



The DAC's main findings and recommendations

**Extract from: OECD Development Co-operation Peer Reviews
Korea 2018**

Korea is making progress in delivering an effective development co-operation programme

Korea leads by example and plays a unique role on the global stage

As a former recipient country and now as a significant provider of ODA in its own right, Korea leads by example, bringing its direct knowledge and expertise to bear on how aid can drive economic and human development. As a result, Korea's role in development co-operation is highly valued, allowing it to play a key bridging role on the global stage, particularly on issues of development effectiveness and inclusive growth.

Drawing on the experience gained throughout its own remarkable development journey, Korea has become a driving force behind the global development and inclusive growth agendas, playing a key role with other middle-sized powers and linking with the BRIICS group (Brazil, Russia, India, Indonesia, China, South Africa). Building on the Fourth High Level Forum on Development Effectiveness which it hosted in 2011, Korea also champions development effectiveness at a global level. As such, Korea is able to play a central role on the global stage as a bridge between rich and poor countries in key international negotiations.

In particular, Korea's strong advocacy for the 2030 Agenda for Sustainable Development is valued by its partners. It is increasingly using its global and regional clout to heighten awareness of the need to address a range of global public "goods" and "bads" that are critical for achieving the Sustainable Development Goals. It has also demonstrated this leadership through hosting the Green Climate Fund, Global Green Growth Institute and other initiatives and holding key multilateral development bank meetings in Korea, most recently for the Asian Infrastructure Investment Bank.

This global role is reinforced by Korea's support for the multilateral system. In addition to providing predictable, flexible funding in line with its policy priorities, Korea has developed a multilateral strategy to focus its engagement with United Nations agencies and international financial institutions, both bilaterally and through joint donor mechanisms such as the Multilateral Organisation Performance Network (MOPAN).

Korea's advocacy for international development is anchored in strong global citizenship values at home. Korea prioritises spending on expanding public awareness of the aid programme and Korea's broader contributions to the Sustainable Development Goals, allocating an estimated 1.7% of its bilateral ODA budget to build development awareness at home in 2016, well above the DAC average. It does this through a range of high quality and innovative strategies, from integrating global citizenship education into the national school curriculum, to playing short films on public transport and hosting interactive global citizenship exhibitions. In this way, Koreans are consistently reminded of their duty to support other countries, just as Korea itself was supported.

Korea's development finance is greatly appreciated by its partner countries

Partner countries appreciate Korea's highly concessional finance and the predictability provided by multi-annual loan pipelines and the increasing use of multi-annual funding agreements. Over half (54%) of Korea's total bilateral aid went to countries most in need in 2015, within which 42% of its bilateral aid went to fragile states.

In all, financial flows from Korea to developing countries (including private investment, non-concessional lending and remittances) are six to eight times the size of its ODA and are mostly directed towards the Asia-Pacific region. Korea is actively trying to track this finance and find opportunities to support further investment from the private sector, including in Africa, using both ODA and non-ODA resources.

Korea is on a positive trajectory to meet a number of its international development commitments and has taken steps to implement 21 of the 24 recommendations made in its first DAC peer review. In addition to the areas mentioned above, its development co-operation programme performs particularly well in the following areas:

- sharing its expertise and working with emerging donors through triangular co-operation, with an emerging niche in science and technology;
- programming its aid at country or regional level, i.e. maintaining a high proportion of country programmable aid;
- aligning loans and grants to partner country priorities, with a particular strength in highly concessional loans for economic infrastructure; and
- reducing the risk of, and responding to, natural disasters.

Korea can build on its achievements

Korea is improving its systems for managing development co-operation

Korea is working hard to improve its systems for managing development co-operation, including its quality assurance and results management. Korea's decision to strengthen the Committee for International Development Cooperation (CIDC) has facilitated this. The committee could take a stronger role in providing strategic level oversight and accountability for development results if it devoted more time to discussing policy-level issues rather than operational-level decisions.

Recommendation:

- (i) Korea can build on its achievements CIDC, in line with its mandate, should continue to improve Korea's ODA system to ensure that strategic and operational decisions are made at the appropriate level in order to best support effective and efficient programming.**

Korea has also improved its evaluation policies and guidelines, incorporating the DAC principles and strengthening the role of the CIDC's evaluation sub-committee. Korea would benefit from being more strategic in choosing which programmes to evaluate, guided by risk analysis or the need to learn. For example, Korea faces new challenges in evaluating its work in fragile states, where it is expanding its programmes. By working jointly with other donors and relief organisations to identify and measure collective outcomes, Korea could better assess the effectiveness of its assistance in these countries and regions.

In sharing its knowledge, Korea uses some innovative methods for explaining to the public the overall objectives and scope of its aid. These include its illustrated evaluation summaries (referred to as “card news”) and [ODA website](#). Korea recognises that it can do more to improve the transparency of project-level financing and results and to proactively harness knowledge across its development co-operation system and share lessons with partners. As Korea continues to work to fulfil its commitments to the International Aid Transparency Initiative (IATI), the availability of information for all stakeholders should improve.

Recommendation:

- (ii) **All agencies managing Korea’s ODA should take a more strategic approach to results management and evaluation, including by:**
- **making better use of risk analysis and the need to learn to decide what to evaluate;**
 - **sharing lessons from evaluations and internal learning processes with all stakeholders; and**
 - **continuing to improve public access to information on project-level financing and development results.**

As Korea’s bilateral assistance grows, the quality of its aid and development results remain important

Korea has made progress in increasing its ODA volume and untying its aid. Since the last peer review, ODA has increased from 0.12% of its national income in 2011 to 0.16% in 2016 (USD 2.25 billion) and the proportion of untied ODA, including free-standing technical co-operation, has increased, albeit somewhat unevenly, from 32% in 2010 to 49% in 2015. Korea has committed to further increasing its ODA to 0.2% of national income by 2020 and to 0.3% by 2030. While this trajectory is positive and in line with targets set out in its mid-term strategy, current domestic targets on aid volume and untying are less ambitious than those previously approved, and Korea’s performance falls short of its international commitments. In particular, Korea will need to make further efforts to untie aid in least developed countries to the maximum extent possible.

Recommendation:

- (iii) **The government should set out a timeframe and targets for allocating 0.3% of its national income as ODA by 2030, and sustain its efforts to untie its aid and to focus resources on countries most in need.**

In addition to concessional finance and fiscal discipline, Korea’s own transition from an aid recipient country to an advanced economy relied on significant reform processes and policies, including agricultural land reform, market access and state-led industrialisation. The transition has also presented Korea with challenges such as controlling carbon emissions and managing inequality. Korea’s experience of national development and aid management policies is directly transferable to its development programme. Building this dimension into its policy engagement and technical co-operation activities with partner countries around their development challenges holds much potential. It would be prudent

for Korea to identify which contexts will best benefit from Korea's experience and economic model in achieving sustainable development.

Korea's current country partnership strategies, which are agreed with the governments of its 24 priority partner countries, are a significant improvement on previous iterations, including both grants and loans and identifying high-level results in thematic areas. These country strategies would serve as an even more effective tool for accountability and planning if they included: (i) an indicative budget for the strategy period, (ii) objectives for policy dialogue with partner country governments and (iii) how Korea takes into account the work of other development partners in deciding how to contribute to the national development plan.

Korea has made progress on introducing programmatic approaches. Additional scrutiny by Korea of the process through which government requests are generated would make its development programmes more effective and help to ensure attention to sustainability, reducing poverty and the principle of "leaving no-one behind". The majority of Korea's ODA grants are short-term, stand-alone bilateral projects. As Korea increases its ODA, making this more effective will require further consideration of longer-term impact and more understanding of which funding instruments best match its development objectives in each country context.

Recommendations:

- (iv) Korea – including through its partner country offices and embassies – should strengthen, in partnership with government, its strategic view of its unique contribution to each country context. This may include:**
- **deepening policy dialogue with partner governments, using existing co-ordination mechanisms where possible; and**
 - **furthering strategic-level policy dialogue with other development co-operation providers, starting with a deeper engagement in existing donor co-ordination mechanisms.**
- (v) Korea should ensure that the process leading to individual project requests is more robust and inclusive, and that partner governments are in a position to sustain investments once Korea's funding ends.**

Korea has widened the scope of its humanitarian aid in recent years, engaging with multilateral organisations to strengthen its involvement in fragile states and complex crises, where peacebuilding, humanitarian and development aid intertwine. In increasing its humanitarian budget and strengthening partnerships with other donors and international relief organisations, Korea is matching these new resources with its ambition to play a more prominent role in humanitarian assistance. However, these positive developments are not yet reflected in the Overseas Emergency Relief Act or the 2015 humanitarian strategy. It is now time for Korea to systematise links between humanitarian aid and development co-operation when relevant, drawing on experience gained from its response to the Nepal earthquake in 2015.

Recommendations:

- (vi) **Korea should update its humanitarian strategy, and consider the scope of relevant legislation, to reflect the changing nature of its humanitarian assistance and to ensure that its humanitarian assistance, peace-keeping efforts and development co-operation are coherent and complementary.**
- (vii) **Korea should increase its co-ordination with other donors and organisations to design collective outcomes in fragile contexts and within relevant policy groups working on fragility.**

Korea has put in place new systems for dealing with social and environmental risks, as well as corruption challenges, in the execution of its loans and grants. In working to strengthen guidance in this area for itself and its partners, Korea could learn from other development partners, including through GOVNET (the OECD-DAC network on governance) on the most effective ways to tackle corruption challenges. Increased co-ordination in these areas should also assist Korea in implementing the 2016 OECD Recommendation for Development Co-operation Actors on Managing the Risks of Corruption.

Korea needs to address some challenges***Complex systems, increasing fragmentation and loss of technical expertise are undermining Korea's development effectiveness commitments***

In spite of a number of positive steps taken since the last peer review, structural complexity persists across the Korean system, hampering how efficient and effective its development co-operation can be. Examples of these challenges include:

- processes for budget approval are complex and bureaucratic with multiple layers, leading to high transaction costs. Streamlining these processes would reduce the strain on the people who deliver Korea's development co-operation and allow them to focus on tasks that add value to the programme; and
- a two-year period between project identification and implementation, and a centralised financial management and approvals process, leave Korea little room to innovate or respond rapidly to opportunities and changing needs, particularly in fragile contexts.

Recommendation:

- (viii) **In order to respond to new opportunities and challenges as they arise, Korea should:**
 - **streamline project approval processes; and**
 - **continue to decentralise authority for project-level decisions to the field to improve its ability to respond to new opportunities and challenges as they arise.**

Fragmentation within the grant component of Korea's support is also increasing, derailing Korea's commitment to work in an integrated and programmatic way. Despite Korea's efforts to improve co-ordination across government since its last peer review, the number of organisations involved in reporting ODA grants increased from 44 agencies in 2013 to 64 agencies in 2015, primarily as a result of changing reporting practices. In addition, the proportion of ODA grants delivered outside of the Ministry of Foreign Affairs, Ministry of Strategy and Finance and their respective agencies has increased from 13% in 2010 to 21% in 2015. In its partner countries, many Korean agencies deliver grant-based projects directly to government with only partial involvement of the embassy, country-level ODA Councils and KOICA, with opportunities missed to exploit possible synergies and adopt more programmatic approaches.

Recommendation:

(ix) To increase effectiveness and improve communication among all stakeholders, Korea should:

- **develop a comprehensive overview of its activities in priority partner countries;**
- **ensure that embassy or partner country offices manage and co-ordinate all requests from partner governments;**
- **monitor the impact of Korea's ongoing efforts to align systems and processes; and**
- **develop measures to enhance synergies and rationalise the number of activities across the programme.**

Korea has retained a core set of people dedicated to development. However, in reflecting on what kind of donor it wants to be in a rapidly changing development landscape, Korea will need to ensure that its system as a whole has appropriate staff levels and capacity to deliver on its development co-operation objectives, and that staff with appropriate skills and knowledge are located in the right places. This may include allowing staff to move between agencies. For example, many stakeholders noted the current gap in KOICA technical expertise in the field. It is unclear how Korea can ensure that programmes are implemented effectively without technical field presence. The expansion of Korea's programme in fragile states will also require specific skills, including capacity to manage these new programmes and partnerships from headquarters.

Recommendation:

(x) Korea should review the capacity and skills needed across the whole of its development co-operation system. This assessment should be used to develop a workforce plan that enables Korean agencies to develop appropriate expertise to deliver on Korea's objectives.

Korea would benefit from stronger mechanisms to manage the coherence of its domestic policies and its relationship with civil society

While Korea strives to address concerns regarding the impact of its domestic policies on developing countries, it has yet to put in place a means of identifying, monitoring and addressing key priorities for action across government. Climate and trade are particular areas for increased attention and action, detracting from Korea's strong global reputation as a champion of DAC principles and effective and sustainable development, and as the host of key global climate change institutions.

Recommendation:

- (xi) **Korea's government should strengthen policy coherence aspects of its response to the 2030 Agenda for Sustainable Development in relation to developing countries, including through:**
- **better co-ordinating its legislation and policies on domestic and international sustainable development; and**
 - **building a mechanism for arbitrating between economic, social and environmental policy priorities in the future, taking into account Korea's positive and negative spillovers on developing countries.**

Civil society in Korea is vibrant, with a growing capacity in humanitarian assistance and development co-operation, and strong support from the Korean public. Korea's official development co-operation could derive much benefit from developing a clear vision of the partnership it seeks with civil society as a development actor in its own right, in addition to its role as an implementing partner for Korea's development co-operation programme. This could include capitalising on civil society's technical expertise, local knowledge, capacity to build support for development co-operation across society and unique mandate to hold government to account.

Recommendation:

- (xii) **Korea's government should clarify and deepen the partnerships it seeks with civil society through a normative framework acknowledging the different roles of civil society, including as an implementing partner and as an independent development actor in its own right.**

Access the full report

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