020, Korea is improving the quality of its humanitarian funding and has also adopted procedures to fast-track development funding in emergency situations. This is welcome progress as Korea allocates a high share of gross bilateral ODA to fragile contexts (46.5% in 2019).

In pursuing these efforts, we encouraged Korea to closely co-ordinate with partners on the ground, notably to jointly undertake and share risk and context analyses and create synergies between interventions. The planned nexus pilots are an opportunity to enhance internal co-ordination in partner countries and at headquarters, building on a nexus sub-committee involving the Ministries of Defence and Foreign Affairs. The pilots can also help test if staff capacities for fragile contexts are sufficient. We also welcomed and encouraged Korea's intent to increase funding for prevention and peace efforts.

### **Significant investments in evaluation, transparency and human resources, although capacity needs to be monitored**

Korea is undertaking welcome efforts to increase the value of evaluations across its system. It requires that new interventions reflect evaluation findings, is improving public access to evaluation reports, and strengthening capacity for quality evaluations of its interventions across agencies, while CIDC is planning strategic and thematic evaluations. We encouraged on-going efforts to strengthen management for sustainable development results, including alignment with the SDGs and results management at portfolio and programme level. We encouraged Korea to continue engaging in the DAC Network on Development Evaluation and the Results Community of Practice.

We were pleased to learn of Korea's improved transparency, reflected in 'good' scores for its statistical submissions to the OECD and the International Aid Transparency Initiative (from previously 'improvement needed' and 'poor' respectively). Korea is systematically publishing more information on its interventions and has launched a new ODA data portal complementing its existing policy and information website. We underlined that Korea's efforts on evaluation, results management and transparency are all the more important as Korea is planning to substantially increase its development co-operation budget.

The PMO's Office for International Development Co-operation, KOICA and EDCF have already been able to increase staffing, while MOFA and MOEF are aiming to hire more development co-operation staff. KOICA has also undertaken efforts to systematically train staff and build expertise. We encouraged Korea to closely monitor whether capacity is sufficient to cover additional responsibilities, considering that budget has grown and that staff in partner countries now have greater responsibilities. We stressed that this will be of particular relevance for embassies, which are expected to play a critical role in local co-ordination, dialogue with partner countries, and programme oversight and monitoring. We welcomed that MOFA will consider this question as part of a planned capacity assessment.

### **Conclusion**

In conclusion, we are very encouraged by the reform efforts and dedicated initiatives Korea has undertaken to address the DAC's 2018 recommendations, which have already led to tangible progress. The next peer review will be an opportunity to discuss if Korea has been able to push forward and reap the full benefits of its efforts, in particular on its institutional arrangements and co-ordination, civil society engagement, field-focused delivery and dialogue in partner countries, and the humanitarian-development-peace nexus. The peer review will also allow a more in-depth assessment of how Korea is promoting policy coherence for sustainable development and the effects of its policies on developing countries. We will also look forward to hearing more about how Korea continues to leverage partnerships with both DAC and non-DAC partners. We encourage Korea to discuss the findings of this mid-term review with its partners.

Yours sincerely,



Mayumi Endoh

CC: Ms. Susanna Moorehead, DAC Chair  
Mr. Jorge Moreira da Silva, DCD  
Mr. Rahul Malhotra, DCD  
Mr. Santhosh Persaud, DCD