OECD Development Co-operation Peer Reviews

KOREA

2018



The Development Assistance Committee: Enabling effective development

OECD

OECD Development Co-operation Peer Reviews: Korea 2018



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Conducting the peer review

The OECD Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every five years, with six members examined annually. The OECD Development Co-operation Directorate provides analytical support, and develops and maintains, in close consultation with the Committee, the methodology and analytical framework – known as the Reference Guide – within which the peer reviews are undertaken.

The objectives of DAC peer reviews are to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for better impact on poverty reduction and sustainable development in developing countries. DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

The peer review is prepared by a team, consisting of representatives of the Secretariat working with officials from two DAC members who are designated as "examiners". The country under review provides a memorandum setting out the main developments in its policies and programmes. Then the Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and non-governmental organisations' representatives in the donor country to obtain a first-hand insight into current issues surrounding the development co-operation efforts of the member concerned. Field visits assess how members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination. During the field visit, the team meets with representatives of the partner country's administration, parliamentarians, civil society and other development partners.

The Secretariat then prepares a draft report on the member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting, senior officials from the member under review respond to questions formulated by the Committee in association with the examiners.

This review – containing both the main findings and recommendations of the Development Assistance Committee and the analytical report of the Secretariat – was prepared with examiners from New Zealand and the United States for the peer review of Korea on 6 December 2017. The review process included a country visit to Cambodia. Among other issues, the review looks at how Korea shares its own impressive development experience with others, how it is dealing with key challenges in co-ordinating grants and loans across government and how it is expanding its aid programme to work on new priorities such as assistance to fragile and crisis-affected countries.

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Abbreviations and acronyms

AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
BAI	Board of Audit and Inspection
BRIICS	Brazil, Russia, India, Indonesia, China and South Africa
CIDC	Committee for International Development Cooperation
CPA	Country programmable aid
CPS	Country Partnership Strategy
DAC	Development Assistance Committee
EDCF	Economic Development Cooperation Fund
GNI	Gross national income
GOVNET	OECD-DAC governance network
IMF	International Monetary Fund
INSARAG	International Search and Rescue Advisory Group
KEXIM	Korean EXIM Bank
KOICA	Korean International Cooperation Agency
KOTRA	Korean Trade Agency
MoFA	Ministry of Foreign Affairs
MoSF	Ministry of Strategy and Finance
NGO	Non-government organisation
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OOF	Other official flows (non-ODA official development finance)
SDGs	Sustainable Development Goals
UN	United Nations
UNDP	United Nations Development Programme
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
WFP	World Food Programme
WHO	World Health Organization

Signs used

KRW	Korean Won
USD	United States Dollars
( )	Secretariat estimate in whole or part
-	(Nil)
0.0	Negligible
..	Not available
…	Not available separately, but included in total
n.a.	Not applicable
p	Provisional

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = KRW

2010	2011	2012	2013	2014	2015	2016
1155.4	1107.3	1125.9	1094.6	1053.1	1131.3	1160.6

Korea's aid at a glance

Figure 0.1. Korea's aid at a glance

KOREA

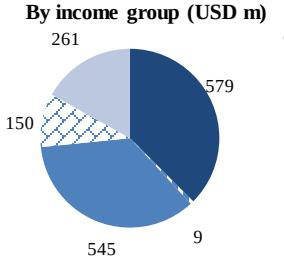
Gross bilateral ODA, 2014-15 average, unless otherwise shown

Net ODA	2014	2015	2016	Change 2015/16
Current (USD m)	1 857	1 915	2 246	17.3%
Constant (2015 USD m)	1 767	1 915	2 263	18.1%
In Won (billion)	1 955	2 167	2 607	20.3%
ODA/GNI	0.13%	0.14%	0.16%	
Bilateral share	75%	77%	69%	

1. Preliminary data.

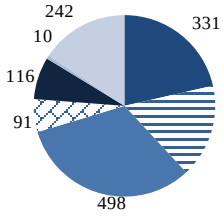
Top Ten Recipients of Gross ODA (USD million)	
1 Viet Nam	206
2 Tanzania	76
3 Cambodia	71
4 Bangladesh	66
5 Afghanistan	59
6 Lao People's Democratic Republic	59
7 Philippines	56
8 Mozambique	49
9 Ethiopia	44
10 Sri Lanka	43
Memo: Share of gross bilateral ODA	
Top 5 recipients	31%
Top 10 recipients	47%
Top 20 recipients	64%

By income group (USD m)



Clockwise from top
- LDCs
- Other low-income
- Lower middle-income
- Upper middle-income
- Unallocated

By region (USD m)



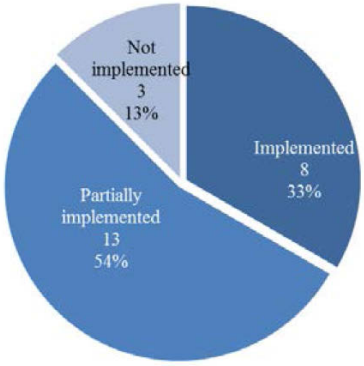
- South of Sahara
- South & Central Asia
- Other Asia and Oceania
- Middle East and North Africa
- Latin America and Caribbean
- Europe
- Unspecified

By sector



Source: OECD-DAC; www.oecd.org/dac/stats

Figure 0.2. Korea's implementation of the 2012 peer review recommendations (see Annex A)



Context of the peer review of Korea

Korea is often cited as a leading example of how sound economic policies can drive growth and development, blazing a trail from poverty to advanced industrialisation throughout the 1970s and 1980s. Building on its reputation as a development success, Korea now plays a highly valued role on the global stage, sharing its knowledge with others and helping to bridge the divide between developing and developed country interests.

Korea joined the OECD in 1996. Since then, its economy has remained highly dependent on export-oriented industries, with shipbuilding, steel and petrochemicals accounting for 20% of the value of exports in 2016. However, in recent years these industries have struggled with high levels of debt and revenue shortfalls. Following several years of low growth in the wake of the global financial crisis, the growth forecast for 2018 remains modest at 2.8%. Key challenges going forward include weaker consumption, high household debt, rapidly rising greenhouse emissions, increasing competition with other Asian countries including China, and renewed threats from the Democratic People's Republic of Korea (DPRK). According to the OECD's wellbeing index, life satisfaction in Korea is below the OECD average, largely due to rising wage inequality and pressures on social services due to an aging population. Despite its low long-term unemployment rate of 3.7% in 2016 (well below the OECD average of 6.3%), underlying structural problems pose risks, particularly given the labour market is increasingly divided into a privileged segment of regular workers and a less protected set of irregular workers.

Korea joined the OECD's Development Assistance Committee (DAC) in 2010 and is now its 26th largest provider of official development assistance (ODA) as a percentage of gross national income (GNI – at 0.16%), and the 16th largest by volume (USD 2.25 billion in 2016). Korea missed its original target of allocating 0.25% of GNI as ODA by 2015 due to several reasons: the global economic downturn, Korea's tighter fiscal policy and a change in the calculation of GNI. It has, however, set a new target of allocating 0.20% of GNI as ODA by 2020.

President Moon Jae-in (Democratic Party of Korea) was elected for a five-year term from May 2017. His first five-year action plan indicates ongoing support for development co-operation. According to a 2016 survey, public support for aid in Korea remains high at 86%.

Sources

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The DAC's main findings and recommendations

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 county 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.

Secretariat's report

Chapter 1. Korea's global efforts for sustainable development

Efforts to support global sustainable development

Korea leads by example, sharing knowledge and building bridges between rich and poor countries

Peer review indicator: The member plays an active role in contributing to global norms, frameworks and public goods that benefit developing countries

Building on its reputation as a development success story, Korea uses its role as a leading middle-sized power to build bridges between rich and poor countries in a range of global fora, achieving influence beyond its size. Increasingly, Korea is also demonstrating commitment to addressing the global public "goods" and "bads" that are key to achieving the Sustainable Development Goals. However, there is a tension between its role on the global stage and implementation efforts at home.

Korea leads by example. Its path from poverty to advanced industrialisation arguably provides the best evidence for developing countries that sound government policies combined with effective use of aid can drive growth and development (Lewis et al., 1987; Noland, 2011).[1] Based on this experience, Korea is highly active on the global stage, sharing its development knowledge with developing countries,[2] playing a key role with other middle-sized powers and linking with six major national economies – Brazil, Russia, India, Indonesia, China and South Africa (the BRIICS) – to help drive global agreements on sustainable development.

For Koreans, the election of former foreign minister Ban Ki-Moon to the top United Nations (UN) job from 2007-16 was symbolic of their country's long-term commitment to multilateralism and global solutions for peace and development (Fifield, 2016). Since joining the Development Assistance Committee (DAC) in 2010, Korea's priority issues for global engagement in sustainable development include regional economic integration and crisis prevention, development effectiveness and climate change. On each of these issues, Korea has played an effective role as broker between developed and developing countries. Korea also participates in UN-led peacekeeping missions with more than 600 military and civilian staff, mainly in Lebanon and South Sudan.[3]

Korea works to elevate development issues in a range of global fora

As part of efforts to promote global economic stability and ward off crises, Korea is a driving force behind the G20's work on inclusive growth and efforts to increase outreach to developing countries.[4] It hosted the G20 in 2010 and delivered the G20's first development agenda. Through this engagement, Korea has continued to build on its comparative advantage in key economic and social sectors critical to its own development journey – infrastructure, innovation, rural development, health and education. The outcome document of the G20 summit chaired by Korea in 2010 (G20, 2010) reiterated a commitment to engage in dedicated knowledge-sharing efforts with developing countries keen to learn from Korea's experience. In 2017, in line with its comparative advantage in innovation, Korea is chairing the G20 Development Working Group on Human Resources Development, targeting literacy in information and communication technology for boys, girls and women. It is also continuing to support the G20's role as a platform for catalysing political support for Agenda 2030. In addition, in 2015-16, Korea held the presidency of the Financial Action Task Force (FATF), focussing on counter-terrorism

financing in response to a G20 call for action and resulting in the establishment of a new global training centre in Korea to build capacity for implementation of FATF standards. Since its mutual evaluation of 2009, FATF considers that Korea has taken sufficient measures to bring its anti-money laundering and countering the financing of terrorism into line with its 2003 Recommendations. Korea is due to be reassessed under FATF's new standards (the 2012 FATF Recommendations) in 2020 (FATF, 2016).

Regionally, Korea has an important role as a broker of financial and economic policy dating back to the Asian financial crisis of 1997-98. Since then, Korea has worked to drive a range of collective intra-regional initiatives to mitigate the impacts of economic shocks and to increase growth, including by developing regional bond markets to promote more efficient recycling of Asian savings and investment in the region (Park, 2012). Korea works closely with its neighbours through regional fora, particularly the Asia-Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN) Plus Three partnership,[5] where it has forged a role as an honest broker on economic co-operation and a range of global development issues. It complements this regional engagement with broader alliances, such as the informal partnership with Mexico, Indonesia, Turkey and Australia (known as MIKTA).

To strengthen and facilitate these global and regional partnerships, Korea has established a number of local research and policy offshoot organisations, including for ASEAN and OECD policy centres. Korea is active in hosting international meetings and on the governing boards of the Asian Development Bank, World Bank, and the Asian Infrastructure Investment Bank. In September 2015, Korea contributed to advancing health security issues by hosting a high-level meeting of the Global Health Security Agenda in its role as rotating chair. More recently, in June 2017, Korea hosted the second annual board of governors' meeting of the Asian Infrastructure Investment Bank (AIIB, 2017) and is preparing to host the African Development Bank's 2018 annual meetings (AfDB, 2017).

An early implementer of the sustainable development goals, Korea is working to translate its commitments into action

Increasingly, Korea is 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 (UN, 2015). Furthermore, after volunteering to be an "early implementer" of the Sustainable Development Goals (SDGs), Korea has integrated the SDGs into its national development co-operation strategies and plans (GoK, 2015a; Chapter 2) and is framing its efforts through the lens of green growth. Building on its existing domestic legislation for sustainable development (National Assembly, 2015), Korea is now considering how to embed the goals into its legislative framework for domestic policies, including how to increase emphasis on the social pillar of sustainable development. Nevertheless, as explained below, there is an ongoing tension between Korea's expanding role on the global stage and its capacity to uphold its own commitments to sustainable development through national implementation.

Policy coherence for development

Peer review indicator: Domestic policies support or do not harm developing countries

Korea strives to address the concerns of developing countries on the negative spillover effects of its domestic policies. However, it has yet to put in place a plan for identifying, monitoring and addressing key priorities for action across government, including on climate and trade.

Korea reacts to developing country concerns on policy coherence issues as they arise

Korea is adopting a pragmatic approach to policy coherence for sustainable development and global public goods in areas such as green growth, trade and remittances, playing close attention to the concerns of developing countries raised in international fora and in bilateral discussions on a case-by-case basis. For example, Korea has prioritised close collaboration with several Asian countries through its rapidly expanding investment in manufacturing, tourism and agriculture and increasing trade following the 2010 ASEAN-Korea Free Trade Agreement. As observed in this review's field mission, over the past decade, Korea's exports to Cambodia have tripled, while Cambodian exports to Korea have risen 40-fold (Annex C). This – along with high remittance flows and demand-driven knowledge-sharing efforts – is helping to catalyse and broaden economic and political co-operation between the two countries.

There is no systematic approach to address policy coherence for development

Korea has yet to fully address the 2012 peer review recommendations to create a government-wide agenda to achieve development-friendly policies and strengthen existing analysis of, and reporting on, how Korea's foreign and domestic policies affect developing countries (OECD, 2012). In its latest memorandum to the DAC, Korea notes that it has attempted to improve coherence by holding biannual government-wide official development assistance (ODA) workshops to share information across government on development co-operation (GoK, 2017a). In 2016, Korea's Committee for International Development Cooperation (CIDC) conducted a study of the policy and practices of other DAC members on policy coherence for development. It is not clear how this study has informed Korea's approach to policy coherence. While development co-operation is well integrated into Korea's foreign policy[6] (Office of the President, 2009), it has yet to establish a process of systematic diagnosis and planning that would enable deeper analysis of how its domestic policies are affecting developing countries.

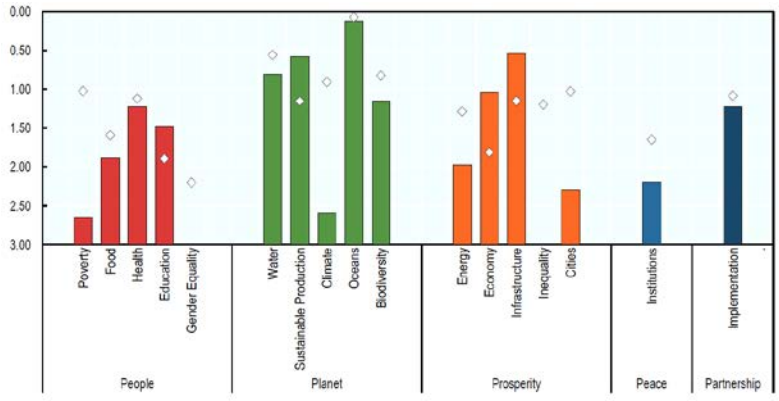
More systematic attention to policy coherence would give Korea the tools to manage the impact of its policies on developing countries. It would also help Korea's international reputation. For example, while Korea has improved its work on policy coherence and the availability of information for analysis, it is currently ranked in last place out of 27 countries for the 2017 Commitment to Development Index (CGD, 2017), a drop in ranking from 2015, largely due to its performance in climate and security[7]. On the other hand, Korea is the top performer in the technology component of the index, due to its policies that promote knowledge sharing and with research and development funding at over 1% of its gross domestic product.

Korea can extend its policy coherence efforts further, drawing on the drivers of its own development

Korea has an opportunity to make a stronger, more strategic contribution to global efforts on policy coherence by looking to the drivers of its own development beyond ODA. On trade, for example, despite progress in recent years and ongoing efforts to reduce tariffs (particularly on non-agricultural products), Korea's tariffs and quotas on agricultural imports from developing countries remain high on average, with many restrictions on trade in services. This approach is at odds with Korea's own development experience during which it benefitted from external policy settings allowing trade to flourish.[8]

In addition, Korea is recognised globally for its leadership in hosting the Green Climate Fund and the Global Green Growth Institute (GGGI), with significant development finance contributions in this area (see Chapter 3) and a commitment to greening its ODA. However, like many other countries, Korea still has a long way to go in achieving its climate goal and other official flows to developing countries have contributed to polluting activities. For example, in the energy sector, other official finance (non-ODA) for coal- and gas-fired power plants was more than triple that for geothermal and hydroelectric plants over the past five years (OECD, 2017b). In international analysis of negative spillover effects that hinder the ability of developing countries to achieve the SDGs, Korea is listed in the bottom third of OECD country rankings, with priority areas for policy action listed as climate (Sachs et al, 2017). The ranking also reflects Korea's low levels of ambition in its commitments at the 2015 United Nations Climate Change Conference (GoK, 2015b).[9] As Figure 1.1 shows, Korea is well below the OECD average on international climate action. With an energy mix dominated by fossil fuels, Korea's greenhouse gas emissions rose by 38% from 2000-14, the third highest growth rate among OECD countries (OECD, 2017a[10] and OECD 2017b).

Figure 1.1. How Korea compares with the OECD average on the Sustainable Development Goals



Note: This figure shows Korea's distance to travel towards each of the 17 goals of the 2030 Agenda. Bars show Korea's performance, while diamonds show the OECD average. White bars indicate missing data. The y-axis indicates the distance from reaching the target in standardised units. 0 indicates that the level for 2030 has already been attained, and the axis starts at 3 as most OECD countries have already attained this level. Distances to target are aggregated at the goal level (all targets weighted equally). To make the level of achievement within the country more distinct, in this figure, data on Official Development Assistance (ODA) are excluded in Goals 1 to 16. Nonetheless, total ODA, ODA focusing on capacity building and national planning as well as ODA commitments to statistical capacity building are included in Goal 17 "implementation" and under Partnership.
Source: OECD (2017b), "Measuring distance to the SDG targets: an assessment of where OECD countries stand", www.oecd.org/std/OECD-Measuring-Distance-to-SDG-Targets.pdf.

Legislation on sustainable development does not yet refer to the SDGs

Korea has made progress in incorporating sustainable development into its legislative framework. As it stands, Korea's 2015 Sustainable Development Act (National Assembly, 2016) covers domestic policy actions, while the Framework Act on International Development Cooperation (National Assembly, 2010) governs international development commitments. As it moves forward in implementing this framework, Korea would benefit by clarifying how these pieces of legislation might fit together or complement each other, as well as how they relate to the SDGs as a framework for action.[11] In addition, Korea's memorandum (GoK, 2017a) states that Korea's mid-term strategy (GoK, 2015a) provides guidance on policy coherence issues. However, while the memorandum also states that its policy coherence efforts will be implemented through Korea's Third Basic Plan for Sustainable Development (adopted in January 2016), overseen by a Commission on Sustainable Development, it was unclear how policy priorities will be identified and whether the impacts on developing countries will be considered within this. These gaps and inconsistencies all need to be addressed as Korea begins to implement its national and international commitments to policy coherence for sustainable development in line with the 2030 Agenda for Sustainable Development.

Global awareness

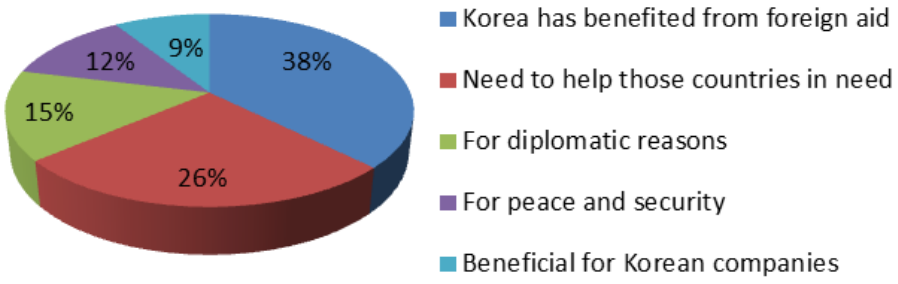
Peer review indicator: The member promotes whole-of-society contributions to sustainable development

Despite some recent corruption scandals involving the aid programme, the Korean public is supportive of development co-operation, backed by comprehensive public education campaigns on international development and integration of global citizenship programmes into the school curriculum. The implementation of the 2030 Agenda is an opportunity to extend this work further, including through whole-of-society contributions to global public goods and sustainable development.

Korea prioritises spending on global development awareness

The Korean government places a high priority on developing and maintaining global citizenship values throughout the country, estimating that it spent 1.7% of total ODA in 2016 on raising and expanding public awareness of the aid programme and Korea's broader contributions to inclusive development, peace and security, well above the DAC average allocation[12]. In addition, Korea sees its large volunteer programme (World Friends Korea) as a key tool for public engagement in development co-operation (Chapter 5). As Figure 1.2 shows, when asked why Korea should provide aid, respondents most commonly cited Korea's own relatively recent transition from being an aid recipient country and its corresponding responsibility to help other countries in need.

Figure 1.2. Public views on why Korea should provide aid



Source: OPM (2016), 2016 Public Opinion Survey on ODA, Office of the President, Seoul.

To deliver its key development communications messages on the rationale for giving aid and supporting the 2030 Agenda for Sustainable Development, Korea has developed a high-quality and innovative global citizenship programme to raise awareness of development assistance and the SDGs, and to remind domestic audiences of their duty to extend assistance to other countries, just as Korea itself was supported. These efforts include (but are not limited to):

- integrating global citizenship education into the national school curriculum
- hosting an interactive global citizenship exhibition facility at the headquarters of the Korean International Cooperation Agency
- developing the ODA Korea website as a one-stop shop for aid programme information
- releasing a short film[13] on Korea's journey from aid recipient to aid donor, with celebrity interviews on the lessons of Korea's development success
- disseminating lessons on evaluation through on-line learning forums and "card" news – a summary of aid evaluations (see Chapter 6)
- displaying short films on the aid programme in public transportation
- using television programmes and series showcasing development activities, inviting celebrities to visit programmes and communicating the results of selected loans
- releasing a recent publication with general information on how Korea's ODA works and how it is allocated, to further increase public and political awareness of planned reforms of the aid programme under the newly elected government (OPM, 2017).

Public support for the aid programme in Korea is high, at 86% (OPM, 2016). However, the Korean government is anticipating a slight drop in these high levels of support in its next survey, following an official enquiry and extensive media coverage of corruption allegations involving the aid programme in 2016. Further work will be required to re-build public trust (see Chapters 4 and 6).

Korea could improve its transparency and involve civil society in public communication efforts

While acknowledging the high quality of Korea's development communications efforts, the 2012 DAC peer review of Korea's development co-operation (OECD, 2012) recommended that Korea disclose more comprehensive information on all aspects of its

development co-operation in a way that is easy for key stakeholders – including parliamentarians, civil society, developing country partners and the general public – to access and understand. Since then, Korea has made commendable efforts in developing a useful "one-stop shop" ODA website and has joined the International Aid Transparency Initiative (IATI) (Chapter 4). However, while Korea provides good overall information on the objectives and scope of its programming, it can do more to improve the transparency of project-level financing and results. This is also an area where Korea's civil society remains critical of the level of public information on Korea's aid programme (KCOC, 2017). Korea recognises the need to extend its efforts in this area, noting that as it continues to work to fulfil its IATI commitments, information on aid quality for external stakeholders should improve (see Chapter 6). The 2030 Agenda for Sustainable Development presents a further opportunity to expand this communications work, in partnership with civil society and other key stakeholders, to raise awareness of new challenges and opportunities in a fast-moving development landscape (OECD 2016a, 2016b).

Notes

[1] The key elements behind Korea's successful development performance have been extensively debated. The degree to which this performance should be credited to state-led development strategy and aid, and to what extent lessons from that experience might be relevant or applied elsewhere, are controversial. For a review of the literature see Noland (2011).

[2] Korea has shared its development experience with developing countries since 1963, initially with funding from the United States Agency for International Development, but with its own resources since 1965.

[3] Despite strong support for peacekeeping in South Sudan and Lebanon, these countries are not listed among Korea's priority partners, with Korea choosing to delink its development co-operation activities from its engagement in peacebuilding. See Chapter 7.

[4] The G20 (or G-20 or Group of Twenty) is an international forum for the governments and central bank governors from 20 major economies.

[5] ASEAN Plus Three (APT) is a forum that co-ordinates co-operation between the Association of Southeast Asian Nations and China, Japan and South Korea.

[6] Since 2009, Korea's foreign policy has focused on: "contributing to global peace and development under a broader vision and a more proactive approach to interacting with the international community" (Office of the President, 2009). This policy has been translated into four key diplomatic tasks as follows: (1) security diplomacy, particularly on the Korean peninsula; (2) diplomacy that contributes to global co-prosperity; (3) diplomacy that secures engines for future growth, particularly through trade and co-operation in the fields of energy and resources; and (4) diplomacy that serves the public, particularly the needs of Koreans abroad.

[7] Korea is not party to the Convention on Cluster Munitions and Mine Ban Treaty.

[8] While Korea's agricultural subsidies and rigorous trade barriers remain a stumbling block for exporters in developing countries, Korea has made some progress in this area since the mid-1990s. As measured by OECD's Producer Support Estimates, the share of transfers to agricultural producers from consumers and taxpayers in gross farm revenues declined from 66.9% in 1995-97 to 49.2% in 2016, but still it is 2.5 times higher than the OECD average (OECD, 2017c).

[9] For more information see UNFCCC, Submission by Republic of Korea on 30 June 2015: Intended Nationally Determined Contribution (www4.unfccc.int/ndcregistry/, accessed 02/08/2017).

[10] Korea, one of the UN's early adopter countries of the SDGs, volunteered to participate as a pilot country in the OECD's first SDG study, released in 2017. Note that only performance on SDG indicators with an impact on developing countries is discussed in this chapter.

[11] Korea's 2017 memorandum states that "[w]hile the implementation of SDGs in Korea is carried out by all relevant ministries, under the Sustainable Development Act, the country's support for the international community's sustainable development efforts is based on the Framework Act." (GoK, 2017a). However, Korea's 2016-20 mid-term strategy for development co-operation is aligned with the SDGs (Chapter 2).

[12] In 2015, the DAC average for spending on raising development awareness was 0.2%.

[13] See www.youtube.com/watch?v=1h4dTzWTTL8.

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Chapter 2. Policy vision and framework

Framework

Peer review indicator: Clear policy vision aligned with the 2030 Agenda based on member's strengths

Korea has overarching legislation for development co-operation which is updated regularly and sets out the purpose of development co-operation in clear terms. At a political level, Korea has demonstrated strong support for the 2030 Agenda for Sustainable Development and this is already reflected in its operational policies. Two strategy documents describe Korea's approach to development co-operation across government and set performance targets across a range of criteria. Korea's implementation agencies and partners would welcome more clarity on which document to consult when designing programmes.

Korea has clear and effective legislation to guide its development co-operation

As noted in the 2012 peer review (OECD, 2012), Korea's legislation for development co-operation is robust, providing the longer-term authority, mandate and direction for delivering its aid programme. The 2010 Framework Act outlines the basic principles of development cooperation – in particular, defining the purpose of Korea's ODA - and assigns responsibilities to various bodies, with the Committee for International Development Cooperation in a lead role (Chapter 4). The Framework Act clearly identifies poverty reduction and humanitarian assistance as the core motivation for Korea's development assistance.[1]

In addition to the Framework Act (National Assembly, 2010), two documents drive decision making – the Strategic Plan for International Development Cooperation (GoK, 2010) and a rolling five-year mid-term strategy.

Approved in the same year as the Framework Act, the 2010 strategic plan highlights how Korea's own experience as a recipient country is a driver for its development co-operation and includes ambitious targets for Korea's ODA.

The current mid-term strategy for development cooperation spans the period 2016-20. The document clearly aligns Korea's development co-operation policy to the 2030 Agenda for Sustainable Development (GoK, 2015a). Under three pillars of "integrated, substantive and collaborative ODA", it outlines mechanisms to ensure consistency among the various agencies co-ordinating development co-operation across government, enhance the quality of aid, and expand partnerships with the private sector and civil society. The mid-term strategy, which includes an updated list of partner countries and updated ODA targets, helps to frame key decisions and identify Korea's policy priorities. It is a particularly useful reference for the Korean International Cooperation Agency (KOICA) and Korea Exim Bank (KEXIM) in partner countries. A next step would be to provide more guidance for the increasing volume of resources managed by other ministries and directed towards global public goods. Implementing partners would also welcome more clarity on which parts of the 2010 strategic plan are superseded by the mid-term strategy.

Korea has recently introduced a number of more operational strategies – for example, on humanitarian assistance, multilateral aid and gender equality – which apply across government. These are consistent with the mid-term strategy and help to create common ground for Korea's various implementing agencies.

Finally, in an effort to better capture Korea's development co-operation objectives across government, a "Better Life for All" initiative, launched in 2016, introduced flagship programmes to address rural development ("Saemaul Undong"), gender equality and education ("Better Life for Girls"), health ("Safe Life for All"), science technology and innovation ("STI for Better Life") and climate adaptation and mitigation ("Climate Compatible Development") (KOICA, 2017a). Although nominal budgets were attached to each initiative,[2] no resources are earmarked for them. As a result, "Better Life for All" may be an effective communication and branding tool but does not appear to have permeated through the system as a policy instrument. In June 2017, Korea's development committee agreed that the "Better Life for All" initiatives will now be re-oriented to align more closely with the Sustainable Development Goals (GoK, 2017b).

In addition to the documents outlined above, each incoming Korean President sets development priorities. The most recent are laid out in President Moon's 2017 Action Plan (GoK, 2017a), which elevates the role of the private sector in delivering development co-operation and anchors aid policy in Korea's national interests.

Korea's policies may be open to interpretation by government agencies

Although Korea has developed clear and robust legislation, its policy documents can be interpreted differently by the various implementing ministries and agencies managing Korea's ODA grants (Chapter 4). The mid-term strategy is closely followed by the Ministries of Foreign Affairs and Strategy and Finance, and their respective implementing agencies KOICA and KEXIM, while other agencies and ministries tend to refer more to the 2010 strategic plan. This was illustrated when a significant budget was approved under the previous administration for activities under the Korean Aid Programme[3] which included showcasing Korean food and culture. While these activities are consistent with the 2010 strategic plan, they are inconsistent with the purpose of official development assistance set out in Korea's legislation and the subsequent 2011-15 mid-term strategy and the programme has since been discontinued. Korea's policy framework would thus be further strengthened by clarifying the status of its 2010 strategic plan and where this plan has been superseded by the 2015-2020 mid-term strategy.

Principles and guidance

Peer review indicator: Policy guidance sets out a clear and comprehensive approach, including to poverty and fragility

Since 2016, Korea has adopted the Sustainable Development Goals as the high level outcomes of its development co-operation, while carving out a clear (albeit wide ranging) thematic and geographic focus. In addition, Korea is paying ever more attention to the quality of its programmes and has increased its focus on countries most in need. While it has made significant progress in developing guidance on gender equality, disability, climate change and environmental sustainability, greater attention to these issues is not yet translating into increased funding. Stronger incentives are needed to encourage staff to use the guidance.

Korea's 2016-20 mid-term strategy identifies the 17 Sustainable Development Goals as the overarching outcomes for Korea's development co-operation. Korea aims to work towards them by sharing its own development experience and by connecting individual projects with relevant goals, working in some of the world's poorest countries in key sectors where it has relevant skills (GoK, 2015a).

Korea focuses its efforts on social sectors and economic infrastructure in countries most in need

Korea's approach to development co-operation, discussed in detail in Chapter 5, is characterised by the emphasis it places on its partner countries' requests, and an increasing focus on countries most in need. The high proportion of grants directed to least developed countries and Korea's concentration on social sectors and economic infrastructure in these countries demonstrate a strong focus on poverty.[4] However, as discussed in Chapter 5, when selecting and designing projects within these countries, Korea does not demonstrate a consistently strong poverty focus.

In line with the Busan partnership agreement on effective development (HLP, 2011), Korea has increased its attention to fragile states. The Ministry of Foreign Affairs leads the peace and security elements of Korea's foreign engagement and KOICA's recent mid-term framework for fragile states reflects a good understanding of the challenges and priorities in fragile contexts (KOICA, 2017b). As KOICA translates this framework into programming, there will be opportunities to link the ministry's peace and security work with its development strategy in fragile states, particularly when it comes to choosing where to work and what programmes to support. Guidelines on fragile states developed by KEXIM's Economic Development Cooperation Fund (ECDF) provide differentiated approaches for concessional loans to fragile states; any country eligible to receive ODA can apply for concessional loans so long as these loans do not undermine their financial sustainability or longer-term development prospects.[5] Korea is stepping up its commitment of time and resources to international networks dedicated to developing policy for fragile states such as the international network on conflict and fragility (INCAF). These networks can offer lessons on what is working and not working, as well as increase Korea's international visibility.

Guidance for cross-cutting issues is in place but is not yet fully applied

Over recent years, Korea has introduced a large body of operational guidance, which helps to clarify its approach to sustainable development, including to poverty, fragility, gender equality, disability and climate change.

As noted in Chapter 1, Korea has mobilised its political leadership on green growth and climate change and this is reflected in its relatively high levels of direct funding for climate change. Korea's concessional loans for developing countries encourage green projects – e.g. renewable energy, energy efficiency and eco-friendly initiatives – by offering lower interest rates on loans or grants for feasibility studies. In addition, Korea is taking positive steps towards mainstreaming environmental issues and climate change within all its loans and grants. Both KEXIM Bank and KOICA have developed relatively detailed guidance on environmental sustainability. KEXIM has developed a safeguards policy (EDCF, 2016) adapted from World Bank and Asian Development Bank standards. These safeguards place responsibility for compliance firmly with the borrower but also require KEXIM Bank to carry out environmental and social reviews as part of due diligence. However, Korea's country partnership strategies do not require climate risk analysis, with the result that climate adaptation is not systematically considered in areas such as food security, infrastructure or health. Korea could do more to analyse where its programmes could have a positive impact on the environment, and what longer-term impact climate change will have on its investments. In addition, it could extend its good practice on financing green growth through ODA to its non-concessional lending.

Korea has a thematic focus on maternal and child health and girls' education and has invested significant time and effort in developing and disseminating tools and guidance on gender equality. Gender awareness guidelines, issued in 2015, apply to all of Korea's development co-operation programmes (GoK, 2015b). These are backed up by guidance and toolkits for KEXIM Bank and KOICA and underpinned by criteria built into Korea's systems for project management, which must be considered when projects are appraised, approved, implemented and monitored. These efforts are not yet translating into increased financial resources for gender equality – as noted in Chapter 3, financial data for 2015 indicate that 10% of Korea's bilateral ODA targets gender equality, and that only sexual and reproductive health programmes systematically consider gender equality.

Disability is a newer cross-cutting priority for Korea, identified by the National Assembly in 2013 and reflected in the 2015 revision of the Framework Act. KOICA's disability policy identifies people with disability as a vulnerable group, with a focus on their rights and social access, particularly special needs education and rehabilitation (KOICA, 2017c). This holistic approach is important for the "leave no-one behind" commitments in the 2030 Agenda and is likely to help Korea to analyse the differing needs of beneficiaries when designing programmes. However, as guidance on disability programmes is only just being rolled out, it would be premature for this review to assess Korea's approach in this area.

It is not clear to what extent Korea's relatively comprehensive guidance on poverty, fragility and cross-cutting issues is considered by other parts of government delivering Korea's development co-operation. Systematic and meaningful application of guidance across the Korean system will require financial resources, leadership, technical expertise, strict criteria for appraising projects and a commitment to building an evidence base to monitor results. Korea's new on-line project management system, which requires users to enter scores on gender equality and other cross-cutting issues for all projects, may provide incentives for staff to consider these issues more systematically.

Basis for decision making

Peer review indicator: Policy provides sufficient guidance for decisions on channels and engagements

Korea's legislation and operational policies provide a reasonable basis for making decisions on what types of aid Korea provides and which countries and sectors it supports. However, they may not provide sufficient focus to achieve and measure impact. In addition, more guidance on global and regional engagements, technical co-operation and engaging with civil society and businesses would help Korea to build partnerships that extend beyond a single project, thus retaining experience and knowledge within the system.

Korea's 2010 Framework Act and 2016-20 mid-term strategy for development co-operation, described above, provide a reasonable basis for deciding where Korea should focus its efforts, what areas it should support and how its official assistance should be distributed. In addition to listing Korea's 24 partner countries and the criteria for their selection, the mid-term strategy broadly indicates priority sectors. The strategy also includes specific targets for aid volumes: the ratio of loans to grants; the ratio of bilateral to multilateral aid; and the overall split between regions, income groups and aid channels; all of which are closely monitored and drive ODA allocations (GoK, 2015a).

Korea has made considerable progress with its country partnership strategies since the last peer review and its policy documents give relatively clear guidance for how it engages in partner countries. In line with the 2030 Agenda, the next step would be to develop similar guidance for its global and regional engagements and its increasing investments in public goods.

Analysis of Korea's grant and loan approvals reveal that officials in KOICA and KEXIM have been pragmatic in using policy documents to guide their decisions, while still allowing space for innovation in areas such as micro-finance and governance. Korea's policy framework is nonetheless very broad and many new policies and guidance have been introduced in recent years, making it challenging for Korea to consolidate its strengths and deepen its engagements.

Korea's preference for stand-alone projects in partner countries is consistent with its policy guidance but incurs high transaction costs

Korea disburses a large, and increasing, share of its aid bilaterally (76% in 2014 and 78% in 2015). This is consistent with its policy and based on the average multilateral share of DAC members. When combined with a preference for direct engagement in its partner countries through technical co-operation programmes and stand-alone projects, Korea's bilateral focus requires a lot of time and administration from both officials and partners (see Chapters 4 and 5). This is offset to an extent by an increasing focus on fragile states, resources for which are largely through multilateral channels (Chapter 7). The 2016-20 mid-term strategy recognises that if Korea intends to maintain a large share of bilateral aid as its budget increases, it will need to develop new channels to disburse larger loans and grants.

It is not always clear to partners how Korea's policies guide its decision making. For example, Korea uses sets of international data and fragility indices to define its own unpublished list of fragile states. When updating its partner countries in the 2016-20 mid-term strategy, the number of fragile countries decreased, whereas the number of non-fragile states increased. This decision was based on Korea's self-assessment of its capacity to operate bilaterally in certain contexts, which is good practice. However, a more transparent decision-making process would have helped to communicate to observers and partners that Korea's choice of partner countries is not inconsistent with its stated commitment to increase its focus on fragility and its investment in fragile states, much of which relies on multilateral partnerships (Chapter 7).

A new multilateral strategy has helped Korea to focus its funding and policy engagement

Korea finalised its new multilateral strategy in 2016 (GoK, 2016). This outlines the rationale for Korea's multilateral assistance, including how Korea's multilateral aid complements its bilateral aid. The strategy, which identifies five key UN agencies for strategic partnerships and sets priorities for Korea's engagement with multilateral development banks and international financial institutions, has helped Korea to be more focused in how it engages with the multilateral system, both in terms of finance and policy dialogue. In contrast with this relatively clear policy guidance on multilateral partners, Korea's policy documents provide little guidance on partnerships with the private sector, academics or civil society. This is discussed further in Chapter 5.

Korea is committed to working with other donors and joining broader programmes

Under the mid-term strategy pillar of "collaborative ODA", Korea has committed to working more with other donors and KOICA has produced guidelines for developing joint projects (KOICA, 2016). Since 1996, Korea has signed agreements with 17 donor agencies and designed joint projects with France, Germany and the Netherlands. Korea's systems allow it to delegate funds to other donors, to pool its funds with others and to contribute directly to partner countries' budgets. There are a number of positive examples of how Korea is using these new approaches in Cambodia, particularly in rural roads and the health sector (Annex C). However, this new resolve on the part of Korea to work collaboratively comes at a time when it is finding that other donors are moving away from joint-donor, integrated programmes in many of its partner countries. In addition, Korea's own procedures are becoming more complex for other donors to co-ordinate with (Chapter 4). While Korea is now able and willing to join existing programmes, it does not yet have the experience to design and initiate new joint-donor programmes or sector budget support mechanisms. It will therefore be important for Korea to engage actively in, and learn from, existing initiatives and discussions in order to develop a realistic plan to increase funding to joint-donor initiatives and larger programmes.

Notes

[1] Article 3 of the Framework Act (National Assembly, 2010) states that "International development cooperation should be promoted in order to reduce poverty in developing countries, improve human rights of women, children and persons with disabilities, to realize economic development and humanitarianism, to promote economic cooperation with the partner countries, to pursue international peace and prosperity".

[2] Multiannual funding targets have been set for four flagship initiatives aligned to the Sustainable Development Goals under the overarching theme of "Better Life for All":

- USD 200 million over five years for the "Better Life for Girls" initiative which promotes girls' education and health;
- USD 200 million over five years for the "Science, Technology and Innovation for Better Life" initiative to promote science capacity, research and development R&D, and entrepreneurship;
- USD 100 million for the "Safe Life for All" initiative to combat infectious diseases;
- USD 100 million for the "Better Education for Africa's Rise" initiative to foster industrial and technical manpower.

[3] The Korean Aid Programme funded mobile health clinics and mobile activities to showcase Korean culture and foods in Ethiopia, Kenya and Uganda. It was widely criticised, see for example *The Worst ODA Korean Aid* www.peoplepower21.org/International/1454516.

[4] Korea's list of 24 partner countries includes 12 least developed countries and 8 fragile states.

[5] All OECD DAC-listed countries (see www.oecd.org/dac/stats/daclist.htm) are eligible to receive ODA and to borrow from EDCF as long as the loan is not destined for commercially viable projects. In response to the 2012 peer review recommendation on debt management, EDCF has clarified its guidance on lending to least developed countries based on DAC recommendations, IMF Debt Limit Policy (DLP) and/or the World Bank's Non-Concessional Borrowing Policy (NCBP) and IMF/World Bank's country-specific Debt Sustainability Analysis (EDCF, 2017).

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Chapter 3. Financing for development

Overall ODA volume

Peer review indicator: The member makes every effort to meet domestic and international ODA targets

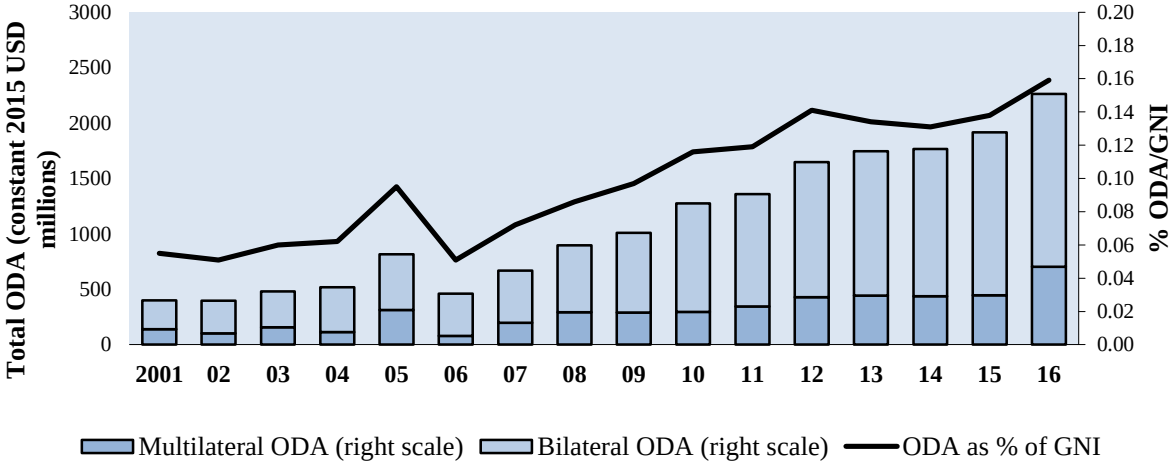
Korea's official development assistance (ODA) has increased steadily since it joined the OECD Development Assistance Committee (DAC), continuing a positive trajectory. However, Korea's national targets were revised downwards in the recent 2016-20 strategy. While the new targets are arguably more realistic given the recent slowdown in national growth, this diminished level of ambition is affecting Korea's ability to meet its international commitments. Korea could reinforce its credibility and sustain its progress to date by defining a plan and timeline for increasing its ODA volume over the next decade, while maintaining the quality of its development assistance and untying its aid to the maximum extent possible.

Korea has steadily increased its ODA in line with national targets

Korea provided USD 2.25 billion in net ODA in 2016, which represented 0.16% of its gross national income (GNI). As illustrated in Figure 3.1, this continues a steady increase in ODA, in spite of the impact of the 1997-8 financial crises, and an eight-fold increase since Korea left the DAC list of recipient countries in 2000 (OECD, 2017a, 2017b). These volumes do not include bilateral humanitarian assistance or in-kind contributions by Korea to the Democratic People's Republic of Korea (DPRK), which are not reported as ODA.

Figure 3.1. Trends in Korea's official development assistance, 2001-16

Total ODA volume and ODA as a share of gross national income



Source: OECD (2017a), OECD International Development Statistics, Volume 2016 Issue 2, http://dx.doi.org/10.1787/dev-v2016-2-en; OECD (2017c), "Official development assistance as a percentage of gross national income (GNI)", in OECD International Development Statistics, http://dx.doi.org/10.1787/dev-v2016-2-table3-en.; Publication of final 2016 ODA data forthcoming.

In its second mid-term strategy 2016-20 (GoK, 2015), Korea has committed to a goal of allocating 0.20% of its income as ODA by 2020 and has set out annual targets for achieving this in a more realistic scale-up plan than the previous 2010 target to allocate 0.25% of GNI to ODA by 2015. Korea plans to further increase its ODA, in line with international commitments, to 0.3% GNI by 2030 but does not yet have a roadmap for achieving this. A longer-term projection would help Korea's officials and partners to plan for continued expansion and build the necessary public support for an increasing ODA budget.

Korea is on track to achieve its ODA targets but needs to plan for ODA growth

Korea's national income grew by an average of 2.7% between 2012 and 2016. Assuming this rate of growth continues, it would need to allocate USD 3.2 billion in total net ODA by 2020 to meet its domestic target of 0.20% ODA to income – a 40% increase on 2016 levels. The challenge for Korea is to ensure that it meets these commitments while protecting the effectiveness and quality of its ODA.

Quantitative targets set out in Korea's 2016-20 mid-term strategy are effective for focusing Korea's efforts and are the basis for key decisions. As shown in Table 3.1, Korea is currently on track to achieve these targets.

Table 3.1. Korea's progress towards its domestic ODA targets

Indicator	Target	2015 progress
Overall ODA volumes	0.2% by 2020	0.14%
Loan to grant ratio	40:60 up to 2017	38:62
Bilateral to multilateral aid ratio	75:25 up to 2020	77:23
Untied aid	55% of loans by 2020 95% of grants by 2020	44% of loans 85% of grants

Source: GoK (2017a), "Memorandum of Korea"; GoK (2015a), "Mid-term strategy"; 2015 untied aid data, excluding free-standing technical co-operation, received from Korean officials.

Further progress is needed on untying aid

Korea reports that 62% of its ODA, excluding free-standing technical co-operation, was untied in 2016, with grant and loan levels of 52% and 86.5% respectively (GoK, 2017a), which leaves it on track to meet its national targets set out in Table 3.1. When free-standing technical co-operation is included (for which reporting is voluntary), Korea reports 57% untied aid in 2016. This is an improvement on 2015 when 48.7% of Korea's total ODA, including free-standing technical co-operation, was untied, but inconsistent trends over the past three years (OECD, 2017d) make Korea's progress on untying aid inconsistent with the Busan commitment to untie aid to the "maximum extent possible" (HLP, 2011). In addition, the percentage of Korea's ODA that is untied in least developed countries in 2015 (45.9%) is below the average for Korea's total ODA (48.7%) and below the DAC effort-sharing benchmark of 60% of bilateral aid to LDCs that is untied (OECD, 2014). Considering the revised DAC recommendation to untie ODA in least developed and highly-indebted poor countries to the maximum extent possible (OECD, 2014), Korea will need to make further progress on untying, particularly in least developed countries.

Korea's ODA data reporting is timely and was rated by the DAC as "excellent" in 2015 (OECD, 2016a). Together with Korea's ODA website and detailed annual reports from Korea's International Cooperation Agency (KOICA) and the Economic Development

Cooperation Fund (EDCF), this reporting enables Korea to communicate how its ODA budget is disbursed. These data would nonetheless be easier to analyse if project descriptions were clearer.[1] OECD reporting requirements on the newly-introduced grant equivalent measure led to Korea's reporting quality being downgraded to "fair" in 2016 (OECD, 2017e); Korea is now adapting its systems to meet these requirements. Korea has submitted timely and accurate forward-spending information to the OECD DAC survey in recent years and is sharing forward-spending projections with partner countries (Chapter 5).

In addition to its comprehensive ODA reporting, Korea provides information to OECD DAC on its other official flows and non-concessional loans through KEXIM Bank, as well as Korean private flows to developing countries and funds raised privately by Korean non-government organisations (NGOs). EDCF tracks private funds associated with its loans, including private capital subscriptions. KEXIM's officially guaranteed/insured export credits, the largest share of KEXIM's finance, are reported to the OECD Trade and Agriculture Directorate on a confidential basis. KOICA's new integrated project management system (Chapter 4) allows for the volume of private financing mobilised through grants to be recorded, which has allowed Korea to contribute to the OECD private sector mobilisation survey in recent years. Making this information more transparent, for example by reporting export credits in the form of insurance and finance mobilised through the private sector to the OECD DAC, would help to paint an even clearer picture of Korea's total financial flows to developing countries.

Bilateral ODA allocations

Peer review indicator: Aid is allocated according to the statement of intent and international commitments

Korea's allocates a high share of its bilateral aid to its 24 partner countries, 6 priority themes and technical co-operation programmes. The majority of Korea's bilateral ODA is directed to specific countries, mainly through government channels. Bilateral ODA is highly concentrated in countries most in need, particularly fragile states. An increasing proportion is allocated to Africa though a small number of grants continue to be approved for middle-income countries. On the other hand, a very small slice of the ODA budget is considered relevant to gender equality, environment and climate change, issues which Korea has identified as political and policy priorities.

Korea's preference for direct engagement with its partner countries has an important influence on its bilateral allocations. Of all the DAC members, Korea has the largest share of ODA programmed at country level – known as country programmable aid (CPA) – standing at 80% of bilateral aid in 2015. This largely comprises stand-alone projects (78% of CPA) and technical assistance (14% of CPA).

Allocations to NGOs, public-private partnerships and programme-based approaches are starting to increase from a low base. The percentage of bilateral ODA channelled through NGOs was 2% in 2015 (USD 39 million) and pooled contributions to programmes and funds received 7% (USD 138 million) (see Annex B). The KOICA Public Private Partnership Programme (PPP) budget, available for civil society, businesses or academic bodies, increased from USD 8 million in 2010 to USD 46 million in 2015, but this

remains well below the ten-fold increase envisaged in the 2010 strategic plan[2] (GoK, 2010).

Korea spends most of its bilateral aid in its partner countries

In 2015, 69% of Korea's allocable bilateral disbursements (i.e. those which can be identified by country or region) went to its priority partner countries[3], with a further 23% directed to 20 non-priority partner countries. Bilateral ODA allocations are thus well concentrated on Korea's partner countries. In the 2016-20 mid-term strategy, Korea reduced its priority partner countries from 26 to 24, responding to a 2012 peer review recommendation. The rationale for retaining 20 non-priority partner countries is not explained in the mid-term strategy and could usefully be reviewed. The remaining 8% of allocable bilateral ODA, which is not disbursed in partner countries, is thinly spread. In 2014-15, a total of 136 countries received Korean ODA. Grants in non-partner countries ranged in size from USD 2-5 million in Afghanistan to smaller technical co-operation activities of less than USD 1 000. It would be timely for Korea to consider the effectiveness and transactions costs of smaller ODA activities in non-priority countries.

Although grants and loans are getting bigger, the number of small grants remains a challenge

Korea's loans are of significant size. Two-thirds of loans committed in 2015 were above USD 50 million – compared to a third in 2010. The average loan committed in 2015 was USD 64 million and only three loans were below USD 5 million. On the grant side, Korea's average budget per project has doubled since 2010, but only 5% of grants in 2015 were above USD 1 million and two-thirds were below USD 100 000. Many of these small grants are awarded through the volunteers and scholarships programmes or used for technical co-operation in line with the mid-term strategy. However, a large number of small grants are also disbursed in non-priority countries for projects outside Korea's key priority areas.

Korean ODA is focused on countries most in need

Korea's policy commitment to increasing its support for least developed countries and fragile states is reflected in its bilateral ODA allocations (OECD, 2017a; OECD, 2017f). For example:

- Over half (54%) of Korea's total bilateral aid went to countries most in need (land-locked, small island developing states and fragile states) in 2015, up from 51% in 2011.
- Korea allocated 42% of its total bilateral ODA in 2015 to the OECD list of fragile states, up from 37% in 2011. One quarter of Korea's bilateral ODA in 2015 was directed to Africa, a significant increase from 16% in 2010.
- Less than 10% of Korea's grant and loan disbursements went to upper middle-income countries in 2015, down from 11% in 2014 and in line with Korea's targets. However, bar one concessional loan of USD 30 million to Jordan, all commitments to upper middle-income countries in 2015 were grants, while Korea's policy indicates that its grants should be focused on least developed countries.
- In 2015, 37% of Korea's total bilateral ODA went to least development countries, above the DAC average of 24.3% and up from 34% in 2011.

At 0.14% of GNI, Korea's total ODA volume is still relatively low with the result that even its high allocation to least developed countries represents only one third of the UN target of 0.15% of national income. As Korea expands its aid programme, therefore, it will be important that it maintains its strong focus on fragile states and least developed countries if it intends to improve its performance against internationally agreed targets.

Korea focuses its ODA on its sectoral priorities while key cross-cutting themes are underfunded

Despite the fact that Korea's policy documents do not define any targets for sectoral allocations, Korea's funding for education, health and transport infrastructure over 2014-15 represented 11%, 12% and 30% respectively of all bilateral allocable ODA commitments, which is consistent with its policy.[4] In contrast, Korea's 2014-15 humanitarian assistance budget of USD 57 million (3% of bilateral allocable ODA) takes it only half way to its self-imposed 6% target, and is lower than in 2014.

In 2015, only one tenth of Korea's bilateral allocable ODA (USD 219 million) supported gender equality, which is a decrease from 2014 levels and inconsistent with Korea's policy focus on gender equality. Almost all projects which targeted gender equality in 2015 were related to sexual and reproductive health (OECD, 2017f), suggesting missed opportunities in other sectors.

In line with its political leadership on green growth and climate change, Korea has committed to increasing its environment-relevant ODA to 30% by 2020. In 2015, USD 392 million (17%) of bilateral ODA supported the environment and USD 301 million (13%) focused specifically on climate change. Korea is aware that these levels are well below the DAC averages of 33% and 26% respectively and is committed to improving the integration of environment and climate change into its programme (OECD, 2017f).

Korea invests significant funds in sharing its development experience and deploying volunteers

Korea is aware of the value which developing countries place on learning about its development experience and, in 2015, disbursed 11% of its gross ODA (USD 211 million) on experts and other technical assistance and 4% (USD 70 million) on scholarships (Annex B; Table B.2). These investments are consistent with Korea's objectives and strategy but, as discussed in Chapters 5 and 6, the large number of small transactions with unclear results present an important opportunity cost for Korea.

Multilateral ODA allocations

Peer review indicator: The member uses the multilateral aid channel effectively

Korea's multilateral ODA allocations reflect the good practice set out in its new multilateral strategy. Most of Korea's multilateral budget goes to multilateral development banks. The remaining funding is highly focused on five priority UN agencies chosen for their competence in Korea's focus areas. As Korea's ODA expands, it will need to consider which funding channels will allow it to achieve its objectives most effectively.

Korea's multilateral allocations are consistent with its new strategy and are increasingly provided as multi-annual core funding, reflecting good donor practice. In total, multilateral aid amounted to 22% of the overall budget in 2015 (USD 447 million). In addition, an estimated 12% of the bilateral budget is channelled through the multilateral system for specific projects, themes or countries (USD 182 million in 2015). These levels have been relatively consistent since 2010.

Korea's core multilateral funding was concentrated on a select number of organisations between 2011 and 2015: 43% went to the World Bank, 22% to the Asian and African development banks and 22% to UN agencies. A quarter of Korea's core funding to the UN system and three-quarters of its non-core funding was allocated to Korea's five priority UN agencies (UNDP, UNHCR, UNICEF, WFP and WHO). Korea made a voluntary pledge of USD 100 million to the first replenishment of the Green Climate Fund and has disbursed USD 35 million to date, USD 21 million of which was reported as ODA. As a founding member of the Asian Infrastructure Investment Bank (AIIB), Korea has to date committed USD 8 million to a special project fund and USD 748 million to a capital subscription fund. These allocations all demonstrate a strong alignment between the mid-term strategy and Korea's multilateral allocations.

Financing for development

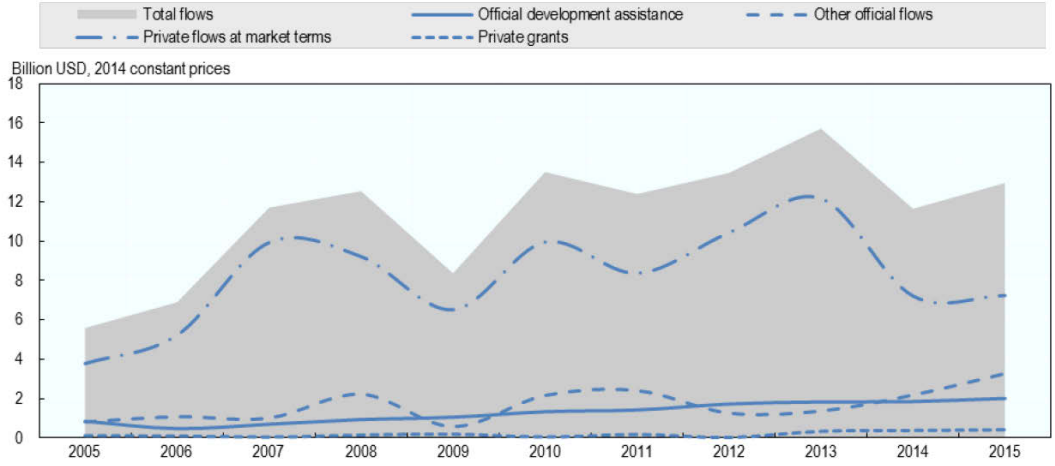
Peer review indicator: The member promotes and catalyses development finance additional to ODA

A significant volume of Korean public and private finance is directed towards developing countries and the government is starting to use public funds to bring on board additional investment from the private sector. This work is not yet underpinned by a clear strategy to maximise the development impact of these resources.

Korea is an important source of private finance for developing countries

Korea's 2016-20 mid-term strategy underplays the measures which the Korean government has taken to attract finance to developing countries. Non-ODA finance from Korea – a combination of private investment, non-concessional lending and remittances – represents six to eight times the volume of its ODA (Figure 3.2). Private funds raised by Korean development and humanitarian NGOs, estimated at USD 400 million in 2015, represent ten times the funding that these organisations receive from the government's ODA budget and are eligible for tax credits.

Figure 3.2. Korea's net resource flows to developing countries, 2005-15



Source: OECD (2017f), "Korea", in *Development Co-operation Report 2017: Data for Development*, http://dx.doi.org/10.1787/dcr-2017-29-en.

Korea is preparing its small and medium enterprises to invest in developing countries

Korea has developed a number of ODA grant instruments to help its small and medium-sized companies to develop technology and services for developing countries (OECD, 2017g; Chapter 5). Such initiatives have an important role in building public support for public-private partnerships and are designed to encourage investment by these firms in the future.

To date, the main potential for mobilising additional private investment and finance has been in Korea's large business groups or "*chaebols*", but the government is now under political pressure to support its smaller domestic enterprises. Like many DAC members, Korea finds it difficult to identify enough viable projects and has been proactive in approaching global platforms and multilateral agencies such as the G20, Asia Infrastructure Investment Bank, World Bank and Asian Development Bank with a view to creating combined loans (Chapter 5). The first such project – a hydropower station in the Solomon Islands, in collaboration with the World Bank and the Green Climate Fund – is funded through a concessional loan. Although not yet mobilising additional resources, pursuing combined loans is nonetheless an encouraging new departure for Korea, with potential both for mobilising private finance and reducing pressure on KEXIM to meet its concessional lending targets.

An example of Korea's work on innovative financing is the International Disease Eradication Fund, which is financed by air ticket levies. First introduced in 2007, the fund is managed by KOICA and provides additional funding[5] for humanitarian and development activities on disease eradication in Africa. In 2016, USD 23 million were collected through this levy (GoK, 2017b).

Other initiatives to leverage finance for development are being tested by KEXIM, including:

- an EDCF guarantee programme introduced in 2013 to catalyse private sector investment in infrastructure for developing countries;
- preferential interest rates for projects which involve investment in clean technology;
- a pilot interest rate subsidy mechanism to allow KEXIM Bank to borrow off the market for onward lending to developing countries at more favourable interest rates; lending from the market to private companies is also being considered.

Korea could do more to support domestic resource mobilisation

Finally, while Korea recognises the importance of taxation and revenue generation in developing countries, and is a founding member of the Addis Tax Initiative, to date it has provided very limited ODA for capacity building of tax administrations in developing countries (USD 0.35 million) and Korea could step up its ambition in supporting domestic resource mobilisation.

Notes

[1] For example, it is difficult to identify the implementing partner in many KOICA grants reported through the OECD Creditor Reporting System (CRS).

[2] Page 83 of the Korean version of the 2010 Strategic Plan (GoK, 2010) includes a commitment to develop a detailed plan by the Ministry of Foreign Affairs to strengthen co-operation with NGOs and corporations within which the public-private partnership budget would be increased ten-fold by 2015, from KRW 9 billion in 2010 to KRW 90 billion.

[3] The list of priority partner countries identified in the 2011-15 mid-term strategy has been used for the purposes of analysing Korea's 2015 disbursements

[4] Korea's 2016-20 mid-term strategy identifies six themes and three cross-cutting issues as the focus of its ODA (GoK, 2015). The six themes are education, health, women's empowerment, science and technology, rural development and economic infrastructure. The three cross-cutting issues are climate change/environment, gender and disability.

[5] Funding is disbursed through Korean and international NGOs; the Global Alliance for Vaccines and Immunisation, the Global Fund for Aids, TB and Malaria; UNICEF and Unitaid.

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Chapter 4. Korea's structure and systems

Authority, mandate and co-ordination

Peer review indicator: Responsibility for development co-operation is clearly defined, with the capacity to make a positive contribution to sustainable development outcomes

Korea is continuing work to centralise authority for its development co-operation under its Prime Minister's control, with the Committee for International Development Cooperation acting as a central control tower for decision making and co-ordination. Since the DAC's 2012 peer review, the committee's mandate has expanded, providing for a stronger role in strategic policy direction and co-ordination across government. However, at the same time, a renewed focus on centralising project-level decision making in Seoul is increasing headquarters responsibility for operational activities, limiting the time available for strategic discussions and restricting flexibility in the field to respond to challenges as they arise.

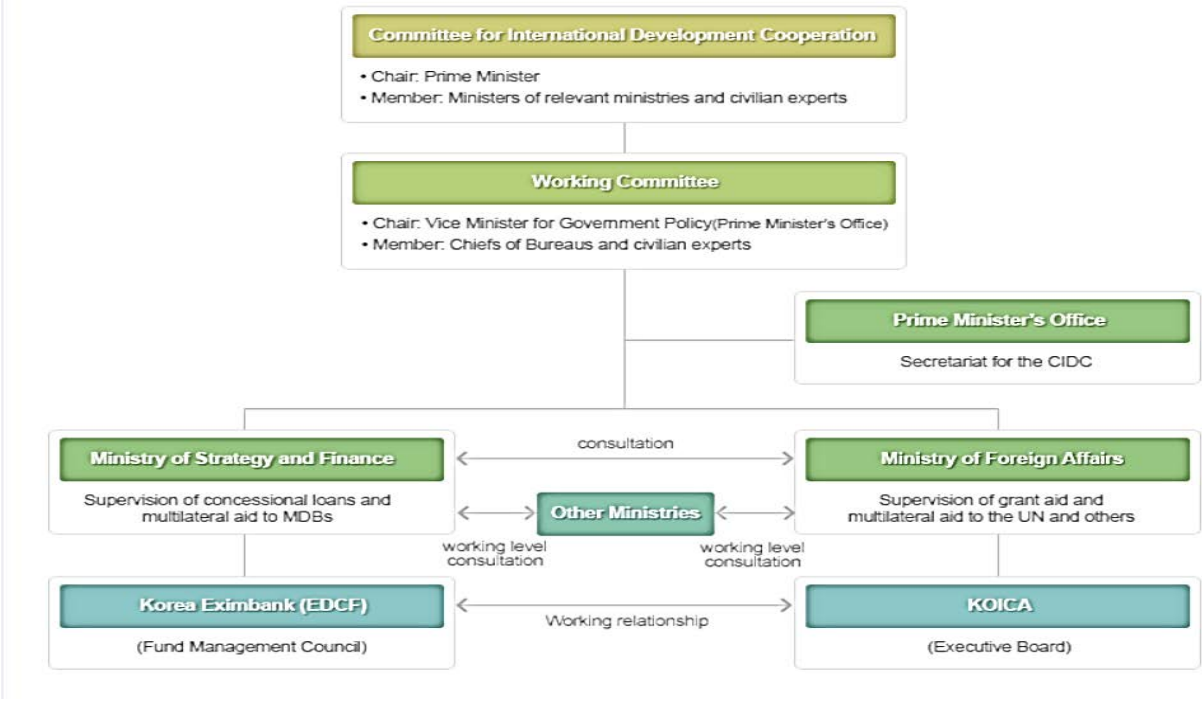
Authority for development co-operation in Korea is clearly defined

Korea's Framework Act (National Assembly, 2010), designates the Prime Minister as the ultimate authority for Korean development co-operation. This authority is exercised through the Committee for International Development Cooperation (CIDC), which has de facto authority to direct all ministries, as decreed by the President. The CIDC differs from similar mechanisms in other countries by being a particularly high-level body, chaired by the Prime Minister and comprising 25 members (15 ministers, 3 heads of agencies and 7 civil society experts). As illustrated in Figure 4.1, the CIDC is designed to act as a control tower for development activities across government, overseeing all ministries and agencies responsible for development co-operation (National Assembly, 2010; Article 7).

In response to the DAC's 2012 peer review, the CIDC's mandate has been extended to strengthen its policy-making role

In practice, the CIDC (which was established in 2006) has not always played a strong role in defining policy priorities and arbitrating between different ministries' interests. In its previous peer review of Korea's development co-operation, the OECD Development Assistance Committee (DAC) urged Korea to make better use of the CIDC's powers to ensure it became the "ultimate decision-making body in planning and budgeting processes" (OECD, 2012). In response, Korea amended the Framework Act in 2015 to expand the committee's mandate beyond "co-ordinating and reviewing" development co-operation to making policy decisions. As a result, the CIDC is now starting to play a stronger role in policy formulation, including approving the mid-term strategy and country partnership strategies, and undertaking strategic evaluations. However, as noted in 2012, much of the CIDC's time is spent on approving a highly detailed ODA implementation plan ahead of budget consultations with the Ministry for Strategy and Finance. For example, in 2017, the committee approved a final plan encompassing over 1 300 individual projects, limiting the time available for more strategic-level considerations.

Figure 4.1. Korea's official development assistance management structures



Source: GoK (2017a), "Memorandum of Korea", OECD DAC Peer Review 2017, Government of Korea, Seoul, p.30.

The CIDC's secretariat, based in the Office of the Prime Minister, screens all ODA project plans in an effort to avoid duplication and ensure links between projects. Meanwhile, the inter-agency grants committee (led by the Ministry for Foreign Affairs) and the inter-agency loans committee (led by the Ministry of Strategy and Finance) have strengthened processes for co-ordinating across ministries to prevent programme duplication, as well as conducting in-depth assessments of programme feasibility and effectiveness, reporting upwards to the CIDC.

The increasing number of agencies involved in Korean development co-operation presents co-ordination challenges

At country level, embassies are also taking on greater responsibility for co-ordinating information, including on project identification, implementation and evaluation. Meanwhile, increasing deployment of Korea EXIM Bank's Economic Development Cooperation Fund (EDCF) staff to the field is helping to build new synergies at the country level. For example, in Cambodia, EDCF and Korean International Development Cooperation Agency (KOICA) staff are housed under one roof to strengthen co-ordination between grant and loan portfolios, and embassy-level knowledge-sharing and co-ordination has improved.

Despite these efforts, several challenges remain. Firstly, the number of entities involved in delivering Korea's ODA has multiplied from 44 in 2013 to 64 in 2015 (BAI, 2017). As a 2017 national audit report noted, this has made co-ordination more complex than ever before and is derailing Korea's commitment to work in an integrated and programmatic way.

Secondly, the CIDC's project approval responsibilities appear to be at odds with Korea's previous decentralisation strategy. In 2011, KOICA laid out a five-year decentralisation plan (2011-15) to become more field-oriented by delegating more authority to country offices to enable faster and more flexible decision making and to maximise collaboration with partner governments, non-government and civil society organisations (KOICA, 2011). The DAC's 2012 peer review noted that this strategy was driving KOICA's human resources policies and plans, with KOICA devolving authority for some 35% of issues to the field (52 out of 148 issues). It was also planning to bring the proportion of its staff in the field up to 41% of its total workforce (143 staff) by 2015 (OECD, 2012). At present, KOICA country office teams have authority to make all non-financial decisions once a project or programme budget has been approved in Seoul. EDCF teams in headquarters and in the field also have high levels of delegated authority once projects have been approved. The DAC's 2012 review noted that further delegation of decision-making power to the field (including financial authority and management) would make Korea's aid more effective. The review also noted that decentralisation could be reinforced by KOICA and EDCF assuming increased authority within approved country partnership strategies, leaving the Ministry of Strategy and Finance and Ministry of Foreign Affairs free to concentrate on strategic issues and co-ordination in headquarters. However, overall cuts to projected ODA growth and a reinforced role for the CIDC in project-level decision making have slowed decentralisation efforts and have limited the flexibility in the field to respond to challenges and opportunities as they arise.

Thirdly, budget cuts have meant that the co-ordination role of Korea's ODA councils (set up to improve Korean co-ordination in priority partner countries) has not kept pace with plans set out in Korea's decentralisation strategy (KOICA, 2014b). In essence, the 2012 peer review commended Korea for setting up ODA councils in all 26 of its partner countries. It found that the councils – chaired by the ambassador and comprising a range of representatives from government, private sector, implementing partners and civil society – fulfilled a useful knowledge-sharing function and could be extended further to become bodies for project approval. However, this current review finds that in Cambodia, for example, the council's previous broad-based membership incorporating civil society representatives had been replaced by a narrower co-ordination structure limited to Korean government partners only, limiting broader consultation on aid issues (Annex C).

Systems

Peer review indicator: The member has clear and relevant processes and mechanisms in place

The Korean development co-operation system is very complex, hampering its efficiency and effectiveness. At headquarters, systems for project management and budget approval mechanisms are increasingly complex, leading to high transaction costs and delays in decision making. Meanwhile, the number of actors involved in delivering Korean aid continues to expand. A recent national audit found this growing fragmentation was posing new risks for aid quality and causing confusion for partners.

Korea's aid system is based on two main pillars: grants and loans. The former are managed by the Ministry of Foreign Affairs and largely implemented through its agency KOICA, while the latter are entirely managed by the Ministry of Strategy and Finance through EDCF. Together, these two ministries manage approximately 88% of Korea's bilateral official development assistance (ODA). While the proportion of total ODA managed by these two ministries has remained relatively stable since the last peer review, and all loans are managed through EDCF, the proportion of ODA grants managed by other ministries and agencies has increased from 13% in 2010 to 21% in 2015.

In response to the last peer review, the CIDC has taken a number of steps to break down barriers between the key institutions with responsibility for development co-operation. Positive examples include rotating some staff across ministries and agencies; piloting joint projects that mix loans, technical assistance and grants; and allowing KOICA to serve as a clearing house for all ODA grant projects across government (including local government), as outlined in Korea's mid-term strategy for 2016-20.

Nevertheless, challenges remain for development effectiveness and efficiency, limiting Korea's ability to respond quickly to challenges and opportunities as they arise. In headquarters, systems for project management and budget approval mechanisms are multi-layered, leading to extended timelines for decision-making. For example, on average it can take two years to approve a grant project, compared with the 12-month approval cycle adopted in many DAC member programmes. In addition, approval for individual projects needs to go through multiple decision-making layers before reaching the CIDC. Once the ODA implementation plan is approved by the committee, it must still be approved by the Ministry of Strategy and Finance Budget Office as a step in determining the budget allocation at national level based on available resources, even if the budget office generally makes only minor adjustments to the plan approved by the CIDC.

Long and complex approval processes derail Korea's commitment to work in an integrated and programmatic way

In the field, the diversity of Korean actors and systems is confusing, leading to calls from external partners for a single window for grant aid. Furthermore, the two-year time lag between grant project proposal and implementation is hindering Korea's ability to innovate or respond to opportunities in a joined-up, flexible and timely manner. This was evident in Cambodia, where partners from the national government, civil society, international organisations and other donor agencies all expressed frustration at Korea's long timeline for project approval, which was hindering its efforts to join with other partners in multi-stakeholder programmes. Stakeholders consulted for this review were highly positive on Korea's responsiveness to country demand and alignment with national priorities. However, they also underlined that loan financing was most successful when based on strong feasibility analysis.

A number of these issues have also come under scrutiny from Korea's Board of Audit and Inspection in its first extensive audit of Korea's ODA activities (BAI, 2017). The report examined some of the key risks for Korea's aid in 45 agencies responsible for delivering it. In addition to financial risk, the audit examined whether Korea's aid activities had achieved their intended results based on feasibility studies and project completion reports. It also looked at security, corruption and reputational risks, particularly in failed projects, highlighting key areas where risks need to be addressed as follows:

- Increased fragmentation[1]: the report noted that the number of organisations in charge of grants had increased rapidly (from 44 agencies in 2013 to 64 agencies in 2015), while the size of project budgets has diminished from KRW 1.1 billion in 2013 to KRW 1 billion in 2016, despite an overall increase in Korea's ODA
- Sustainability: where loan projects had failed, there was often a lack of attention to sustainability and limited understanding of how recurrent costs would be financed at the national or local level.
- Project selection: stronger analytical support would help Korea to define the potential for its aid to add value and contribute to sustainable outcomes, as well as adopt more differentiated approach to risk when working in fragile states.

However, overall, the audit found that KOICA and KEXIM's increasing local presence had helped to better monitor results and signal risks. The audit also found the transparency of Korean aid to be increasing, due in part to greater public information available on the CIDC's ODA website. These findings are consistent with the review team's findings in Cambodia (Annex C) and were also highlighted in a risk assessment undertaken by KOICA itself in 2014 (KOICA, 2014a).

A new focus on quality assurance, accountability and sustainable results is leading to better partner country outcomes

In partner countries, KOICA and KEXIM are following systems and guidance developed in Seoul, leading to an increased focus on quality. Key improvements across the Korean ODA system over the past five years include:

- The roll out of an updated online ODA Management System: this registers ODA project-level data (including forward-spending estimates) in a standardised format across agencies and in line with ODA DAC statistical directives. It serves as Korea's project monitoring system, helping to ensure a more consistent approach to quality assurance and results management across projects.
- Efforts to strengthen development co-operation transparency and accountability: actions include joining the International Aid Transparency Initiative in 2016[2] and improving the information available on the ODA Korea website.
- Launching KOICA's Technical Assurance Group (TAG) in 2014: this is providing support for quality checks at four points during the grants project cycle, including through discussion with partner countries, with scope for greater sectoral or strategic level inputs in the future.
- Introduction of more regular (quarterly) reporting on loans, complemented by greater KEXIM field presence. This is improving quality assurance by providing more opportunities for on-site examination and special oversight.
- Introduction of a procurement ombudsman function for grants (KOICA) and updated procurement guidelines for partner government loans (KEXIM).[3]

Capabilities throughout the system

Peer review indicator: The member has appropriate skills and knowledge to manage and deliver its development co-operation, and ensures these are located in the right places

Korea is starting to deliver its programmes through new ways of working, including in fragile states and through the private sector. These new initiatives will need to be matched by new capabilities. A careful assessment of the skills and knowledge needed to manage a high-quality, growing programme, and to ensure these capabilities are located in the right places, could help Korea to fulfil the ambition embodied in its development co-operation goals. Streamlining structures and systems would reduce the administrative burden on staff and improve morale.

Human resources across the system are under increasing strain

Staffing has become a major issue for Korea's expanding aid programme. While Korea has a core set of people dedicated to development (Table 4.1), challenges observed in the previous peer review have intensified as staff find themselves under pressure to manage increasing levels of ODA in more complex ways and contexts, including increasing engagement in fragile states (Chapters 2 and 7).

Although overall staffing levels have increased since 2012, including numbers of local staff, human resources at KOICA remain stretched, compounded by an expanding budget, new responsibilities and loss of Korean technical expertise in the field. Since KOICA was established in 1991 to manage the grant element of Korea's development co-operation, its budget has grown by a multiple of 35 while its staffing has less than doubled (185%, cited in GoK, 2017a). In addition, a large number of staff are involved in managing volunteers (Chapter 5), leaving a relatively small staff complement available to manage the rest of the KOICA programme, act as a clearing house for grant ODA across government and pursue new initiatives. Furthermore, KOICA's plan to deepen decentralisation by increasing staff numbers in the field from 130 in 2011 to 195 in 2015 has not materialised due to cuts in the planned budget for local staff in line with an overall scale back in human resources funding (KOICA, 2011 and 2014b).

Staff managing KEXIM's EDCF loans are also under strain. As Table 4.1 shows, despite increasing numbers in Seoul, the growing EDCF portfolio and stronger engagement at country level is not well reflected in current staffing levels in the field. Staff surveys undertaken by KEXIM's staff association show widespread concerns about workload, performance evaluation and increasing productivity demands. This has been compounded by a recent directive for staff to return pay increases and performance bonuses following the announcement of a 6.8% cut to KEXIM's budget (Kukinews, 2017), with significant impacts on staff morale.

Table 4.1. Number of staff involved in delivering Korea's ODA, 2012-17

Ministry/agency	Staff numbers (December 2012)	Total ODA budget (2012)	Staff numbers (June 2017)	Total ODA budget (2017)
Office of Prime Minister (Seoul)	13	USD 0.52m	14	USD 0.66m
Ministry of Strategy and Finance (Seoul)	23		41	USD 124.2m
EDCF: total staff	94	USD 1050m (MOSF and EDCF combined)	147	
Korean-based	92		137	
(HQ/field)	(83/11)		(111/26)	
Local staff at missions	0		10	USD 987.1m
Ministry of Foreign Affairs (Seoul)	33		33	USD 301.45m
KOICA: total staff	422		514	USD 630.4m
Korean-based	294	USD 616m	345	
(HQ/field)	(209/85)		(258/87)	
Local staff at missions	128		169	

Source: Government of Korea data provided in June and July 2017.

Korea will need to ensure appropriate capabilities across the system to deliver on its objectives

The human resources challenges observed by the DAC review team in 2012 were largely still present across all agencies in 2017: stretched resources, few incentives for mobility in development careers across agencies, lack of incentives for postings for families, and (in some parts of the system) pay cuts or comparatively low salaries. For example, as of 2016, KOICA salaries (USD 48 160 per annum) are estimated to be 85% of the average (USD 56 930 per annum) for the 321 Korean government agencies (GoK, 2017b). In addition, performance management mechanisms are weaker than those of other OECD members (OECD, 2017). These factors, combined with inefficiencies in the structures and systems of Korea's development co-operation are increasing pressures on staff, damaging morale and, in the case of KOICA, affecting staff retention. Furthermore, as it explores how it can deliver aid in new ways and in fragile states (GoK, 2015; OECD, 2016), Korea risks adding new layers and actors into an already complex aid management system. These additional pressures come at a time when Korea's administration budget has decreased, down to 3.3% of its total ODA in 2015 and below the DAC average of 4.4%.[4]

To help meet these challenges, Korea might benefit from a cost-benefit analysis of how it could streamline processes and consolidate small-scale projects into larger sectoral programmes to allow staff to reduce transaction costs. Such an analysis might also consider where technical and policy skills are located across the Korean development co-operation system and whether organisational mandates match the skills available. For example, while much of Korea's aid policy experience lies within KOICA, the agency has no formal policy function within the Korean system.

Above all, 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 objectives, and that staff with appropriate skills and knowledge are located in the right places.

Notes

[1] Korea defines fragmentation as the increasing number of government agencies involved in delivering Korean ODA.

[2] Korea joined the International Aid Transparency Initiative (IATI) in 2016, with the ministries of foreign affairs, strategy and finance, and health, along with KOICA and KEXIM, agreeing to disclose information through a central ODA website. However the website is not yet a one-stop shop for Korean ODA. CIDC is still working to convince all relevant government ministries/agencies involved in delivering Korea's ODA to participate in IATI and to increase the number of items being disclosed from 18 to at least 20, particularly commitment and disbursement information.

[3] While partner countries are responsible for procuring Korean loans, KEXIM has introduced standard procurement guidelines on bidding procedures and encourages partner countries to follow these.

[4]Administrative costs in KOICA country offices range from less than 1% in Vietnam and Cambodia to 12-17.5% in Afghanistan and Iraq, due to higher operational and security costs.

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Chapter 5. Korea's delivery modalities and partnerships

Partnering

Peer review indicator: The member has effective partnerships in support of development goals with a range of actors, recognising the different and complementary roles of all actors

Korea is valued as a development co-operation partner at both international and country level. Its combination of technical co-operation, grants and highly concessional loans, based on government requests, is highly appreciated by partner countries. In response to its policy commitment to "collaborative ODA", Korea has expanded into a range of new partnership models, many of which are still at an early stage. Overall, Korea's multilateral partnerships and approach to triangular co-operation reflect good practice. However, partnerships with civil society, academia and the private sector are largely based on individual projects, which is not conducive for building the strategic partnerships that Korea aspires to in its policy documents.

Korea's policy framework commits all parts of the system to a more collaborative and integrated ODA (Chapter 2). In response, Korea has expanded its partnerships with the multilateral system, civil society, the private sector and emerging donors in order to implement its 2012-16 mid-term strategy. This offers significant potential for partners to share their knowledge and experience and to keep abreast of changing policies, thereby sharing risks and ensuring that Korea's programmes remain relevant and effective.

Co-funding multilateral programmes is a pragmatic strategy for a growing ODA budget

Korea's multilateral strategy sets out a clear rationale for core and earmarked funding through the multilateral system (GoK, 2016a), including for global initiatives such as the Global Health Security Agenda.[1] As set out in Chapter 3, Korea uses the multilateral system for 35-40% of its ODA budget and is proactively seeking opportunities to combine its loans with other multilateral and bilateral development finance institutions. Examples of combined loan agreements include a hydropower scheme in the Solomon Islands with the World Bank and Green Climate Fund, and a broadband programme in Nicaragua with the Inter-American Development Bank.

Korea also funds posts for its citizens in the multilateral system with a view to building its corps of development professionals and increasing its influence in key agencies. Multilateral agencies reported that these posts worked well where there was a clear skills match. In general, multilateral organisations were positive about Korea's support and welcomed the new multilateral strategy. However, several reported that they found it challenging to develop a strategic partnership with Korea due to shifting priorities, high staff turnover in Korean ministries and limited avenues for discussing policy, thematic or country-specific issues with Korea.

Korea engages in formal governance structures and bilateral consultations with its five priority UN agencies – UNHCR, UNDP, UNICEF, WFP and WHO – with a focus on financial accountability and results, and is putting in place multi-annual agreements with these agencies. Korea chaired the Multilateral Organisation Performance Assessment Network (MOPAN) in 2016 and draws on the network's findings and other sources of information to make strategic choices about its multilateral partnerships.

Korea is also represented on the governance structures of all eight of the international financial institutions to which it contributes,[2] and has forged a well-defined partnership with the World Bank. Engaging on a deeper level with fewer institutions may foster more effective partnerships.

Korea would benefit from a more developed partnership with civil society

While Korea has formal structures to engage civil society in its development co-operation, compared with other DAC members, it has few strategic level partnerships or longer-term funding agreements.

Formal structures, such as Korea's high-level Committee for International Development Cooperation (CIDC), include a number of representatives from civil society and CIDC recently approved a plan for co-operation with non-government organisations (NGOs) (GoK, 2016b). In addition, the multi-stakeholder body Development Alliance Korea[3] provides a forum for dialogue among government, business and NGOs. The alliance hosts thematic working groups, one of which has negotiated a set of partnership principles. However, the review found little evidence that civil society's contributions were given weight in policy-making processes.

Although Korea has set up a number of grant schemes (such as an NGO incubation fund and the public-private partnership scheme), its funding to and through civil society is the lowest of all DAC members (Chapter 3). In response to feedback from partners, Korea recently revised its administrative requirements for grants to NGOs, which were previously based on rules designed for government grants disbursed within Korea and required original receipts. The updated rules are a positive development, particularly for NGOs working in fragile states. There is nonetheless further scope for Korea to harness the potential of civil society to support its development objectives, deepen its understanding of the country context and improve the sustainability of its programmes. The government could also capitalise on strong public support for development and humanitarian NGOs – Korean NGOs raise ten times as much funding from private sources as from the government – by demonstrating a strong partnership with these organisations. Finally, Korea could draw further on civil society's role as an independent watchdog to manage risks associated with selecting and implementing projects in partner countries and fragile states.

Triangular co-operation is an important strategy for Korea to engage with emerging donors

As described in Chapter 1, Korea sees itself as an important bridge between developing countries, the BRIICS countries and OECD member states. One manifestation of this is Korea's engagement via both its grant and loan agencies with emerging donors through triangular co-operation (KOICA, 2012), primarily in the area of joint training and knowledge exchange (OECD, 2015). Examples include a KOICA partnership with Colombia on vocational education training in Central and South America, and with Thailand on rural development training for Southeast Asian countries. While funding for these initiatives is modest, there is much international interest in Korea's triangular co-operation efforts. In a similar vein, Korea has carved out a leadership role in regional fora such as the Asian Development Forum[4] and the EDCF-JICA-CEXIM-NEDA seminar (a regular four-party meeting between development finance entities in China, Thailand, Korea and Japan).[5] This offers potential to further collaborate and develop joint programmes.

Korea is expanding the range and scope of its private sector partnerships

Korea contributes to private sector growth and investment in its partner countries through its concessional loans to government for economic infrastructure – particularly transport and energy. Since 2014, EDCF, the concessional lending arm of KEXIM Bank, has also been able to lend directly to businesses. Its first non-government loan, to a Cambodian bank for micro-finance services, was approved in 2016.

Korea has developed a number of ODA funding instruments[6] to help small and medium-sized Korean enterprises to develop technology and services for developing countries and to invest in these new markets. This is in response to a political imperative to demonstrate that a growing ODA budget can benefit both Korea and its partner countries. Grants complement this work, helping to build local value chains such as fair trade coffee. A new KOICA Development Innovation Office was established in 2015 to manage this work and identify further opportunities.

Korea's private sector partnerships are at an early stage and do not yet sit under a policy framework that clearly spells out their development objectives, partnership principles and funding criteria. As other DAC members have found, it is important to keep the development objective central in partnerships with the private sector, and to ensure that projects and programmes are grounded in the needs, priorities and capacities of developing countries (OECD, 2016).

Country level engagement

Peer review indicator: The member's engagement in partner countries is consistent with its domestic and international commitments, including those specific to fragile states

Korea uses a combination of technical co-operation, grants and loans to forge bilateral relationships in its 24 partner countries and beyond. As technical co-operation programmes are a key pillar of its development co-operation, Korea could draw further on its partner country surveys and evaluation findings to channel its resources into the activities that have proven most effective. At present, funding is thinly spread across many projects and countries, which limits development impact. Korea recognises the central role of partner government in prioritising needs but could do more to scrutinise the process through which requests are generated and to encourage proposals for strategic programmes in addition to stand-alone projects. Korea's limited internal capacity to analyse country contexts and especially fragility, and to tap into the knowledge of civil society organisations and other development partners, affects its ability to manage risk and respond to changes in the country.

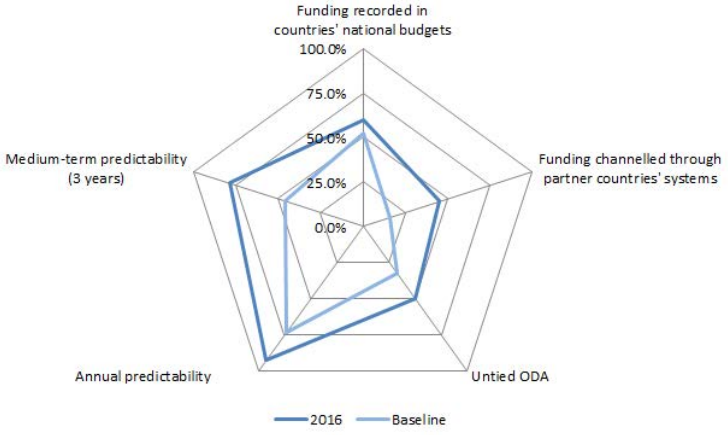
Korea champions development effectiveness at a global level

Country-driven processes are at the core of Korea's approach to development co-operation. Having hosted the Busan Fourth High Level Forum on Development Effectiveness in 2011, Korea is an enthusiastic champion of the principles of effective development co-operation. Through its missions in Paris and New York it continues to raise awareness among governments about the Busan Partnership Agreement and advocates for its full implementation as part of the global effort towards achieving the Sustainable Development Goals. Korea hosts an annual Global Partnership Forum,

together with a regular learning platform, to enable policy makers and practitioners to review progress on the "nuts and bolts" of development effectiveness in individual countries. Korea has improved its performance on all the Global Partnership indicators[7] (Figure 5.1) and tends to use country systems for its concessional loans, which are currently largely provided as government-to-government loans. KOICA has also taken steps to increase the use of country systems and programmatic approaches for grants, committing USD 33 million through these mechanisms to date (KOICA, 2017a). Building on its own experience as a former recipient country, Korea has processes in place to check that its grants and loans align with national priorities – all proposals must align with the country partnership strategy and the sustainable development goals, while also being accompanied by an official request from the partner country. However, the sheer breadth of Korea's country partnerships (with 24 priority countries, 20 non-priority partner countries in addition to programmes in many more) challenges its ability to ensure effective development across its portfolio.

Korea has made rapid and continued progress on untying its aid, with 48.7% of its ODA, including free-standing technical co-operation, untied in 2015, compared to 2% in 2006 and 32% in 2010 (OECD, 2017). It also takes account of partner country preferences regarding tied aid. Nonetheless, as noted in Chapter 3, further progress is needed on untying.

Figure 5.1. Korea's progress towards effective development



Source: OECD (2017), "Results of the 2016 Global Partnership monitoring round, Korea", Chapter 24, Table 24.1 in *Development Co-operation Report 2017: Data for Development*, http://dx.doi.org/10.1787/888933483124.

Country partnership strategies have improved, but are not yet comprehensive

Korea's Committee for International Development Cooperation has recently approved a second cycle of five-year country partnership strategies for each of its 24 partner countries. These take on board recommendations from the 2012 peer review (OECD, 2012) and now include grants and loans, as well as an outline results framework. Each country selects three to four priority themes; within each country 70% of the budget is expected to go towards these themes (GoK, 2017). These strategies, which are agreed with the partner country government, are a significant improvement on the first round but could be further developed. For example, although Korea shares its

indicative budgets with government, including this information in the partnership strategy would improve transparency and oversight for all involved. In addition, including more information about Korea's investments and engagement beyond the development programme would allow linkages to be made between its ODA and non-ODA efforts.

Korea's project selection process would benefit from more scrutiny

Korea deserves praise for taking partner government requests as the starting point for its project selection. As observed in Cambodia, however, this is not systematically accompanied by an analysis of how its grants and loans will help to drive inclusive growth or address the "leave no-one behind" agenda or how Korea's investments can be sustained once funding concludes. As a result, a recent audit report (BAI, 2017) identified project selection as the greatest risk to the effectiveness of Korea's development co-operation (Chapter 4). Verifying that partner governments have engaged in robust dialogue with all stakeholders– including development partners, implementing partners, parliamentarians and civil society – when formulating development plans and project requests, could help to mitigate the risks and assumptions inherent in project selection. This would be consistent with the Busan principles and the Global Partnership for Effective Development Co-operation (HLP, 2011) which emphasise the importance of broader country ownership, including parliament and civil society. A number of DAC members working in Korea's partner countries agreed that additional scrutiny by Korea of the process through which government requests are generated, would strengthen Korea's effectiveness. This is particularly important for grants, which are often less rigorously scrutinised by partner country parliaments and finance ministries than loan requests.

Korea places high priority on technical co-operation and capacity building and is aware that an overarching strategy would strengthen this work

Capacity building and technical co-operation are at the core of Korea's approach to development co-operation in both fragile and non-fragile contexts (Box 5.1). This is consistent with Global Partnership principles and Korea's comparative advantage. KOICA's main form of assistance in partner countries is through an "integrated development project" which combines experts and training with "hardware" such as providing equipment and building infrastructure.

A 2013 CIDC evaluation identified a lack of coherence among the 26 Korean institutions delivering technical co-operation programmes and fellowships and recommended a unified strategy (GoK, 2014). Subsequently, a 2015 external evaluation proposed an integrated results framework for Korea's volunteer programme to help integrate it into Korea's broader development objectives. KOICA has started to act on these findings. A recent audit report noted that Korea's technical co-operation programmes remain fragmented and incoherent, however, and lack an integrated strategy and standard training manuals (BAI, 2017). Failing to address these findings is limiting Korea's ability to showcase and scale-up its most effective technical co-operation programmes and to phase out activities which add little value.

In fragile states, although Korea does not explicitly use the New Deal for Engagement in Fragile States as its primary guidance, its commitment to capacity strengthening and the use of country systems reflect New Deal principles.[8] In particular, Korea aims to reinforce national capacity in disaster risk reduction as a follow-on from emergency response (Chapter 7).

Box 5.1. Korea's technical co-operation programmes

Korea has been sharing its development experience and building capacity in developing countries since 1965 through three main channels:

1. **Advisory programmes:** Korea responds to requests for policy and technical advice from developing countries through its "Knowledge Sharing Program" (KSP) and "Development Experience Exchange Partnership" (DEEP).
   KSP, managed by the Ministry of Strategy and Finance and implemented by the Korean Development Institute, KEXIM Bank and the Korean Trade Agency, currently works with 46 countries (including some middle-income countries on a cost-sharing basis), on topics such as agriculture, financial services and export promotion, over a period of one to three years. Support can be provided through bilateral exchange, international organisations or training modules. In Vietnam, KSP policy consultations from 2004-13 led to the establishment of Vietnam's Development Bank, an export insurance system and a credit guarantee system. The KSP budget in 2016 was USD 20.1 million.
   Through DEEP, KOICA designs, implements, manages and evaluates knowledge-exchange projects in areas such as education, health and information technology, where possible to complement grants and loans for infrastructure and equipment. The DEEP budget in 2016 was USD 48 million.
2. **Training and scholarships:** KOICA provides approximately 400 individual study grants each year, targeting government officials, and one-off training to approximately 5,000 people a year. Training courses range from general skills to specific technical skills, such as aquaculture, taxation, waste management, procurement and aviation safety. The KOICA budget in 2016 was USD 33 million for training and USD 18 million for scholarships.
3. **Volunteers:** Korea dispatches over 1 000 volunteers each year to 50 countries through World Friends Korea (WFK). Volunteers work with national governments and NGOs on priority themes. The programme accounts for approximately one-fifth of KOICA's budget and one-tenth of its staff.

Source: Documentation provided by the Ministry of Foreign Affairs and Ministry of Strategy and Finance. For more information, see KOICA's WFK, DEEP and CIAT webpages at http://koica.go.kr/ (accessed 31/07/2017).

Korea's regular dialogue with national governments could be extended to other partners

Korea does not generally attach conditions to its aid, other than specifying the procurement process in the case of tied loans. This policy of non-interference may contribute to the willingness of developing countries to accept Korea as a trusted broker at the global level (Chapter 1).

Korea uses bilateral consultations with partner governments – particularly aid management units and relevant sector ministries – to identify projects and discuss progress, in the spirit of mutual accountability. In Cambodia, three-year budget plans are shared by KOICA (informally) and EDCF (through a framework agreement) with partner governments, together with data on projects and, where available, results. Information is

generally comprehensive for KOICA and EDCF-managed programmes and is improving for other initiatives across government. While recognising that Korea engages in formal development co-ordination structures, a number of DAC members mentioned that they would welcome more collaboration with Korea in Cambodia and other partner countries.

In addition, Korea's annual beneficiary perceptions survey (KOICA, 2015) allows for feedback from policy makers, national implementing agencies and Korean volunteers on Korea's work in partner countries (Box 5.2). This is good practice and other DAC members might consider introducing it.

Box 5.2. KOICA's annual beneficiary perception survey

Every year, KOICA commissions an external body to survey the views of a range of people – high-level officials in partner countries, implementation agencies, participants in training and knowledge-sharing initiatives, and returned volunteers – on its development co-operation processes, content, results and sustainability in 40 countries. Satisfaction rankings are complemented with commentary and translated into remedial actions which are tracked in subsequent reports. The 2015 report showed high overall satisfaction levels, with senior officials generally scoring Korea well on alignment and dialogue. However, some were concerned about sustainability. Language is a consistent challenge for both volunteers and training programmes and some respondents were critical about the quality and relevance of training courses. This survey is a demanding exercise but the high response rate opens up avenues for dialogue with partner country governments and provides rich lessons for KOICA.

Source: KOICA (2015), "Beneficiary satisfaction survey on KOICA's ODA programme worldwide", Korea International Development Agency, Seoul.

More responsive procedures would help Korea to manage risk

While Korea is highly responsive to government requests, its centralised approach to grant management and long administrative delays limit its ability to be flexible and adapt to changing country contexts (Chapter 4). Korea engages in regular dialogue with governments and uses feedback to regularly review its portfolio of grants and loans, both globally and within country strategies. However, the Korean ODA system would benefit from stronger internal capacity to analyse country contexts and in particular situations of flux or fragility. At present, country strategies do not identify the assumptions underlying Korea's programmes, which makes it difficult to assess how changes in context, once identified, may affect projects which are already underway. Together, these factors make it challenging for Korea to identify and manage operational, reputational and political risk in its partner countries in a systematic way.

The dedicated budget which Korea recently created for fragile states is designed to allow for short and medium-term programming in a linear sequence (KOICA, 2017b). This linear approach is well adapted to post-disaster situations. For fragile states, however, experience has shown that the root causes of fragility are better addressed by development co-operation programmes, with built-in flexibility, including mechanisms to adapt to evolving needs within existing programmes. Korea's approach would thus be more effective if existing budget lines were made more flexible, rather than introducing new budget lines with little flexibility.

Notes

[1] The Global Health Security Agenda (GHSA) frames Korea's efforts under its "Safe Life for All from Infectious Diseases" initiative. GHSA is a multilateral and multi-sectoral approach to strengthening both national and global capacity to prevent, detect, and respond to infectious diseases and threats such as Ebola, Middle East Respiratory Syndrome, other highly pathogenic infectious diseases, and bioterrorism events. It is a partnership of nearly 50 nations, international organisations, and non-government stakeholders. Korea was chair of the GHSA steering group in 2017. See www.ghsagenda.org for more information (accessed 01/08/2017).

[2] Korea is a member of the African Development Bank (AfDB), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), European Bank for Reconstruction and Development (EBRD), Inter-American Development Bank (IDB) and the World Bank.

[3] Development Alliance Korea was set up in 2012 by the Korean government as a public-private partnership system for grant ODA. It includes enterprises, civil society organisations, the academic community, and the government. Partnership guidelines were produced for Development Alliance Korea by the Korean NGO umbrella body, Korean Council for Overseas Development Co-operation and the Global Compact, but it is not clear how adherence to these standards is ensured.

[4] The annual Asian Development Forum was initiated by Korea and Japan in 2010 as a platform for government officials in Asia, international organisations and the private sector to discuss development challenges, share experience of development co-operation and to forge and disseminate an "Asian voice" in development co-operation. Recent discussions have covered the SDGs, green growth, and development challenges for middle-income countries. For more information, see GoK (2017); Korea's (KOICA and EDCF) response to the 2015 OECD DAC triangular co-operation survey at www.oecd.org/dac/dac-global-relations/triangular-co-operation-repository.htm; and the ADF meeting summaries on the Japanese Ministry of Foreign Affairs' website www.mofa.go.jp/policy/oda/page_000106.html.

[5] The EDCF-JICA-CEXIM-NEDA seminar is an annual four-party meeting held since 2012 which involves the Korea Economic Development Co-operation Fund, China Export Import Bank, Thai Neighbouring Countries Economic Development Cooperation Agency and Japan International Development Cooperation Agency, with rotating host countries. See www.jica.go.jp/english/low/news/field/2015/160129_01.html, accessed 28/07/17.

[6] Initiatives include KOICA's Creative Technology Solution seed fund for Korean start-ups and entrepreneurs; KOICA's Public Private Partnership Programme, which includes a Business Partnership Programme and Innovative Partnership programme on a cost-sharing basis, with higher percentages offered to smaller companies; and KOICA's Global Corporate Social Responsibility Program (USD 127 million in 2014-16), designed to attract private Korean expertise and investment into developing countries. For more information see www.koica.go.kr/english/schemes/civil_society/index.html.

[7] For more information, see the 2016 Global Partnership Global Monitoring report at http://effectivecooperation.org/monitoring-country-progress/explore-monitoring-data/; baseline years for each indicator range from 2010 to 2013.

[8] For more information, see www.pbsbdialogue.org/media/filer_public/07/69/07692de0-3557-494e-918e-18df00e9ef73/the_new_deal.pdf.

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Chapter 6. Korea's results, evaluation and learning

Management for development results

Peer review indicator: A results-based management system is being applied

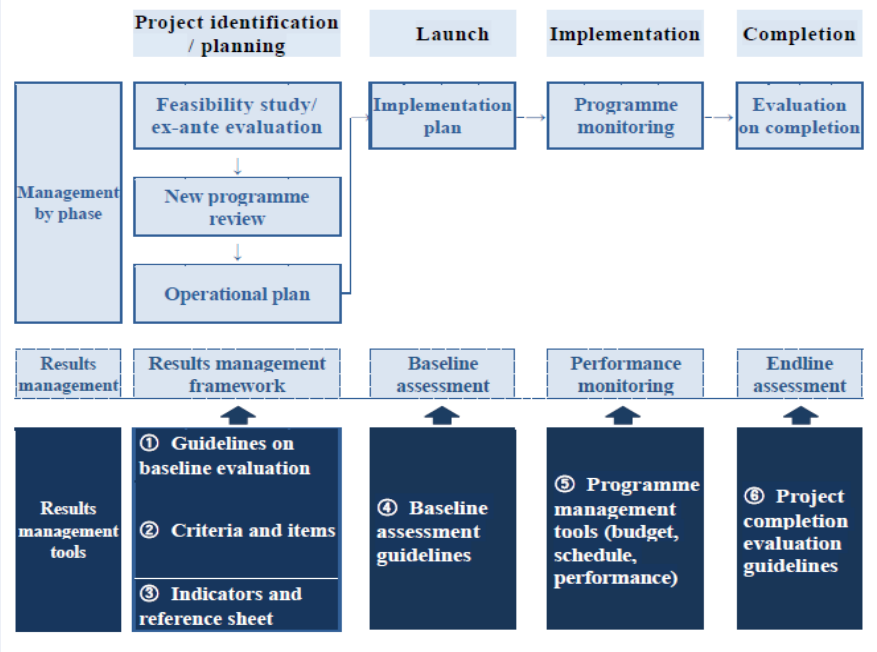
Korea has made good progress in recent years in managing for results at the project level. In order to be able to use results to plan and budget at a more strategic level in the future, Korea will need to develop a stronger concept of what constitutes success. It will also need to clarify how to measure performance across its development co-operation, including by drawing on data and systems from partner countries. Achieving this will require leadership and incentives to drive a results-based culture across the entire system so that Korea can learn and adapt based on experience, as well as ensuring that results contribute to the Sustainable Development Goals across partner countries and themes.

A new results framework provides a good basis for monitoring and evaluating at the project level

Since the 2012 peer review, Korea has undertaken significant reforms to support a better quality, more coherent approach to monitoring and managing for results at the project level. These have been complemented by increased devolution of results-based management to the Korean EXIM Bank (KEXIM) and Korean International Cooperation Agency (KOICA) country offices, as well as commitments to strengthen staff capacity in managing for results. To assist in this transition, both KOICA and KEXIM introduced compatible results frameworks in 2016 (KOICA, 2016a; KEXIM 2016). In parallel, KOICA has introduced a requirement that at least 3% of the total project budget should be allocated for monitoring and evaluation, and both KOICA and KEXIM have introduced mandatory baseline studies for all relevant initiatives (KOICA, 2016b).

Furthermore, Korea has rolled out a new on-line project management tool for grant-based projects to measure and manage project-level results against the standardised pool of indicators contained in its results framework (GoK, 2017). This tool is one of the first examples among DAC members of an open project management system that can also be used directly by external implementing partners. Box 6.1 shows how Korea is managing for development results in projects, from identification to evaluation. In implementing this approach, KOICA and KEXIM are aligning objectives with those of partner countries, and integrating monitoring data produced by partner countries (particularly for loans projects). At headquarters and in Cambodia, there was evidence that these approaches are well internalised by KOICA and KEXIM staff and that results information is helping to inform decisions on the ground.[1] This is good practice and is helping Korea to operationalise its new thinking on results-based management, although it is unclear to what extent other government ministries involved in implementing Korea's ODA are matching these efforts. Ensuring that ODA-funded activities across all institutions involved in managing aid are subject to results-based management (including monitoring) and that the results framework and associated guidance applies throughout the system would strengthen Korea's efforts in this area.

Box 6.1. Korea's results management system (project level)



Source: GoK (2017), "Memorandum of Korea, OECD DAC Peer Review 2017", Government of Korea, (unpublished).

Results are not yet aggregated by country or theme

At a more strategic level, Korea is taking steps to aggregate results by theme across government to improve quality assurance and strategic direction as well as supporting accountability and communication. As such, Korea recognises that improving how it aggregates thematic results information will improve its ability to claim success and communicate its contribution to the Sustainable Development Goals in partner countries and in line with partner country development priorities.

In an effort to address this challenge, Korea has selected a sub-set of the many indicators in its results framework (more than 100 for KOICA and 40 for KEXIM for use at the project level) to develop thematic results frameworks for KOICA and EDCF aligned to the Sustainable Development Goals. Several Development Assistance Committee (DAC) members have found that reporting against an ever smaller sub-set of 10-15 indicators is more useful for measuring the aggregate results of development co-operation programmes (OECD, 2016 and 2017). As Korea proceeds with its plans to aggregate data for sectors (GoK, 2017), it could benefit by working closely with other members to harmonise indicators and distil which indicators can be used for higher level reporting. It might also review existing practices on:

1. how results can be disaggregated by sex, age and other variables
2. how to ensure clear guidance across agencies and for external implementing partners on using the framework

3. how to distinguish between output and outcome indicators and use them in the right context[2]
4. how to align results to – and provide evidence of contribution to – Korea's overarching objectives (e.g. poverty reduction and inclusive growth).

Evaluation system

Peer review indicator: The evaluation system is in line with the DAC evaluation principles

Korea has comprehensive evaluation policies and guidelines that incorporate the DAC principles. The body that oversees evaluation has been strengthened, injecting more independence and transparency into Korea's entire system for development co-operation. Going forward, rather than evaluating all its activities, Korea would benefit from being more strategic in its evaluation coverage, guided by risk assessments or the need to learn. It should also involve its partners and stakeholders more systematically in designing and carrying out evaluations.

Public scrutiny of development results is increasing

A recent investigation by the National Audit Office into alleged incidences of corruption has resulted in increased public and parliamentary scrutiny as stakeholders seek more information on the results of Korea's expanding development co-operation programme (Kim, 2017; Moon, 2016). Meeting this demand will require adequate resourcing for evaluation across Korea's development co-operation system. It will also require a re-think of whether Korea has the right balance between strategic and project-level evaluations, and how it might deepen the involvement of key partners and stakeholders to improve quality.

Korea is strengthening its evaluation system, including through external oversight

Evaluation was identified as a key challenge in the DAC's first peer review of Korea (OECD, 2012). The committee recommended that Korea strengthen the independence and procedures of the Committee for International Development Cooperation's (CIDC) sub-committee on evaluation; improve ongoing monitoring during project implementation; improve ex-post evaluation; strengthen capacities and delegate authority to support critical evaluation in field units; and systematically integrate lessons from evaluations into future programmes (Annex A).

Korea has made progress against this recommendation. For example, since the 2012 review, the CIDC has decided to strengthen its evaluation sub-committee by extending membership to both public and private representatives, improving scope for consultation and contestability in decision making. The sub-committee has since improved coherence across evaluations by introducing a unified standard based on DAC guidance for both grants and loans. In addition, the Framework Act (National Assembly, 2010) now requires each implementation agency to submit an annual plan for self-evaluation to the sub-committee for approval. It is now possible to outsource evaluations or include external experts within in-house evaluation teams to increase capacity. In parallel, the number of ex-post evaluations has also increased. Since 2016, baseline studies are

compulsory and ex-post evaluations are planned for all projects where such studies have taken place.

Korea should consider how take a more strategic approach to its evaluations

At a more strategic level, the sub-committee has started to commission three to four of its own evaluations annually in an effort to look across agency operations, choosing projects where it considers there is a need for urgent reform.[3] This represents a potentially interesting shift, not least because it helps Korea to take a more strategic view of development co-operation results and effectiveness. In the future, the development of Korea's results monitoring framework will provide a stronger basis from which to carry out more strategic evaluations for overall learning and accountability purposes. In turn, if the monitoring systems work well, Korea will not need to continue its current practice of evaluating all initiatives, freeing up capacity to increase the focus on evaluations most likely to affect strategic decision making. By June 2017, 35 agencies had submitted 83 self-evaluation reports (concerning 10 loan projects and 73 grant projects) to the evaluation sub-committee for review.

There is also a new requirement that all evaluations be made public (see Chapter 1), with a summary of evaluation results reported annually to the National Assembly. In parallel, external oversight of the development programme has also improved. In May 2017, Korea's Board of Audit and Investigation published its first comprehensive report on Korean ODA (BAI, 2017). Together, these initiatives are helping to develop a stronger evaluation culture within the Korean development co-operation system, which in turn increases publicly available information on the aid programme and satisfies demand for improved aid quality.

Stakeholder consultation and consistent approaches across ministries are still challenges

There is considerable variation in the way that different government ministries conduct and carry out evaluations, and how they comply with the CIDC's requirement to make evaluations public. For example, some evaluations are published in full and others in summary form, there are no standard selection criteria across agencies managing ODA activities and it is not clear whether all evaluations are published. In addition, there is no formal system for publicly responding to evaluations. Korean-based civil society organisations also noted that the quality of evaluations varied significantly across Korean government agencies, with many failing to comply with central government guidelines and standards (KCOC, 2017).

Greater involvement of stakeholders – including implementing partners, partner governments, community organisations, and the direct recipients of Korean aid – would help Korea to strengthen mutual accountability in evaluation and buy-in for resulting recommendations. It would also help Korea to communicate more transparently and credibly on the results of its aid. A good starting point would be to centralise all evaluations on the ODA Korea website.[4]

Institutional learning

Peer review indicator: Evaluations and appropriate knowledge management systems are used as management tools

Korea has strengthened its evaluation feedback systems and the impacts on programme management and accountability have been positive. Korea now needs to pay more attention to centralising lessons across its entire system. Furthermore, Korea could do more to proactively share institutional learning with partners.

Korea is using a variety of innovative means for promoting institutional learning and ensuring lessons are learned

Since its first DAC review in 2012, Korea has prioritised institutional learning, particularly in KOICA and KEXIM offices, where evaluation processes have been strengthened and lessons are systematically fed back into future programme design and delivery. In addition, all Korean ODA implementing agencies must submit an annual plan for self-evaluation to the CIDC's evaluation sub-committee. In this plan, results of evaluations are presented in summary form, along with a plan to integrate learning into future activities. Following review by the sub-committee, the plan goes to the CIDC for approval before being handed back to the agencies for implementation. The sub-committee then undertakes biannual progress checks to ensure that evaluation lessons help to guide future programming and management decisions. To strengthen this learning culture, both the Office of the Prime Minister and KOICA run ODA evaluation training programmes.

KOICA has been tracking evidence of the uptake of evaluation findings since 2009. In 2014, it introduced a new system to record progress on organisational targets for learning from evaluation findings. Since 2009, KOICA has proactively applied its guideline, which stipulates that implementing agencies must create a plan to incorporate evaluation results into future activities (KOICA, 2008).

In another interesting development, it is now mandatory that KEXIM's approvals process for new loans takes into account lessons from similar initiatives before being allowed to proceed. In addition, the bank shares the results of loan programme evaluations with internal and internal stakeholders through its annual evaluation report.

Each of Korea's many implementing agencies has its own system for sharing knowledge and lessons, although the online project-management tool for grants now allows staff from all ministries and implementing agencies to consult resources across the system. Targeted knowledge-sharing efforts across agencies do occur, but tend to be ad-hoc (e.g. brown bag lunches) rather than formal attempts to synthesise lessons and disseminate knowledge. Recently, both KOICA and KEXIM have introduced new ways of disseminating evaluation lessons. These include short films,[5] on-line learning forums and "card" news – a description of evaluation methods used, often with illustrations or graphics to catch the reader's attention (see Box 6.2).

Box 6.2. Korea's card news for evaluations



KOICA and EDCF regularly use "card news" – short, illustrated summaries – to explain key evaluation lessons and practice to staff and the public. For example, the above illustration explained how sanitation programmes in South East Asia and Africa used random control trials to set goals and improve performance. The accompanying text explains how KOICA used the findings from these trials to help establish its goal of 80% toilet coverage in the Democratic Republic of Congo, including through designing a competition between villages to incentivise uptake, with prizes ranging from additional water infrastructure to building a village monument.

Source: KOICA (2016), "KOICA평가심사실_지식충전 2화: 성과중심 M&E 체계 구축", [Card News 2 impact evaluation of sanitation programs], Korea International Development Cooperation Agency, Seoul, www.odakorea.go.kr.

Korea could do more to harness development knowledge and share lessons proactively, building on innovative work in communicating key achievements

Building on these many good practices, Korea could do more to harness knowledge across its development co-operation system. For example, as noted above, while evaluations are generally published, they are not always published in full or in a central place. The ODA Korea website provides a useful venue to ensure consistency in the publication of evaluations and dissemination of lessons. In improving its system further, it will be critical for Korea to build on its existing learning partnerships (e.g. with partner governments, NGOs and international organisations), including by extending its combined training programmes and joint monitoring and evaluation efforts with key stakeholders. Current examples of good practice include efforts to significantly increase the number of joint evaluations with partner countries, other DAC donors (most recently Germany, Japan and the United Kingdom) and multilateral development banks to build capacity and support mutual learning.

Notes

[1] In Cambodia, KOICA and KEXIM staff were applying the results framework for grants and loans, working with the national government to agree selection of indicators in the design phase and using the framework to guide monitoring and evaluation efforts. While the team noted some implementation challenges, these were due to recent capacity gaps following the departure of key technical expertise and were described as a temporary problem (see Chapter 4 and Annex C).

[2] While most of the indicators in Korea's results framework are defined in terms of outputs (e.g. the number of education materials distributed), Korea does not yet distinguish output from outcome indicators.

[3] Examples of CIDC's recent strategic evaluations include those on country partnership strategies to identify lessons and policy recommendations for future strategies; meta evaluations based on internal evaluations by ODA execution agencies to explore options for improving internal evaluations; and an evaluation of Korea's ODA procurement systems.

[4] See the ODA Korea website at www.odakorea.go.kr/eng.

[5] See www.youtube.com/watch?v=1h4dTzWTTL8.

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Chapter 7. Korea's humanitarian assistance

Strategic framework

Peer review indicator: Clear political directives and strategies for resilience, response and recovery

Korea is starting to exploit its potential in a context of increased ambition for its humanitarian aid. However, its field network capacity and its rich partnerships could be better supported by a clear policy and strategic implementation plan. Korea's humanitarian assistance tends to be thinly spread over many crises and its impact on the affected populations is not clear. Going forward, Korea could revise its strategic documents in line with its priorities and back up its commitment with more predictable funds.

Korea is adapting its humanitarian aid to complex crises and would benefit from an updated strategy to reflect this

Korea's humanitarian aid is governed by the 2014 Overseas Emergency Relief Act (GoK, 2014), which outlines how Korea responds to emergencies overseas – mainly natural or health disasters or large-scale incidents. However, Korea increasingly responds to man-made and protracted humanitarian crisis, which are not included in the Act, meaning that the Act does not reflect the reality of Korea's humanitarian aid response. Korea's 2015 humanitarian strategy broadens the definition of humanitarian crises to include complex and conflict-related contexts (GoK, 2015a). It also outlines Korea's intention to strengthen its role within the international humanitarian system. Achieving its ambition for a stronger international role will require Korea to better define how it can add value, notably in protracted crises, and to develop a model linking emergency response with post-disaster development work. For example it could build on its recent experience in Nepal,[1] where Korea designed a long-term strategy for restoring resilient health system infrastructure (KOICA, 2017).

Although it does adhere to the Good Humanitarian Donorship principles (GHD, 2003), Korea does not feel in a position to adhere to the Grand Bargain (GB, 2016) until it is in a position to deliver on all of its provisions. Joining the group of like-minded donors supporting the Grand Bargain could help Korea to strengthen its policy work.

Finally, Korea's humanitarian strategy states that humanitarian aid is a way to exercise Korea's responsibility as a middle-power (GoK, 2015a). This means that Korea aims at providing humanitarian aid in line with its capacity and expertise. Korea could consider revising its humanitarian strategy to clarify its needs-based approach to humanitarian aid and its support for the Good Humanitarian Donorship principles and to reflect the pragmatic and responsive approach to humanitarian funding which is already in place.

Replicating Korea's approach in Nepal could help build resilience in high-risk states

Korea sees resilience building as a way to incorporate development elements into its humanitarian assistance (GoK, 2017). Doing so in protracted crises could rapidly consume Korea's small humanitarian budget, however, leaving fewer resources for emergency humanitarian assistance. Resilience can instead be built when development programmes are designed to absorb shocks and are flexible enough to adapt to evolving

needs during crises, or when humanitarian response and development aid are carefully linked together. Resilience building would need to be a standard part of the country partnership strategy in fragile states, especially where risks are high. The Nepal experience[2] could be replicated in these partner countries.

Korea could be more dynamic in using its emergency reserve

Korea's humanitarian budget increased in 2017, following two consecutive years of expansion, reflecting a real commitment to increasing its role in this sector. In 2017, the humanitarian budget is USD 75 million, up from USD 39.8 million in 2016 – an 88% increase. Although humanitarian aid still represented only 2.6% of Korean ODA in 2014-15, well below the DAC average of 11.8%,[3] Korea remains focused on its original long-term objective of allocating 6% ODA to humanitarian activities (GoK, 2015b). Moreover, Korea could complement its emergency response with the KOICA development budget to address post-emergency needs and disaster risk reduction activities following a natural disaster. Financing emergency preparedness from the humanitarian budget and disaster risk reduction activities from the development budget is good practice.

Korea puts aside some 20% of its humanitarian budget as an emergency reserve for unforeseen events, and can also access supplementary funds if needs exceed this reserve. If the emergency reserve funds are still available at the end of the year, Korea uses them to complement its annual commitment to under-funded crises, which is good funding practice. As its budget increases, Korea could make more dynamic use of its internal humanitarian reserve. For example, it could explore how to support emergency preparedness through forecast-based funding to countries at risk of regular disasters, as disaster preparedness is an area in which Korea has built solid expertise. In doing so, Korea would have better visibility on its spending earlier in the year, while reassuring partners that help is available ahead of likely crises.

Effective programme design

Peer review indicator: Programmes target the highest risk to life and livelihood

Korea's variety of partnerships (multilateral, NGOs, civil protection, direct government support) is an important part of its natural disaster response. Korea could add more value to this response through meaningful contributions to disaster preparedness. Wisely, Korea engages through the multilateral system in protracted crises where it has less experience and field presence. In order to remain efficient given its capacity limits, any increase in budget should not automatically be translated into more programmes. Instead, Korea could be more effective and improve impact by focusing on those protracted crises where it can add value, and where its multilateral efforts can be combined coherently with, for example, targeted support to national or local efforts.

Focusing on fewer crises in a more integrated way could make Korea's aid more effective

As its humanitarian aid is mainly distributed through multilateral channels,[4] Korea relies heavily on the multilateral system and on UN appeals to determine the scale of its response to crisis. This is in line with the strategic priority that Korea gives to Level 3 emergencies[5] (GoK, 2015a). It also allows Korea to respond to crises where it does not have a field presence, while increasing its overall stance as a global multilateral donor. Korea also makes use of its diplomatic network and KOICA field offices in relaying affected countries' requests for international assistance. This network allows Korea to respond to disasters that are not on the main international radar, and for which it can deploy both its emergency response and development aid, notably in building more resilient systems within national governments. In 2015, for example, Korea responded to a landslide in Peru with emergency relief while also mobilising KOICA to implement a natural disaster prevention programme. This is good practice.

However, Korea's growing humanitarian budget is at risk of being spread too thinly, with 138 projects in 61 countries reported as humanitarian aid by both Ministry of Foreign Affairs (MoFA) and KOICA in 2015[6]. There is scope to focus more on those crises where Korea can make a meaningful contribution, linking its emergency response to development co-operation, for instance in its fragile priority countries. Moreover, Korea could build on its embassy network to increase its risk assessment capacity and engage further in preparedness and disaster risk reduction before crises strike.

Investing in government capacity is an effective way for Korea to channel its bilateral humanitarian aid

Because Korea was itself an ODA recipient until 2000, it places a particular emphasis on the role of local actors in delivering aid, and is always keen to support the institutional capacity of affected national governments or cities when responding bilaterally to disasters. This natural inclination to support national structures is strength of its bilateral humanitarian aid. Korea has less scope to support local actors when responding to major humanitarian crises through multilateral partners as it has less direct leverage. One exception is its support to the International Federation of the Red Cross, as Korea also supports national societies of the Red Cross and Red Crescent movement in affected countries. As mentioned, there is further scope for Korea to use flexible development funding to support national partners directly in areas which reflect its comparative advantage, i.e. strengthening early warning systems and risk analysis, and helping them to prepare ahead of a crisis.

Effective delivery, partnerships and instruments

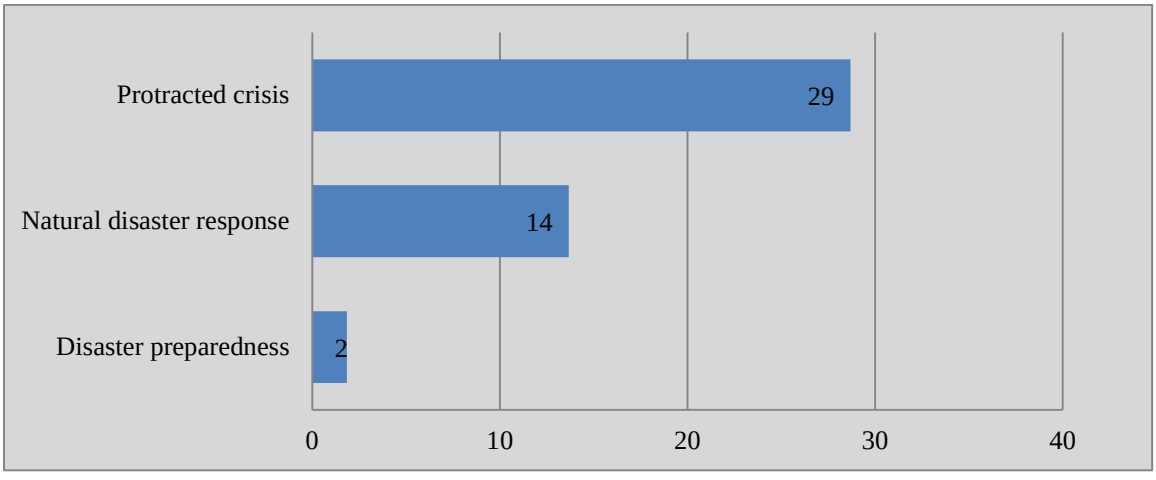
Peer review indicator: Delivery modalities and partnerships help deliver quality assistance

As Korea gradually shifts its humanitarian aid focus from natural disaster response to complex crises, it has built a stronger partnership with the multilateral system. It could also make more use of its civil society organisations to strengthen its national humanitarian capacity. The administrative hurdles faced by non-government organisations that were noted in the last peer review are now being addressed and streamlined measures will be introduced in 2018 to encourage Korean NGOs to engage in the global humanitarian response to crisis situations.

Korea has increased its support for protracted crises, particularly through multilateral organisations

Almost two-thirds (63%) of Korea's 2015 humanitarian aid budget was allocated to protracted crises (Figure 7.1) reflecting its ambition to be a global humanitarian player in this arena, alongside its traditional natural disaster response capacities.[7] As most humanitarian crises occur in countries that are not among Korea's priority partner countries, it relies essentially on multilateral organisations to respond to these crises. For example, at the 2016 World Humanitarian Summit, Korea committed to double its contribution to United Nations Country-Based Pooled Funds in conflict-affected fragile states. For Korea, contributing to country-based pooled funds is a good way to provide flexible funding to specific crises where it does not have development programmes or a field presence. To increase flexibility, Korea could explore ways to provide multi-annual funding to its multilateral partners.

Figure 7.1. Korea's humanitarian assistance budget 2015 (USD million)



Source: OECD (2017a), OECD International Development Statistics, Volume 2016 Issue 2, http://dx.doi.org/10.1787/dev-v2016-2-en; all figures are commitments at 2015 prices.

As it mainly provides core funding or contributes to pooled funds, Korea is a modest but appreciated partner for multilateral organisations, with low administrative requirements. Korea has developed strategic partnerships with five UN organisations – UNHCR, UNDP, UNICEF, WFP and WHO (see Chapter 5), but is also a regular contributor to other multilateral organisations, such as the Red Cross Movement and the International Organisation for Migration. These partnerships allow Korea to be conflict sensitive in its engagement in fragile or crisis contexts.

Korea has an experienced search and rescue team with potential to train others

Because most of the world's disasters occur in the Asia-Pacific region (IFRC, 2015), Korea has built a solid regional emergency response capacity through the Korean Disaster Relief Team.[8] This is managed by KOICA and can be deployed worldwide within 48 hours (as witnessed following the Nepal earthquake in 2015; see above). Korea only deploys its team for the biggest disasters; since its creation in 2007, the relief team has only been deployed in eight emergencies.[9] The heavy investment in this high-performing emergency structure could have more impact if Korea's disaster relief team also built or strengthened search and rescue capacities in countries where KOICA supports disaster risk reduction activities.

Korea could build its own national capacity through stronger partnerships with its NGO community

Korea's humanitarian strategy is clear that building its own national capacity is one of the reasons why Korea engages in humanitarian aid (GoK, 2015a). Moreover, Korea's policy for fragile states, developed in consultation with NGOs, illustrates that civil society can make a meaningful contribution to Korea's engagement in crisis contexts (KOICA, 2017).[10] Building this capacity at home should be the first step, and would be achieved more effectively by strengthening the capacities of, and building partnerships with, Korea's humanitarian NGOs. However, Korea tends instead to contribute to multilateral organisations or to pooled funds. A Humanitarian Public-Private Partnership Programme was launched in 2012 to streamline relations with NGOs. Although this represents good funding practice, it has not improved the relationship between the Ministry of Foreign Affairs and Korean NGOs, who still report that Korea's administrative requirements are not tailored to the realities of international deployment. In response to this feedback, a simplified funding procedure will be introduced from 2018 for NGOs funded through the Humanitarian Public-Private Partnership Programme.

Korea regularly co-operates with other donors on disaster risk reduction issues. In particular, since 2011 KOICA has had a long-standing partnership with Germany's development agency, GIZ, on vocational training, health and evaluation in various countries and contexts.[11] As part of an international network on disaster response, Korea's disaster relief teams regularly train with other civil protection units, bilaterally or under the auspices of the UN, such as through the International Search and Rescue Advisory Group's (INSARAG) regional group in the Asia Pacific region.[12] Korea has also played an important role in establishing a framework for disaster management and emergency response in the Asia-Pacific region, particularly through the ASEAN+3, ASEAN Forum (ASEAN, 2013) and Korea-China-Japan trilateral talks.[13]

Organisation fit for purpose

Peer review indicator: Systems, structures, processes and people work together effectively and efficiently

Korea's humanitarian aid is managed by a small team, which also increasingly manages relations with UN agencies. With a growing budget and broader portfolio for complex crises, Korea's humanitarian team will need to focus more on policy dialogue at the global level so that its programming remains coherent with the overall international response in such complex contexts. The humanitarian team works closely with KOICA, which is good practice, and has a clear impact on the coherence between emergency responses and development action after natural disasters. These co-ordination mechanisms should be replicated in complex crises as Korea increases its humanitarian assistance in such contexts.

When a large-scale emergency occurs, the Ministry of Foreign Affairs and KOICA consult with each other on how to respond, under the leadership of the Director General of the Development Co-operation Bureau in the Ministry of Foreign Affairs. In this way, they seek to ensure coherence between emergency activities and post-emergency or disaster risk reduction activities. A similar co-ordination mechanism would be useful to guide Korea's response to complex emergencies, where peacebuilding, development and humanitarian action can all be necessary. Currently, KOICA and the Ministry of Foreign Affairs have regular contact over specific countries or issues, but it is not systematic. For instance, humanitarian aid is not yet included in development strategies, even in fragile partner countries. This limits the ability of development co-operation to respond to shocks.

Korea could more clearly define civilian activities to be carried out by its military in peacekeeping operations

The Korean military has intervened in several international disasters, providing emergency logistical support. In such contexts, the roles and responsibilities of the military are clearly established[14] – Korea essentially deploys medical and engineering units, including as part of the UN missions in Lebanon and South Sudan – and the Ministry of National Defence has integrated the UN principles and code of conduct for peacekeeping missions. However, Korea would benefit from developing guidance for military interaction with the civilian population in conflict contexts. As the main task of the contingents is to interact with civilian population, Korea should define what its troops should or should not do as part of its peacekeeping mission i.e. provide medical services, build and repair roads, power lines, schools and other public infrastructure, while respecting humanitarian principles. These guidelines could help Korea in its future military deployments and pre-deployment trainings.

More policy engagement through regional or global networks would help Korea to refine its strategy

In a context of greater ambition and a larger humanitarian budget, Korea could usefully strengthen its active participation in regional or global policy networks to help address some of its challenges and reinforce its partnerships beyond funding agreements.

Humanitarian aid is managed by a team of three people at the Ministry of Foreign Affairs, within a unit which is also responsible for multilateral development co-operation. Greater policy engagement will require enough staff in this unit to dedicate sufficient time to policy issues. Korea's field personnel will also need to be trained in humanitarian issues so they can report on emerging crises and feed into Korea's humanitarian strategy.[15]

Results, learning and accountability

Peer review indicator: Results are measured and communicated, and lessons learnt

Korea focuses its communication on the easier and more visible disaster response, with less coverage given to its growing involvement in protracted crises. There is scope for Korea to work with its main multilateral partners to build specific communication tools to raise public awareness of its engagement in other global crises. This communication effort could be based on outcomes agreed collectively by the international community. Information on Korea's humanitarian programmes and analysis is difficult to find; Korea could raise its international profile by making some of this information available in English on its website.

Highlighting its contribution to collective outcomes could help Korea to measure results

Korea relies on the Multilateral Organisation Performance Assessment Network (MOPAN) and regular activity reports from its partners to keep track of its results. As most of Korea's humanitarian aid is channelled through multilateral organisations, and increasingly through pooled funds, Korea cannot undertake direct field monitoring of activities. Going forward, Korea could focus its monitoring and discussion with its partners on collective outcomes rather than outputs, in line with the UN Secretary General's New Way of Working initiative.[16] Measuring how Korea contributes to a set of collectively agreed outcome in a crisis would help to assess the effectiveness of its aid. The humanitarian strategy highlights the need to strengthen the evaluation system for humanitarian aid, and also to make better use of Korea's field staff in embassies for internal monitoring beyond Korea's disaster relief team activities (GoK, 2015a); both of these actions would be useful.

Accessing information on Korea's humanitarian aid remains difficult; only Korea's disaster relief team deployments and disaster response activities are available on the website. There is scope to better match the communication strategy with ambition in the humanitarian domain. In a context where the role of ODA is increasingly questioned, Korea's growing humanitarian budget should be explained to the general public, and made more visible across the broader humanitarian community. Even though Korea's added value in responding to natural disasters is clear and visible, most of Korea's humanitarian response is dedicated to protracted crisis through multilateral partners. Information in Korean and English about what is funded, and what results are achieved, would help Korea to achieve its strategic objective of greater visibility.

Notes

[1] On 25th April 2015, an earthquake hit Nepal. Within three days, Korean Disaster Response Teams and emergency supplies arrived in the affected areas. In June 2015 Korea sent an Earthquake Recovery Programme managed by KOICA and with a budget of USD 10 million to support short and medium-term rehabilitation. It also established a Post-Disaster Health Service Recovery Programme for the period 2015-18 (KOICA, 2017).

[2] See Note 1 above

[3] See www.oecd.org/dac/financing-sustainable-development/development-finance-data/aid-at-a-glance.htm, accessed 09/09/2017.

[4] Korea's share of humanitarian aid channelled through the multilateral system including pooled funds is not fixed; it has been increasing globally, from 63% in 2011 to 73% in 2015 (interview in Seoul, June 2015).

[5] Level 3 emergencies are major sudden-onset humanitarian crises triggered by natural disasters or conflict which require a Humanitarian System-Wide Emergency Activation to ensure the most effective response to the humanitarian needs of affected populations. See more on http://reliefweb.int/sites/reliefweb.int/files/resources/IASC%20System-Wide%20Activation.pdf.

6 See OECD Creditor Reporting System, http://stats.oecd.org/Index.aspx?datasetcode=CRS1, accessed 09/09/2017.

[7] In 2007, for example, 79% of Korea's humanitarian aid was allocated to natural disaster response, compared with 33% in 2015 (OECD-CRS data, http://stats.oecd.org/Index.aspx?datasetcode=CRS1).

[8] The Korean Disaster Relief Team has been classified since 2011 with the highest grade "heavy urban search and rescue" by the UN International Search and Rescue Advisory Group (INSARAG). www.insarag.org/2016?view=archive&month=11.

[9] In response to the earthquakes in Nepal, Haiti, Indonesia, Japan and China; the Ebola outbreak in Sierra Leone; the cyclone in Myanmar and the typhoon in the Philippines.

[10] The strategy for engagement in fragile states was elaborated in consultation with the Korea NGO council for Overseas Development Cooperation.

[11] GIZ and KOICA have worked together notably in Ghana, Mongolia, Philippines, Laos, Rwanda and Nepal (see www.koica.go.kr/english/board/focus_on/1321562_3563.html).

[12] INSARAG is a global network of more than 80 countries and organisations under the United Nations umbrella. It aims to establish minimum international standards for urban search and rescue teams www.insarag.org.

[13] See the United Nations Office for Disaster Risk Reduction's presentation on trilateral co-operation on disaster management: www.unescap.org/sites/default/files/S4-2_Kim.pdf.

[14] For instance, in the Iraq Provincial Reconstruction Teams from 2004 to 2008; military assistance to the tsunami response in South Asia from 2004 to 2005; and reconstruction work in Haiti in 2010.

[15] The OECD has published a series of accessible guidelines on humanitarian issues for field staff: see www.oecd.org/development/humanitarian-donors.

[16] The New Way of Working entails defining shared collective outcomes for humanitarian and development actors and the government. www.agendaforhumanity.org/initiatives/5358.

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Annex A. Progress on implementing the 2012 DAC peer review recommendations

Strategic orientations

2012 recommendations	Progress in implementation
Korea should build on its solid legal and policy foundations by completing the strategic framework to guide its growing development co-operation. Specifically:	
• The framework should set out clear aims, priorities, objectives and intended outcomes for Korea's thematic focus areas.	Implemented
• Korea should complete and publish the country partnership strategies planned for each of its 26 priority partner countries: these should be aligned to partner countries' development strategies; cover all Korea government's support; unify strategies for grants and loans; include forward expenditure commitments; incorporate plans and targets for aid effectiveness; and define in measurable terms the objectives of Korea's contribution to each partner country.	Implemented
• Korea should complete and publish its planned comprehensive multilateral ODA strategy.	Implemented
• The framework should include stronger guidance and plans for mainstreaming gender equality, women's empowerment, environment and climate change across all of Korea's programmes.	Implemented

Development beyond aid

2012 recommendations	Progress in implementation
Korea needs to give policy coherence for development sufficient weight in decision making by:	
• creating a government-wide agenda to achieve development-friendly policies, overseen by CIDC. This agenda should include: (1) the most important incoherencies to be tackled; (2) the steps to be taken to tackle them and by whom; (3) the targets to be achieved; (4) a timeline for action; and (5) a stronger process for involving the relevant government departments;	Partially implemented
• ensuring that the government of Korea has sufficient technical and political capacity to co-ordinate and enhance policy coherence for development;	Not implemented
• strengthening existing analysis of and reporting on how Korea's foreign and domestic policies affect developing countries. This should build on PMO and MOFA research and analysis to date, and should be informed by feedback and analysis from the field; better information flows among government departments in Seoul; and analysis by universities, CSOs and think tanks.	Not implemented

Aid volumes, channels and allocations

2012 recommendations	Progress in implementation
Korea should sustain its recent increases in aid volumes to achieve its target of giving 0.25% of its gross national income (GNI) as ODA by 2015.[1] At the same time, Korea should:	Not implemented
• plan and manage the aid increase to ensure a steady and predictable rate of growth while striking manageable and appropriate balances between bilateral and multilateral channels and grants and loans;	Implemented
• assess carefully the ratio of grants to loans for fragile states and heavily-indebted poor countries (HIPCs) and when extending loans consider carefully the economic context and financial governance of these countries to ensure debt sustainability; and	Implemented
• ensure that the choice of aid instrument reflects development objectives and partner country ownership, preferences, management capacity and need.	Partially implemented

1. Korea's targets for aid volumes were revised downwards in 2016

Organisation and management

2012 recommendations	Progress in implementation
To implement its development co-operation strategy successfully, Korea should:	
• ensure that (i) the CIDC uses its powers fully to become the ultimate decision-making body in planning and budgeting processes; and (ii) the Inter-Agency Committees, together with the ODA Councils at partner country level, have the necessary authority to ensure that all aid-funded activities are processed through them;	Partially implemented
• strengthen further the human resources of PMO, MOFA and MOSF, together with the main agencies (KOICA and EDCF), by attracting and retaining quality people with the right kind of development experience, and build the capacity of Korean and locally engaged employees in priority partner countries, particularly to equip these with the necessary skills to support new aid modalities, such as programme based approaches.	Partially implemented
• Strengthen the independence and procedures of the Sub-Committee on Evaluation; improve ongoing monitoring during project implementation; improve ex-post evaluation; strengthen capacities and delegate authority to support critical evaluation in field units; and systematically integrate lessons from evaluations into future programmes.	Partially implemented

Delivery and partnerships

Recommendations 2012	Progress in implementation
In continuing to make its aid more effective, Korea should:	
• integrate the aid effectiveness principles and the internationally-agreed targets into all development co-operation strategies – particularly country partnership strategies – and aid management procedures; and	Partially implemented
• improve its performance in areas where Korea is lagging the most: untying its aid, use of programme-based approaches, medium-term predictability and use of country systems.	Partially implemented
To provide developing country partners and Korean taxpayers with even better value for money Korea should:	
• translate the commitment to untie 75% of its total bilateral ODA by 2015 into a year-on-year roadmap that drives progress towards its goal;	Implemented[1]
• maintain focus on meeting the DAC Recommendation on Untying and the Accra and Busan commitments to untie aid to the maximum extent; and	Partially implemented
• report the tying status of all Korean ODA, including technical co-operation.	Partially implemented[2]

1. Korea's targets for untying aid were revised downwards in 2016
2. Korea does not report the tying status of its free-standing technical cooperation

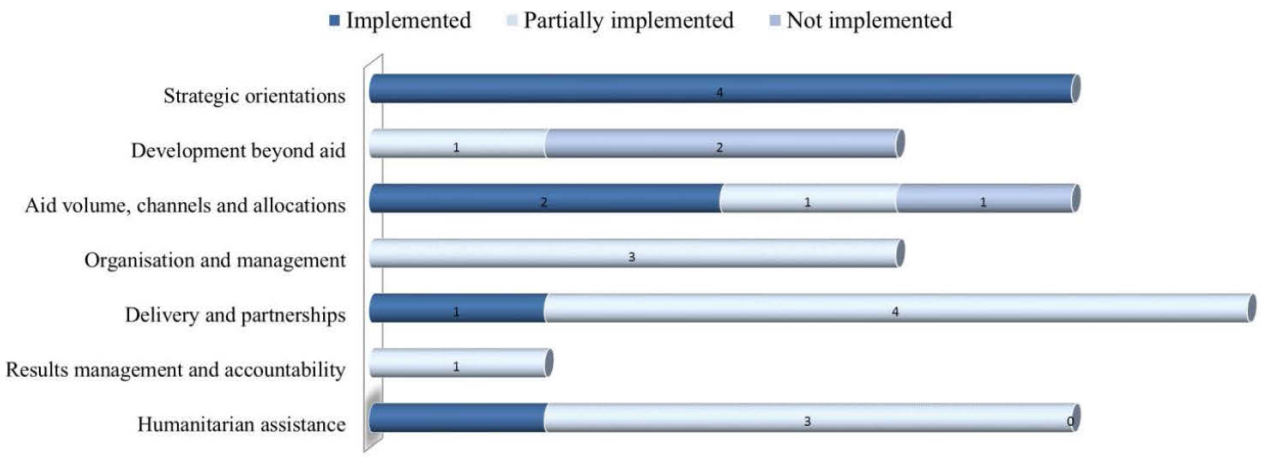
Results management and accountability

2012 recommendations	Progress in implementation
PMO, MOFA and MOSF should continue to increase transparency and accountability by:	
• providing comprehensive information on Korea's development co-operation - in particular, they should disclose information on development co-operation policy, strategy, procedures, budget (countries and sectors), programmes and projects in a way that is easy for key stakeholders - parliamentarians, civil society organisations (CSOs), non-government organisations (NGOs), private sector, research institutes, developing country partners and the general public - to access and understand.	Partially implemented

Humanitarian assistance

Recommendations 2012	Progress in implementation
To provide a clear strategic vision for the humanitarian programme; to ensure that humanitarian principles are consistently applied; and to promote accountability, efficiency and effectiveness Korea should:	
• finalise the new humanitarian assistance policy, ensuring that it focuses on a limited number of objectives in areas where Korea can have solid impact – such as disaster response – and that it is applicable across government;	Partially implemented
• determine and communicate clear criteria guiding whom, what and where to fund;	Partially implemented
• put in place safeguards to ensure that its bilateral (in-kind) aid is always the most effective and appropriate response; and	Implemented
• implement plans to make learning and reporting of results more systematic.	Partially implemented

Figure A.1. Korea's implementation of 2012 peer review recommendations



Annex B. OECD/DAC standard suite of tables

Table B.1. Total financial flows

USD million at current prices and exchange rates

Net disbursements

Korea	2001-05	2006-10	2011	2012	2013	2014	2015
Total official flows	**630**	**2 044**	**3 562**	**2 769**	**3 071**	**4 042**	**5 030**
Official development assistance	**417**	**789**	**1 325**	**1 597**	**1 755**	**1 857**	**1 915**
Bilateral	284	578	990	1 183	1 310	1 396	1 469
Multilateral	133	211	335	414	446	461	447
Other official flows	**213**	**1 256**	**2 238**	**1 171**	**1 315**	**2 186**	**3 115**
Bilateral	213	1 256	2 238	1 171	1 315	2 186	3 115
Multilateral	-	-	-	-	-	-	-
Net Private Grants	**60**	**98**	**175**	**30**	**331**	**387**	**402**
Private flows at market terms	**1 670**	**7 272**	**7 772**	**9 616**	**11 637**	**7 219**	**6 886**
Bilateral: *of which*	1 670	**7 272**	7 772	9 616	11 637	7 219	6 886
Direct investment	1 670	7 271	7 772	9 542	11 438	7 288	7 250
Export credits	-	1	-	74	-	- 69	- 364
Multilateral	-	-	-	-	-	-	-
Total flows	**2 360**	**9 415**	**11 509**	**12 415**	**15 038**	**11 649**	**12 318**
for reference:							
ODA (at constant 2015 USD million)	*522*	*862*	*1 358*	*1 649*	*1 746*	*1 767*	*1 915*
ODA (as a % of GNI)	*0.07*	*0.08*	*0.12*	*0.14*	*0.13*	*0.13*	*0.14*
Total flows (as a % of GNI) (a)	*0.38*	*1.01*	*1.03*	*1.09*	*1.14*	*0.82*	*0.89*
ODA to and channelled through NGOs							
- In USD million	3	10	23	26	28	35	39
- In percentage of total net ODA	1	1	2	2	2	2	2
- DAC countries' average % of total net ODA	*7*	*6*	*6*	*9*	*11*	*11*	*13*

a. To countries eligible for ODA.

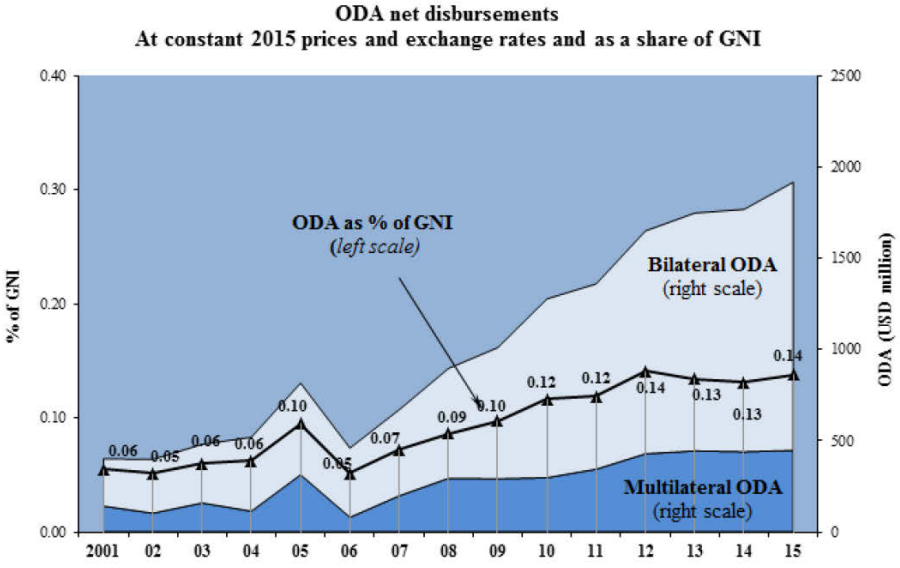
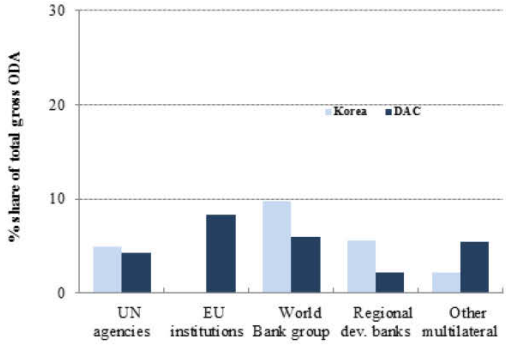


Table B.2. ODA by main categories

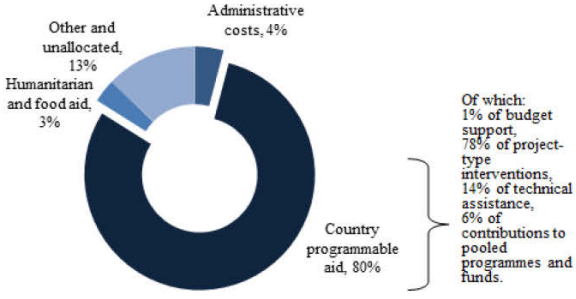
Disbursements

Korea	Constant 2015 USD million					Per cent share of gross disbursements					Total DAC
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2015%
Gross Bilateral ODA	**1 061**	**1 272**	**1 368**	**1 405**	**1 549**	**76**	**75**	**76**	**76**	**78**	**74**
Budget support	-	30	20	-	10	-	2	1	-	0	2
of which: General budget support	-	-	-	-	-	-	-	-	-	-	1
Core contributions & pooled prog.& funds	43	99	140	136	138	3	6	8	7	7	14
of which: Core support to national NGOs	0	1	0	1	0	0	0	0	0	0	2
Core support to international NGOs	0	0	0	1	0	0	0	0	0	0	1
Core support to PPPs	0	0	0	1	0	0	0	0	0	0	0
Project-type interventions	743	837	881	918	1 034	53	49	49	50	52	39
of which: Investment projects	675	757	790	487	886	48	45	44	26	44	14
Experts and other technical assistance	155	172	184	216	211	11	10	10	12	11	4
Scholarships and student costs in donor countries	43	56	61	63	70	3	3	3	3	4	2
of which: Imputed student costs	3	1	0	4	3	0	0	0	0	0	1
Debt relief grants	-	-	-	-	-	-	-	-	-	-	0
Administrative costs	55	61	69	54	65	4	4	4	3	3	4
Other in-donor expenditures	21	15	15	18	20	2	1	1	1	1	9
of which: refugees in donor countries	-	-	-	-	-	-	-	-	-	-	8
Gross Multilateral ODA	**344**	**428**	**444**	**439**	**447**	**24**	**25**	**24**	**24**	**22**	**26**
UN agencies	84	118	113	107	98	6	7	6	6	5	4
EU institutions	-	-	-	-	-	-	-	-	-	-	8
World Bank group	126	159	170	182	194	9	9	9	10	10	6
Regional development banks	107	130	126	118	110	8	8	7	6	6	2
Other multilateral	27	20	35	32	44	2	1	2	2	2	5
Total gross ODA	**1 404**	**1 699**	**1 812**	**1 844**	**1 996**	**100**	**100**	**100**	**100**	**100**	**100**
of which: Gross ODA loans	471	534	563	564	642	34	31	31	31	32	13
Bilateral	471	534	563	564	642	34	31	31	31	32	12
Multilateral	-	-	-	-	-	-	-	-	-	-	1
Repayments and debt cancellation	**- 46**	**- 51**	**- 65**	**- 77**	**- 80**						
Total net ODA	**1 358**	**1 649**	**1 746**	**1 767**	**1 915**						
For reference:											
Free standing technical co-operation	*226*	*269*	*283*	*319*	*329*						
Net debt relief	-	-	-	-	-						

ODA flows to multilateral agencies, 2015



Composition of bilateral ODA, 2015, gross bilateral disbursements



Share of ODA channelled to and through the multilateral system, two year average

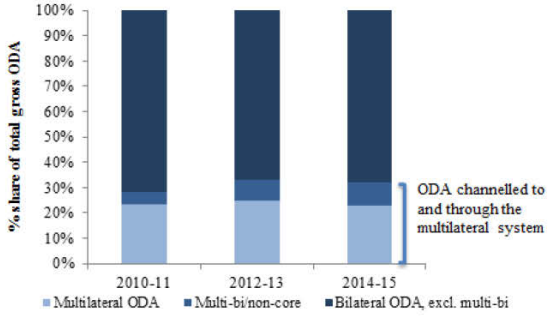
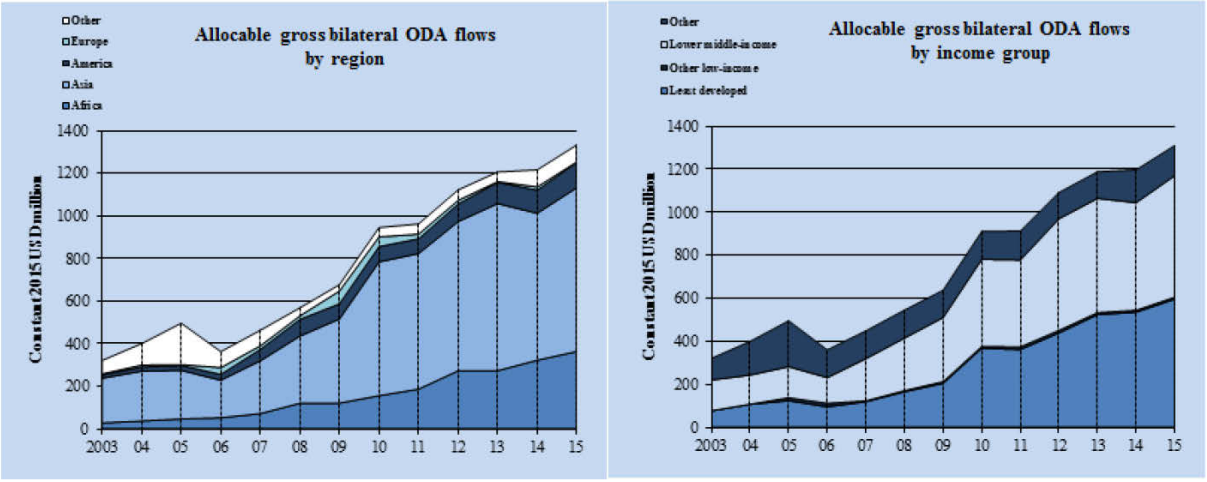


Table B.3. Bilateral ODA allocable[1] by region and income group

Gross disbursements

Korea	Constant 2015 USD million					% share					Total DAC
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015	2015%
Africa	186	273	273	322	363	19	24	23	26	27	**41**
Sub-Saharan Africa	155	240	251	302	344	16	21	21	25	26	**35**
North Africa	21	20	19	17	17	2	2	2	1	1	**4**
Asia	637	700	784	690	769	66	62	65	57	58	**31**
South and Central Asia	252	263	316	270	231	26	23	26	22	17	**19**
Far East	372	429	455	406	518	39	38	38	33	39	**12**
America	69	82	100	108	119	7	7	8	9	9	**10**
North and Central America	26	25	29	41	47	3	2	2	3	3	**4**
South America	43	57	70	67	71	4	5	6	6	5	**5**
Middle East	43	44	41	73	70	4	4	3	6	5	**10**
Oceania	5	4	4	7	9	0	0	0	1	1	**2**
Europe	22	18	3	15	3	2	2	0	1	0	**5**
Total bilateral allocable by region	**961**	**1 121**	**1 206**	**1 215**	**1 332**	**100**	**100**	**100**	**100**	**100**	100
Least developed	362	438	524	535	595	40	40	44	45	45	**40**
Other low-income	12	12	9	9	9	1	1	1	1	1	**4**
Lower middle-income	404	519	531	500	565	44	48	45	42	43	**35**
Upper middle-income	135	122	124	152	140	15	11	10	13	11	**21**
More advanced developing countries	-	0	0	-	-	-	0	0	-	-	-
Total bilateral allocable by income	**913**	**1 091**	**1 188**	**1 197**	**1 309**	**100**	**100**	**100**	**100**	**100**	100
For reference:											
Total bilateral	1 061	1 272	1 368	1 405	1 549	*100*	*100*	*100*	*100*	*100*	***100***
of which: Unallocated by region	*99*	*151*	*162*	*190*	*217*	*9*	*12*	*12*	*14*	*14*	***32***
of which: Unallocated by income	*148*	*181*	*180*	*209*	*240*	*14*	*14*	*13*	*15*	*15*	***40***



1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of the regional total.

Table B.4. Main recipients of bilateral ODA

Gross disbursements

Korea	2004-08 average			Memo:		2009-13 average			Memo:		2014-15 average			Memo:
	Current USD million	Constant 2015 USD mln	% share	*DAC countries' average %*		Current USD million	Constant 2015 USD mln	% share	*DAC countries' average %*		Current USD million	Constant 2015 USD mln	% share	*DAC countries average %*
Iraq	68	74	15		Viet Nam	152	159	15		Viet Nam	206	202	14	
Viet Nam	31	34	7		Afghanistan	69	73	7		Tanzania	76	74	5	
Sri Lanka	27	28	6		Bangladesh	50	52	5		Cambodia	71	69	5	
Cambodia	25	27	5		Cambodia	48	50	5		Bangladesh	66	64	4	
Indonesia	23	24	5		Sri Lanka	45	47	4		Afghanistan	59	58	4	
Top 5 recipients	**174**	**187**	**37**	**35**	**Top 5 recipients**	**364**	**381**	**35**	**33**	**Top 5 recipients**	**478**	**467**	**32**	**28**
Bangladesh	20	22	4		Indonesia	35	37	3		Lao People's Democratic Republic	59	58	4	
China (People's Republic of)	20	22	4		Mongolia	34	36	3		Philippines	56	55	4	
Philippines	17	18	4		Philippines	34	36	3		Mozambique	49	48	3	
Lao People's Democratic Republic	11	12	2		Tanzania	32	33	3		Ethiopia	44	43	3	
Angola	11	11	2		Lao People's Democratic Republic	27	29	3		Sri Lanka	43	42	3	
Top 10 recipients	**252**	**271**	**54**	**44**	**Top 10 recipients**	**526**	**553**	**51**	**42**	**Top 10 recipients**	**730**	**713**	**48**	**38**
Mongolia	9	9	2		Uzbekistan	21	22	2		Jordan	40	39	3	
Afghanistan	8	9	2		Nepal	20	22	2		Indonesia	38	37	3	
Yemen	7	8	2		Mozambique	18	18	2		Ghana	30	30	2	
Kenya	7	7	1		Jordan	17	18	2		Mongolia	30	29	2	
Ghana	7	8	1		Angola	17	19	2		Myanmar	25	24	2	
Top 15 recipients	**289**	**312**	**62**	**53**	**Top 15 recipients**	**618**	**651**	**60**	**48**	**Top 15 recipients**	**893**	**872**	**59**	**43**
Myanmar	7	7	1		Senegal	16	16	2		Bolivia	20	20	1	
Peru	6	6	1		Pakistan	15	16	1		Rwanda	19	18	1	
Albania	6	6	1		Ethiopia	15	15	1		Uganda	18	18	1	
Egypt	5	5	1		Ecuador	14	15	1		Uzbekistan	18	17	1	
Nicaragua	5	5	1		Bosnia and Herzegovina	13	15	1		Colombia	18	17	1	
Top 20 recipients	**318**	**342**	**68**	**60**	**Top 20 recipients**	**692**	**727**	**67**	**53**	**Top 20 recipients**	**985**	**962**	**65**	**50**
Total (143 recipients)	**419**	**449**	**90**		**Total (142 recipients)**	**899**	**948**	**87**		**Total (136 recipients)**	**1 283**	**1 253**	**85**	
Unallocated	48	52	10	24	Unallocated	140	148	13	32	Unallocated	229	224	15	32
Total bilateral gross	**467**	**501**	**100**	**100**	**Total bilateral gross**	**1 038**	**1 095**	**100**	**100**	**Total bilateral gross**	**1 513**	**1 477**	**100**	**100**

Table B.5. Bilateral ODA by major purposes

At constant prices and exchange rates

Commitments - Two-year average

Korea	2004-08 average		2009-13 average		2014-15 average		2014-15
	2015 USD million	%	2015 USD million	%	2015 USD million	%	%
Social infrastructure & services	**479**	**52**	**859**	**46**	**1 020**	**46**	**36**
Education	112	12	239	13	239	11	7
of which: basic education	5	1	22	1	35	2	2
Health	115	13	198	11	276	12	5
of which: basic health	80	9	71	4	157	7	4
Population & reproductive health	5	1	10	1	19	1	7
Water supply & sanitation	132	14	226	12	233	10	4
Government & civil society	84	9	165	9	168	8	11
of which: Conflict, peace & security	1	0	36	2	10	0	2
Other social infrastructure & services	31	3	22	1	85	4	2
Economic infrastructure & services	**291**	**32**	**685**	**37**	**767**	**35**	**19**
Transport & storage	158	17	433	23	667	30	7
Communications	73	8	93	5	35	2	0
Energy	58	6	155	8	53	2	8
Banking & financial services	1	0	2	0	7	0	2
Business & other services	1	0	2	0	4	0	1
Production sectors	**64**	**7**	**157**	**8**	**192**	**9**	**7**
Agriculture, forestry & fishing	46	5	134	7	153	7	5
Industry, mining & construction	13	1	17	1	28	1	1
Trade & tourism	5	1	6	0	11	1	1
Multisector	**15**	**2**	**88**	**5**	**125**	**6**	**10**
Commodity and programme aid	**0**	**0**	**1**	**0**	**1**	**0**	**2**
Action relating to debt	**3**	**0**	**1**	**0**	-	-	**0**
Humanitarian aid	**35**	**4**	**23**	**1**	**57**	**3**	**12**
Administrative costs of donors	**27**	**3**	**50**	**3**	**60**	**3**	**6**
Refugees in donor countries	-	-	-	-	-	-	**8**
Total bilateral allocable	**915**	**100**	**1 864**	**100**	**2 222**	**100**	**100**
For reference:							
Total bilateral	*924*	*79*	*1 892*	*82*	*2 287*	*83*	*75*
of which: Unallocated	*10*	*1*	*29*	*1*	*65*	*2*	*1*
Total multilateral	*252*	*21*	*426*	*18*	*457*	*17*	*25*
Total ODA	***1 176***	***100***	***2 319***	***100***	***2 745***	***100***	***100***

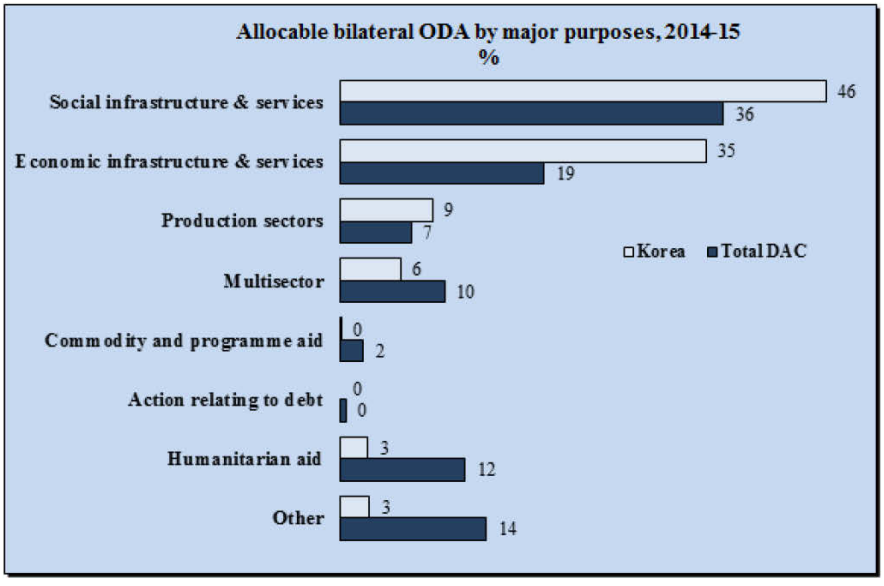


Table B.6. Comparative aid performance of DAC members

	Official development assistance			Net disbursements: Share of multilateral aid				Net disbursements: Grant element of ODA commitments	Commitments: Untied aid
	2015		2009-10 to 2014-15 Average annual % change in real terms	2015 % of ODA		2015 % of GNI		2015	% of bilateral commitments Year
	USD million	% of GNI		(b)	(c)	(b)	(c)	% (a)	(d)
Australia	3 494	0.29	2.7	21.2		0.06		99.9	100.0
Austria	1 324	0.35	2.4	40.9	20.7	0.14	0.07	100.0	36.4
Belgium	1 904	0.42	-4.4	41.6	17.3	0.17	0.07	99.8	96.7
Canada	4 277	0.28	-1.3	30.5		0.09		97.8	98.5
Czech Republic	199	0.12	1.0	64.8	11.2	0.08	0.01	100.0	44.3
Denmark	2 566	0.85	0.5	26.7	17.4	0.23	0.15	100.0	100.0
Finland	1 288	0.55	2.2	45.8	32.5	0.25	0.18	100.0	92.6
France	9 039	0.37	-3.8	42.9	21.5	0.16	0.08	79.6	95.6
Germany	17 940	0.52	7.5	21.3	7.6	0.11	0.04	86.6	84.0
Greece	239	0.12	-12.5	69.9	3.7	0.09	0.00	100.0	14.5
Hungary	156	0.13	7.2	69.6	15.5	0.09	0.02	100.0	..
Iceland	40	0.24	0.7	22.1		0.05		100.0	100.0
Ireland	718	0.32	-3.4	40.5	20.8	0.13	0.07	100.0	100.0
Italy	4 003	0.22	6.3	54.3	18.7	0.12	0.04	99.8	95.2
Japan	9 203	0.20	3.0	33.2		0.07		87.5	74.6
Korea	1 915	0.14	10.0	23.3		0.03		95.0	48.7
Luxembourg	363	0.95	-1.1	27.6	19.8	0.26	0.19	100.0	98.8
Netherlands	5 726	0.75	-0.8	27.3	17.8	0.20	0.13	100.0	92.7
New Zealand	442	0.27	3.2	18.9		0.05		100.0	84.7
Norway	4 278	1.05	2.1	22.7		0.24		100.0	100.0
Poland	441	0.10	4.5	77.3	10.2	0.07	0.01	98.6	33.6
Portugal	308	0.16	-7.5	52.6	5.6	0.08	0.01	93.7	49.0
Slovak Republic	85	0.10	4.2	79.7	17.5	0.08	0.02	100.0	47.5
Slovenia	63	0.15	1.0	60.3	11.0	0.09	0.02	100.0	12.4
Spain	1 397	0.12	-22.0	74.6	9.7	0.09	0.01	100.0	80.8
Sweden	7 089	1.40	7.3	31.9	26.1	0.45	0.37	100.0	86.8
Switzerland	3 529	0.51	6.3	22.7		0.12		100.0	94.6
United Kingdom	18 545	0.70	7.1	36.9	25.9	0.26	0.18	100.0	100.0
United States	30 986	0.17	0.2	14.0		0.02		100.0	55.6
Total DAC	**131 555**	**0.30**	**1.7**	**28.4**		**0.08**		**94.4**	**78.1**

Notes:

a. Excluding debt reorganisation.
b. Including EU institutions.
c. Excluding EU institutions.
d. Excluding administrative costs and in-donor refugee costs.
.. Data not available.

Table B.7. Comparative performance of aid to LDCs

	Net disbursements						Commitments		
	Bilateral ODA to LDCs 2015			Total ODA to LDCs (Bilateral and through multilateral agencies) 2015			Grant element of bilateral ODA commitments[a] to LDCs (two alternative norms)		
							Annually for all LDCs Norm: 90%		3-year average for each LDC Norm: 86%
	USD million	% bilateral ODA	% of GNI	USD million	% total ODA	% of GNI	2014	2015	2013-2015
Australia	679	24.7	0.06	931	26.6	0.08	100.0	100.0	c
Austria	41	5.3	0.01	222	16.8	0.06	100.0	100.0	c
Belgium	377	33.9	0.08	610	32.0	0.13	99.6	99.3	n
Canada	998	33.6	0.07	1 561	36.5	0.10	100.0	100.0	c
Czech Republic	11	16.4	0.01	41	20.7	0.02	100.0	100.0	c
Denmark	384	20.4	0.13	610	23.8	0.20	100.0	100.0	c
Finland	236	33.8	0.10	429	33.3	0.18	100.0	100.0	c
France	1 090	21.1	0.04	2 378	26.3	0.10	82.2	79.8	n
Germany	1 603	11.4	0.05	2 596	14.5	0.08	98.7	98.5	c
Greece	1	1.6	0.00	38	16.0	0.02	100.0	100.0	c
Hungary	1	2.9	0.00	26	16.7	0.02	..	100.0	..
Iceland	13	41.6	0.08	16	40.8	0.10	100.0	100.0	c
Ireland	257	60.1	0.11	345	48.0	0.15	100.0	100.0	c
Italy	280	15.3	0.02	870	21.7	0.05	99.1	98.9	c
Japan	2 480	40.3	0.05	3 659	39.8	0.08	93.2	91.3	c
Korea	580	39.5	0.04	728	38.0	0.05	94.4	94.5	c
Luxembourg	121	46.2	0.32	154	42.4	0.40	100.0	100.0	c
Netherlands	465	11.2	0.06	1 036	18.1	0.14	100.0	100.0	c
New Zealand	113	31.7	0.07	138	31.3	0.08	100.0	100.0	c
Norway	729	22.1	0.18	1 098	25.7	0.27	100.0	100.0	c
Poland	44	44.2	0.01	125	28.4	0.03	78.8	83.9	n
Portugal	53	36.3	0.03	90	29.3	0.05	87.9	92.0	n
Slovak Republic	1	5.4	0.00	19	21.8	0.02	100.0	100.0	c
Slovenia	0	1.6	0.00	10	15.1	0.02	100.0	100.0	c
Spain	81	22.9	0.01	314	22.5	0.03	100.0	100.0	c
Sweden	847	17.6	0.17	1 473	20.8	0.29	100.0	100.0	c
Switzerland	618	22.7	0.09	928	26.3	0.14	100.0	100.0	c
United Kingdom	3 815	32.6	0.14	6 117	33.0	0.23	100.0	100.0	c
United States	9 122	34.2	0.05	10 737	34.7	0.06	100.0	100.0	c
Total DAC	**25 043**	**26.6**	**0.06**	**37 300**	**28.4**	**0.08**	**97.6**	**96.9**	**..**

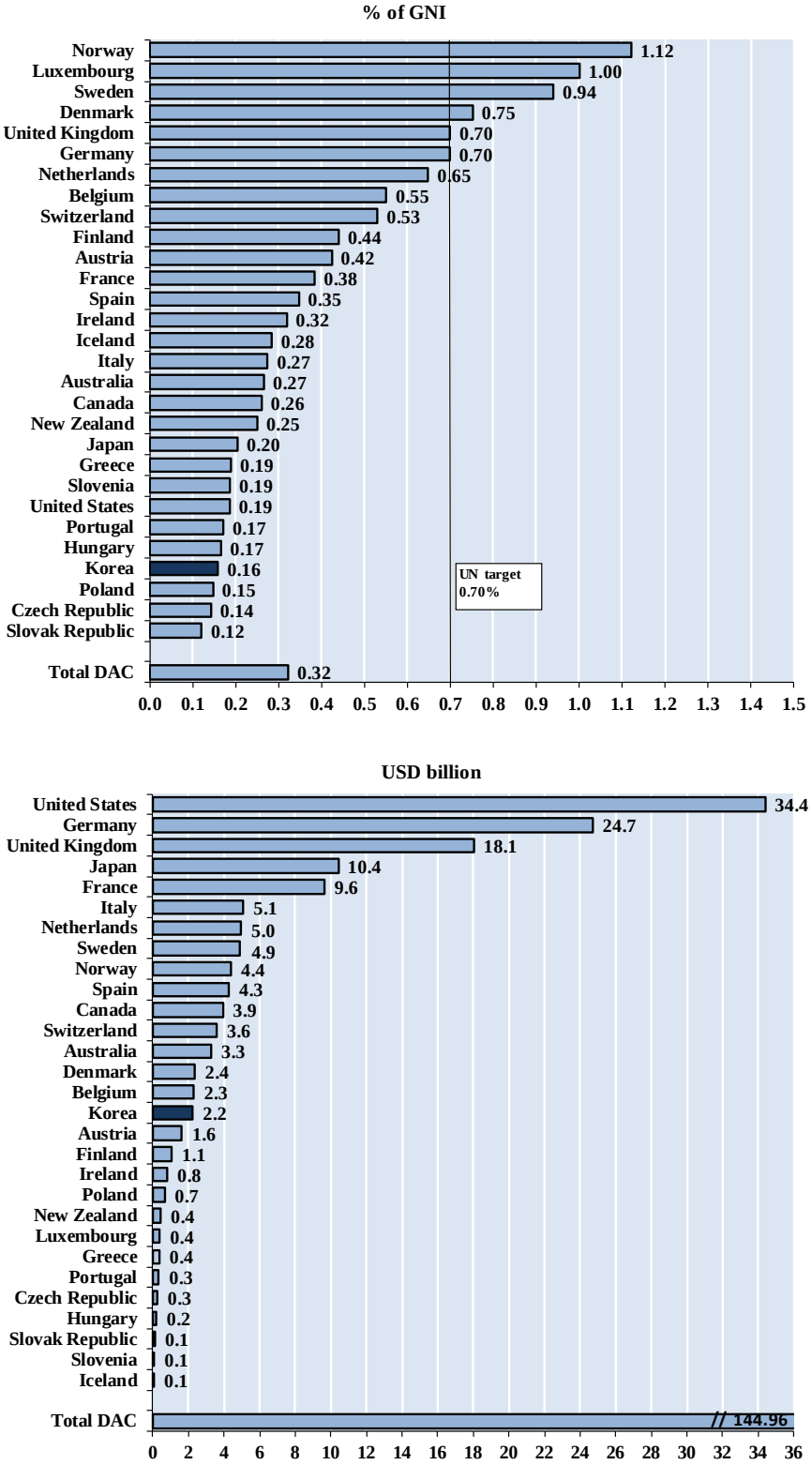
Notes:

a. Excluding debt reorganisation. Equities are treated as having 100% grant element, but are not treated as loans.

b. c = compliance, n = non compliance.

.. Data not available.

Figure B.1. Net ODA from DAC countries in 2016



Annex C. Field visit to Cambodia

As part of the peer review of Cambodia, a team of examiners from New Zealand and the United States visited Cambodia in June 2017. The team met with Korea's Ambassador in Cambodia, Korean development co-operation professionals, Cambodian government representatives and civil servants, other bilateral providers, representatives of civil society and senior officials from Korea's trade and investment agency.

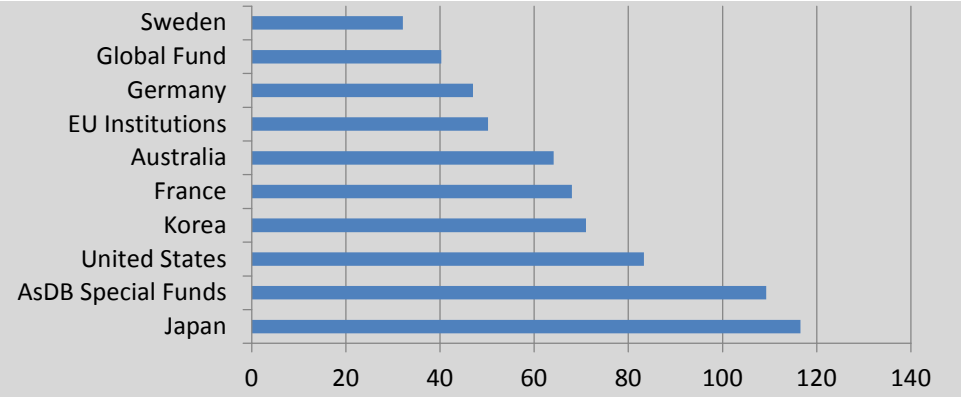
Towards a comprehensive Korean development effort

Although Cambodia has one of the world's highest growth rates, rural poverty remains entrenched

Cambodia is a fast-growing economy with a complex history that continues to shape its politics and partnerships. Following an imperial heyday in the 12th century, marked by the construction of Angkor temple complexes, Cambodia entered a long period of decline in economic and political power, culminating in French colonisation, Japanese occupation, political instability and civil war. Between 1975 and 1979 Cambodia was devastated by the regime of the Khmer Rouge – under which an estimated 2 million Cambodians died – before political stability was re-established with the 1991 Paris Peace Agreements. The 1993 Constitution of Cambodia provided for a market-based economy anchored in a constitutional monarchy, whereby the Prime Minister is the head of government and the Monarch is the head of state. Since 1998, Cambodia has been ruled by the Cambodian People's Party, led by Prime Minister Hun Sen.

Today, buoyed by garment exports, construction and tourism, Cambodia sustains an average annual growth rate of around 7% and is the sixth fastest growing economy in the world. Poverty levels have declined dramatically, down from 53% in 2004 to 13.5% in 2014. Cambodia attained lower-middle-income status in 2016 with gross domestic product (GDP) reaching USD 20 billion for a population of around 15.5 million (USD 1 300 per capita). Although economic growth eased slightly in 2016, Cambodia's strong growth trajectory is expected to continue into the medium term (World Bank, 2017a), aided by Foreign Direct Investment (FDI) from regional investors, its shared borders with two regional growth engines (Thailand and Viet Nam) and the identification of off-shore oil and gas reserves. This rapid growth trajectory led official development assistance (ODA) to fall to one-third of the total budget in 2015, down from 60% in 2010 (Figure C.1). Over this period, the number of donors present in Cambodia also declined, with Cambodia's ODA data listing 27 traditional and non-traditional development partners in 2015, down from 45 in 2012 (GoC, 2017).

Figure C.1. Top ten donors of gross ODA to Cambodia, 2014-15 average, USD million



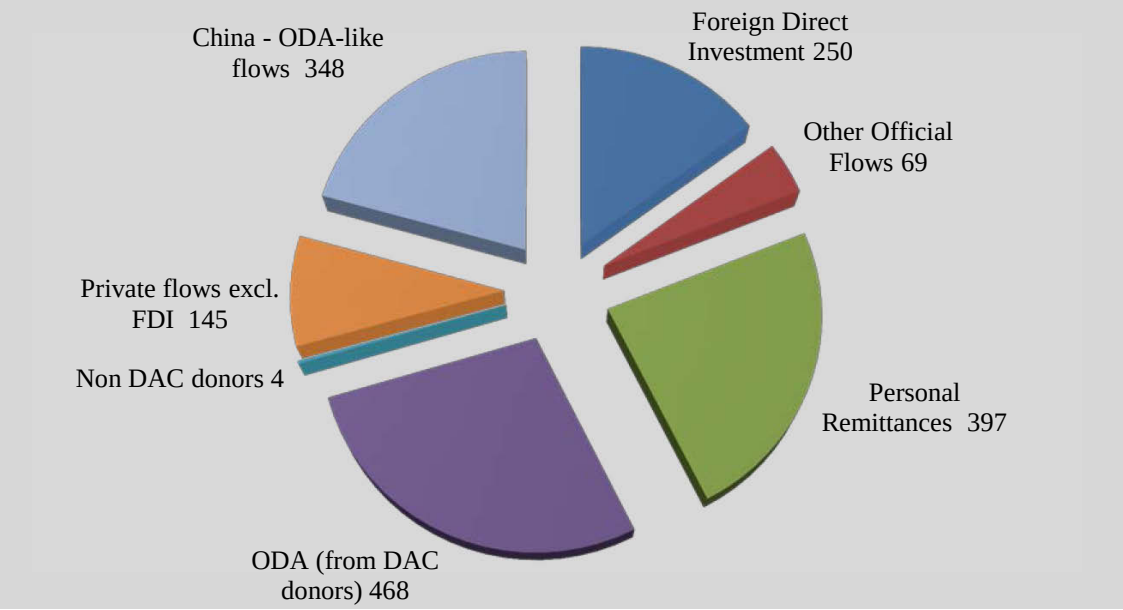
Source: OECD DAC Aid at a Glance; www.oecd.org/dac/financing-sustainable-development/development-finance- data/aid-at-a-glance.htm.

Despite this impressive growth and diminishing aid dependency, endemic corruption remains a significant challenge and impedes inclusive development. The watchdog group Transparency International rates Cambodia 156 out of 176 countries for perceptions of clean governance (TI, 2016). Cambodia also ranks low (131 out of 190) for its ease of doing business (World Bank, 2017b). While poverty continues to fall, the pace has declined significantly and many Cambodian households remain highly vulnerable to slipping back into poverty (EIU, 2017).[1] More than 80% of Cambodia's poor live in rural areas, where most of the workforce is still employed in subsistence farming or has found employment as migrant labourers, and where growth is hampered by low productivity, low levels of land title registration, limited services and lack of infrastructure (ADB, 2014).[2]

Korea and Cambodia are forging closer economic ties, particularly through trade, migration, aid and tourism

Korea has been strongly engaged in Cambodia since it restored full diplomatic relations in 1997.[3] The bilateral relationship between the two countries is stable and friendly and around 400 000 Korean tourists visit Cambodia each year. Cambodia is one of Korea's 24 priority partner countries for development co-operation, and levels of development assistance are increasing. Overall, Korea's assistance of USD 70 million in 2015 represented more than 5.6% of total external co-operation to Cambodia (USD 677 million). In 2014-15, Korea became the third largest bilateral donor (fourth largest overall) in Cambodia, up from seventh place in 2010 (Figure C.1). Meanwhile, total ODA commitments to Cambodia declined by 4.6% on the previous year based on OECD data, or by 9.4% when based on Cambodian data for total external development co-operation.[4] As Cambodia's dependency on aid diminishes, finance for development from other sources has increased. For example, as Figure C.2 shows, non-ODA resource flows [including foreign direct investment, other official flows, remittances and assistance from non-DAC donors] are now far greater than ODA flows.

Figure C.2. External resource flows to Cambodia in 2015 (USD million)



Note: FDI: Foreign Direct Investment
Source: Authors' compilation based on OECD, World Bank, UN and Cambodian statistics, July 2017.

Within this context, Korea's significant investment in manufacturing, tourism and agriculture, together with a large temporary labour migration programme and high remittance flows, are helping to catalyse and broaden economic growth and increase resource flows to Cambodia. Over the past decade, Korea has become one of Cambodia's largest trading partners and the second largest foreign direct investor after China, concentrated in the manufacturing, finance, agriculture/forestry/fisheries and construction sectors.[5] From 2006 to 2014, South Korea's exports to Cambodia tripled, while Cambodia's exports to South Korea rose 40-fold. Despite this trajectory, growth in bilateral trade between the two countries remains constrained due to lack of investment and business opportunities. In recognition of these challenges, in 2016 both countries signed a memorandum of understanding for a plan to support export of Cambodian mangoes to Korea, and a Korean company has also been investing in the export system for agricultural products including quarantine, packaging and cold storage. Such efforts are aimed at supporting a significant increase in trade (KOTRA, 2017). This is an example of Korea's pragmatic approach to policy coherence for development, in which it prefers to focus on resolving trade challenges on a case-by-case basis (see Chapter 1).

High remittance flows, but Korea can do more to ensure key rights for its Cambodian migrant workers

Between 1998 and 2015, almost a quarter (22%) of Cambodian workers participating in state-sponsored migration programmes went to Korea (OECD/CDRI, 2017). In 2016 permit numbers doubled due to rising labour demand in the Korean manufacturing and agriculture sectors.[6] As a consequence, remittance flows from Korea to Cambodia are rising, with Korean government sources estimating that remittances from Cambodians working in Korea now outstrip Korea's ODA to Cambodia (Hang, 2017). However, the situation of Cambodian migrant workers in Korea is highlighted in reports to the International Organization for Migration, with female agricultural workers complaining

of long work hours, low wages, and isolated accommodation leading to increased risk of exposure to sexual harassment (NHRCK, 2013; IOM, 2016). In addition, a loophole in Korea's Labour Standards Act means that employers hiring fewer than five workers are not required to provide employment insurance or other benefits to their employees.[7] In response to these and other concerns, the United Nations' Human Rights Council has urged Korea to ensure key rights for migrant workers (UNHRC, 2015). Meanwhile, in order to avoid Cambodian workers overstaying their visas, Korea's Ministry for Employment has started a "Happy Returns" initiative, with initial prize-winners showcasing successful return and re-integration programmes for Cambodians.[8]

At the political level, co-operation between Korea and Cambodia is strong, centering on co-ordinating trade agreements through regional organisations, particularly the Association of Southeast Asian Nations (ASEAN) and the Asia-Pacific Economic Cooperation (APEC). These efforts are helping Korea to maintain its ties with Cambodia at a particularly challenging time for regional foreign policy and traditional donor partnerships.

Korea's policies, strategies and aid allocation

Korea's Country Partnership Strategy is aligned with Cambodia's national plan

Korea's development assistance is highly valued by the Government of Cambodia as it is demand-driven and in line with Cambodia's priorities. In particular, Korea's Country Partnership Strategy (CPS) for Cambodia for 2016-20 (GoK, 2017) is closely aligned with the Cambodian government's current Rectangular Strategy (GoC, 2013a).[9] Within its CPS, Korea identifies the following objectives: (1) transport infrastructure; (2) capacity building (for water resources, health and disaster response); (3) human resource development; and (4) rural development. These focus areas integrate cross-cutting issues such as gender and environment. The CPS also defines a clear division of labour among the main Korean actors at country level involved in managing Korea's ODA. In general, the embassy supports policy setting, the Korean International Cooperation Agency (KOICA) implements grants and the Economic Development Cooperation Fund (EDCF) manages Korea's loan portfolio. The Korean Embassy represents Korea with the Cambodian Government and in aid co-ordination groups, and agrees Korea's strategy with the Government of Cambodia. Increasingly, Korea's Embassy in Cambodia is also taking on a field-level co-ordination role among actors involved in Cambodia's development.

Though well-aligned, the country strategy does not encompass all Korea's development co-operation efforts

An estimated 72% of Korea's ODA allocations in Cambodia in 2015 were covered by its Country Partnership Strategy, and are largely comprised of activities managed by KOICA and by Korea's Export-Import Bank (KEXIM) through its EDCF loans programmes. Development co-operation outside this framework is carried out though a growing number of other Korean ministries,. Such activities include Korea's co-operation with Cambodia on the OECD's Programme for International Student Assessment for Development (PISA-D) Project and other technical co-operation programmes (Box 5.1 and Box C.1). While the CPS is well aligned with Cambodia's priorities overall, it does not yet capture the full scale and scope of Korea's aid activities. The CPS also provides very limited information on Korea's civil society funding and the placement of Korea's 500 ODA-funded volunteers. It does not articulate Korea's approach to promoting inclusive growth and addressing the drivers of poverty and inequality. Nor does it provide an indicative budget for Korea's

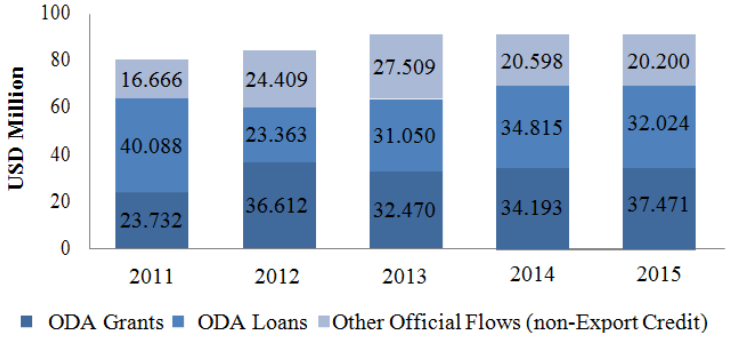
development co-operation or offer clarity on how implementation partners are selected. In summary, while the CPS is well aligned with Cambodia's priorities overall, it does not yet capture the full scale and scope of Korea's aid activities.

As the embassy takes on a greater co-ordination role and works to reduce the risks associated with aid fragmentation (see Chapter 4), the CPS could provide a useful platform for strengthening Korea's whole-of-government efforts in Cambodia, as well as giving an overview of all Korea's development efforts in Cambodia, both financial and non-financial. Korea will also need to clarify its decision-making hierarchy, including whether its embassies – which are currently responsible for the initial draft of country partnership strategies in consultation with partner governments – have the authority to respond flexibly to the changing development landscape and to take up new opportunities under the umbrella of the CPS without reverting to headquarters.

Korea focuses its loans on economic infrastructure

Korea uses a mix of grants, technical co-operation and highly concessional lending in Cambodia and largely delivers project-type assistance. In 2016, Korea disbursed some USD 19.6 million (46%) of its aid as concessional loans and another USD 16.9 (39%) million as project aid, while the rest was allocated to overseas volunteers (USD 2.9 million, 7%), training (USD 1.5 million, 4%) and NGO programmes (USD 2.0 million, 5%). Broken down by sector, by far the largest share of Korea's aid goes to economic infrastructure. Korea is now the third largest supporter of Cambodia's infrastructure development after China and Japan. Its country programme involves a small number of large infrastructure projects, typically funded through EDCF loans, alongside a greater number of smaller grant and technical co-operation projects in a range of sectors implemented by KOICA and other agencies.

Figure C.3. Korea's development finance to Cambodia, 2011-15



Source: OECD Creditor Reporting System, 2017 www.oecd.org/dac/stats; all figures at 2015 constant prices, accessed 20/07/2017.

Following its development finance commitments in 2015, Korea is making efforts to increase synergies between grants and loans, particularly in infrastructure. Korea now has access to grant funding for feasibility studies and post- completion sustainability efforts. In Cambodia, the DAC's peer review team found that use of blended finance for infrastructure projects is increasing. At the same time, it will be important to ensure the pro-poor focus of the grant element is protected, in line with Korea's allocations criteria for grant aid (Chapters 2 and 5), including in testing the availability of commercial finance channels.

In addition to its loan financing of infrastructure, Korea has large grant investments in health and education. Technical co-operation activities are valued by Cambodia but their effectiveness continues to be difficult to assess. Some activities would appear to be highly effective. These include an eight-year Ministry of Health programme to strengthen health systems, implemented by the Korea Foundation for International Healthcare (KOFIH); and the student assessment support through PISA-D (see Box C.1). However, another 5% of Korea's ODA in Cambodia is disbursed through a range of fellowships, training programmes and exchange visits, the effectiveness of which is much more difficult to assess.

Box C.1. Peer-to-peer learning partnership in education in Cambodia

The OECD's Programme for International Student Assessment (PISA) is a triennial survey that aims to evaluate education systems worldwide by testing the skills and knowledge of 15-year-old students. Korea, one of the strongest education reformers and performers among PISA participating countries, is now putting its experience and valuable lessons at the disposal of Cambodia, a participant in the OECD's PISA for Development (PISA-D) project. With funding from Korea's development co-operation programme, the Korea Institute for Curriculum and Evaluation (KICE) in Seoul is working with the OECD's Directorate for Education and Skills to help prepare Cambodia for participating in the PISA survey, including providing training in assessment, analysis and using the resulting data. The PISA-D partnership between Korea, the OECD and Cambodia spans the five-year PISA-D cycle (2014-19). This peer-to-peer learning partnership between Korea and Cambodia is designed to strengthen the institutional capacity of the Cambodia Ministry of Education, Youth and Sport (MoEYS) to manage PISA and other large-scale learning assessments. KICE recently expanded the scope of the partnership to include curriculum support to the MoEYS Department of Curriculum Development. This is an excellent example of how Korea is adding value through direct bilateral partnerships in a priority sector.

Source: Information provided by the Directorate for Education and Skills, OECD, the Korea Institute for Curriculum and Evaluation and the Ministry of Education, Seoul, Korea.

Organisation and management

Korea could lift its profile in joint donor co-ordination efforts

Korea participates in external aid co-ordination mechanisms in Cambodia (Box C.2), and since the DAC's 2010 review has been increasing its engagement in Cambodia's technical working groups, particularly for agriculture, health, infrastructure and private sector development. However, this engagement is not outlined in Korea's CPS and a number of Korea's development partners noted that Korea's participation has recently diminished in these fora, particularly since the departure of the technical experts from KOICA's Cambodia office who had supported Korean inputs to these meetings (Chapters 4 and 5). As a result, Korea may not be taking full advantage of the potential offered by these forums for sharing relevant expertise and experience. A key

example is the infrastructure technical working group, which is attended by both DAC and non-DAC donors.

Box C.2. Donor co-ordination and mutual accountability in Cambodia

The Cambodian Government's policy on aid management is outlined in its Development Co-operation and Partnerships Strategy 2014-18 (GoC, 2014), which supports its national development plan and is grounded in the principles of development effectiveness: results, capacities and partnerships. Within the government, the Cambodian Rehabilitation and Development Board of the Council for Development of Cambodia is responsible for the co-ordination and management of aid, while the Ministry of Economy and Finance manages loans. The Cambodia Development Co-operation Forum is the principal forum for high-level government-donor co-operation, chaired by the Deputy Prime Minister and attended by ministers and high-level government and donor officials. It is expected to be held every 18 months to discuss a range of development issues and challenges and to assess financing needs for future development programmes related to the implementation of the national development plan. The Cambodia Development Co-operation Forum is complemented by an in-country donor co-ordination mechanism called the Government-Development Partner Co-ordination committee. This forum for co-ordination, dialogue and information sharing meets two to three times a year to discuss matters of key concern for Cambodia's socio-economic development. Korea is represented on the committee both by the Embassy and the KOICA Cambodia office. The committee works towards aid harmonisation and effectiveness and is supported by 19 technical working groups for aid co-ordination at the sector level. The committee's secretariat is responsible for co-ordinating these working groups, providing policy guidance and reporting to the Global Partnership on sectoral monitoring indicators. Nevertheless, a 2015 survey noted that just over half of all projects in Cambodia (323 out of 630), representing 30% of total funding, are not associated with any technical working group. This suggests poor use of existing co-ordination mechanisms by development partners and a need for the government to re- think co-ordination mechanisms for aid and loans to ensure a more comprehensive picture of Cambodia's development finance.

Sources: Interviews held in Cambodia; GoC (2014), "Development Co-operation and Partnerships Strategy 2014-18", Cambodia Board for Reconstruction and Development, Government of Cambodia, Phnom Penh; GoC (2013b), "Partnership and Dialogue Arrangements for Promoting Development Effectiveness in Cambodia", Cambodia Board for Reconstruction and Development, Government of Cambodia, Phnom Penh; OECD/UNDP (2016), "Cambodia: monitoring profile October 2016" in Making Development Co-operation More Effective: 2016 Progress Report, OECD Publishing, Paris.

Korea's increasingly fragmented efforts and complex procedures hamper flexibility in the field

In terms of Korea's internal (whole-of-government) co-ordination efforts, fragmentation within the grant component of Korea's support remains an ongoing challenge for Cambodia, and is reducing the effectiveness of its development. While the Committee for International Development Cooperation (CIDC) has taken on a stronger co-ordination role in Seoul, a number of implementing agencies – for example the Korea Development Institute, the Korean Directorate General for Education and Ministry of Agriculture – deliver projects directly to their Cambodian partners with limited and often no

involvement of the embassy or KOICA. In discussions during the review team's mission to Cambodia, a wide range of Korea's development partners noted that creating a single window for grant aid and aligning systems and processes could increase effectiveness and improve communication for all stakeholders (Chapters 4 and 5).

On the positive side, the review team found that the Cambodian KEXIM and KOICA offices were following systems, processes and guidance developed in Seoul and this is increasing the focus on quality. Useful systems include an on-line project management tool open to all partners (Chapter 4). The review team also saw evidence that Korea has made progress on mainstreaming gender equality into project appraisals; this is now being extended to disability and environmental sustainability, although governance issues are not yet incorporated into the programme cycle. In addition, while a number of recent initiatives are linked to climate adaptation and mitigation, the country strategy is not yet underpinned by an assessment of future climate change scenarios for Cambodia in the sectors supported by Korea.

Low investment in human resources is undermining risk management

The review team's mission to Cambodia took place at a time when technical expertise resources in KOICA and KEXIM were stretched, compounded by the loss of KOICA's key technical expertise. This expertise is missed by many stakeholders (see Chapter 4). In addition, the expanding EDCF loans portfolio and stronger engagement at country level are not reflected in current staffing levels. The embassy currently has only one full-time staff member, a career diplomat, covering various aspects of development co-operation, including loans. The Embassy team is complemented by two EDCF field officers (one Korean and one local project staff member) and KOICA's in-country team (4 from KOICA HQ, 19 local staff and 6 interns), who manage the country programme and are also responsible for co-ordinating the formulation of Korea's country strategy. While links between headquarters and the field are good and supported by comprehensive project management systems, resources for project design, implementation and reporting are stretched, potentially leading to increased risks.

As such, it would be useful for Korea to conduct a cost-benefit analysis of the current approach to staffing, and to look at how it might bridge current gaps in technical capacity, and draw more on local expertise to improve the quality of development programming and reporting. While Korea is making increased use of its highly competent locally-engaged staff, further incentives for career and training opportunities would increase their ability to contribute to the quality of the programming, including in overcoming cultural divides and helping to navigate a challenging operating environment. In addition, while translation has increased, many documents and training opportunities are only available in Korean, presenting challenges for Cambodian staff. In the context of an expanding aid programme for Cambodia, Korea's field team will need to become more effective in how it operates and delivers aid in order to absorb large allocation increases and/or expand human resources. For example, a large part of KOICA's field team resources appear to be consumed by managing its volunteer programme (34% of its budget in 2017, up from 16% in 2011).

Since 2009, KOICA has proactively made use of feedback from evaluation results. This is in line with its guidelines (Chapter 6), which stipulate that implementing agencies must create a plan to incorporate evaluation results into future activities. Korea could also manage its ODA more efficiently by supporting fewer but much larger programmes, and by engaging more in partnerships with other bilateral and multilateral donors as well as

with NGOs. Korea's move towards a programme-based approach in the Cambodian health sector is an example of an opportunity to improve the scale and effectiveness of Korean ODA within Cambodia, particularly in terms of Korea's ability to address longer-term sustainability challenges in its development co-operation (Chapter 5).

Partnerships, results and accountability

Korea applies the Busan Principles when partnering with government

Korea's development co-operation is highly valued by the Government of Cambodia. Using a range of mechanisms, Korea takes Cambodian government requests for development finance as the starting point for grant and loan project selection. Korea's co-operation is therefore demand-driven and in line with the Busan principles. Furthermore, Korea has increased aid predictability and is preparing for increased volumes of ODA by sharing KOICA and EDCF's three-year growth plans with the Government of Cambodia.

However, once projects have been selected, involvement of the Cambodian Government in managing or evaluating results is limited. Greater involvement in joint-donor approaches, for example by replicating good examples of Korean involvement in programmatic approaches (such as the sector-wide health programme), would help Korea to better implement the Busan principles throughout its development co-operation efforts. Participation in technical working groups, the setting of joint monitoring indicators and the joint portfolio reviews of major donors overseen by Cambodia's Ministry of Economy and Finance and/or Council for Development of Cambodia are all government-led processes to promote greater engagement in evaluating the results and impacts of development-co-operation. In allocating loans, Korea allows for local sub-contracting and joint ventures in its bidding procedures. Nonetheless, all loans to Cambodia are tied, potentially limiting value for money and disadvantaging Cambodian companies in sectors where they can bid, win tenders, and build their capacity. In addition, Korea has not harnessed the full potential of civil society to support its development co-operation objectives in Cambodia and lacks a strategy and systems that would enable it to strengthen partnerships with local or Korean NGOs.

Overall, without ensuring government plans have been subject to broader multi-stakeholder consultation, Korea risks supporting projects within the framework of the CPS that give inadequate attention to context, sustainable development results and recurrent costs. Development partners in Cambodia and other countries consistently noted that more contact and dialogue with Korea, both within and outside of formal co-ordination structures, would be welcome. Finally, considering entrenched governance challenges – including corruption – in Cambodia, Korea needs to strengthen guidance on managing these issues. In this respect, Korea could learn from other development partners present in the country, as well as from GOVNET (the OECD-DAC network on governance), on effective ways in which donors can tackle corruption.

Results focus on Korea's contributions in a well-defined framework

Since the 2012 peer review, Korea has taken a range of positive steps to improve its management for results in Cambodia. These include: (1) introducing a comprehensive project management information system that can also be used by implementing partners; and (2) introducing mandatory baseline surveys and ex-post evaluations. Guidance on results management sets out the results framework and the results chain that links each

key activity to outputs, outcomes and impacts. Mid-term reviews and end-of-project evaluations take place regularly. However, capacity for regular monitoring throughout the programme cycle is currently limited, even though such monitoring is critical for adjusting any parameters and programming. In general, results-based management is focused at the level of each project and there is no aggregation by country or theme (see Chapter 6).

The impressive scale of Korea's bilateral and economic partnership with Cambodia offers potential for greater attention on monitoring results and measuring impact. In order to communicate the full scale of the partnership with Cambodia and provide a clear framework for decision making on development co-operation, Korea's strategy for Cambodia could benefit from defining and articulating Korea's commitment to a results framework that is anchored in the Sustainable Development Goals and that reflects Korea's efforts to improve the lives of the poorest and most vulnerable. In doing so, Korea could also consider how to increase the involvement of Cambodian government officials and other stakeholders in the project or programme evaluations it commissions.

Notes

[1] Recent shocks include the 2015 drought, serious health events and sudden unemployment. These are exacerbated by limited social protection, high levels of informal employment and low levels of education and skills.

[2] The World Economic Forum ranks Cambodia 100 out of 130 countries in terms of human capital development in its 2017 Global Human Capital Report –see www.weforum.org/reports/the-global-human-capital-report-2017. It is ranked 143 out of 188 on the United Nations (UN) Human Development Index 2016 – see http://hdr.undp.org/en/2016-report.

[3] Cambodia's former Prince Norodom Sihanouk had a close relationship with the Democratic People's Republic of Korea from 1961 through to his abdication in 2004.

[4] ODA disbursements fell from USD 970 million in 2014 to USD 830 million in 2015, marking the first decrease since 2004, while new commitments made by donors dropped from USD 1.47 billion to USD 1.171 billion (OECD International Development Statistics, Volume 2016 Issue 2, http://dx.doi.org/10.1787/dev-v2016-2-en). However, these figures exclude China, one of Cambodia's most significant donors. According to Cambodia's own ODA data China is now the largest provider of foreign assistance (ODA-like assistance), disbursing almost USD 5 billion between 2010 and 2015.

[5] For further analysis of South Korea's investment activities in Cambodia, see Heng (2012).

[6] The total number of official Cambodian workers in South Korea, as of May 2017, is 44 714 (30 264 men/14 450 women). Key sectors in Korea that employ Cambodian workers are manufacturing (19 299 workers), agriculture/livestock (9 896), construction (2 678), fishing/aquaculture and services (OIM data).

[7] For further information, see NHRCK (2013) and IOM (2016).

[8] For further information see the Global Forum on Migration and Development: https://gfmd.org/pfp/ppd/1689.

[9] The four strategic objectives of the Cambodia's Rectangular Strategy Phase III are: (1) economic growth of at least 7% a year that is sustainable, inclusive, equitable and resilient to shocks; (2) promoting employment, especially for the youth, through increased competitiveness and investment; (3) promoting equality by a 1% reduction in poverty incidence annually, prioritising

human resources development and sustainably managing natural resources; (4) promoting efficiency by strengthening institutional capacity and governance and improving public services.

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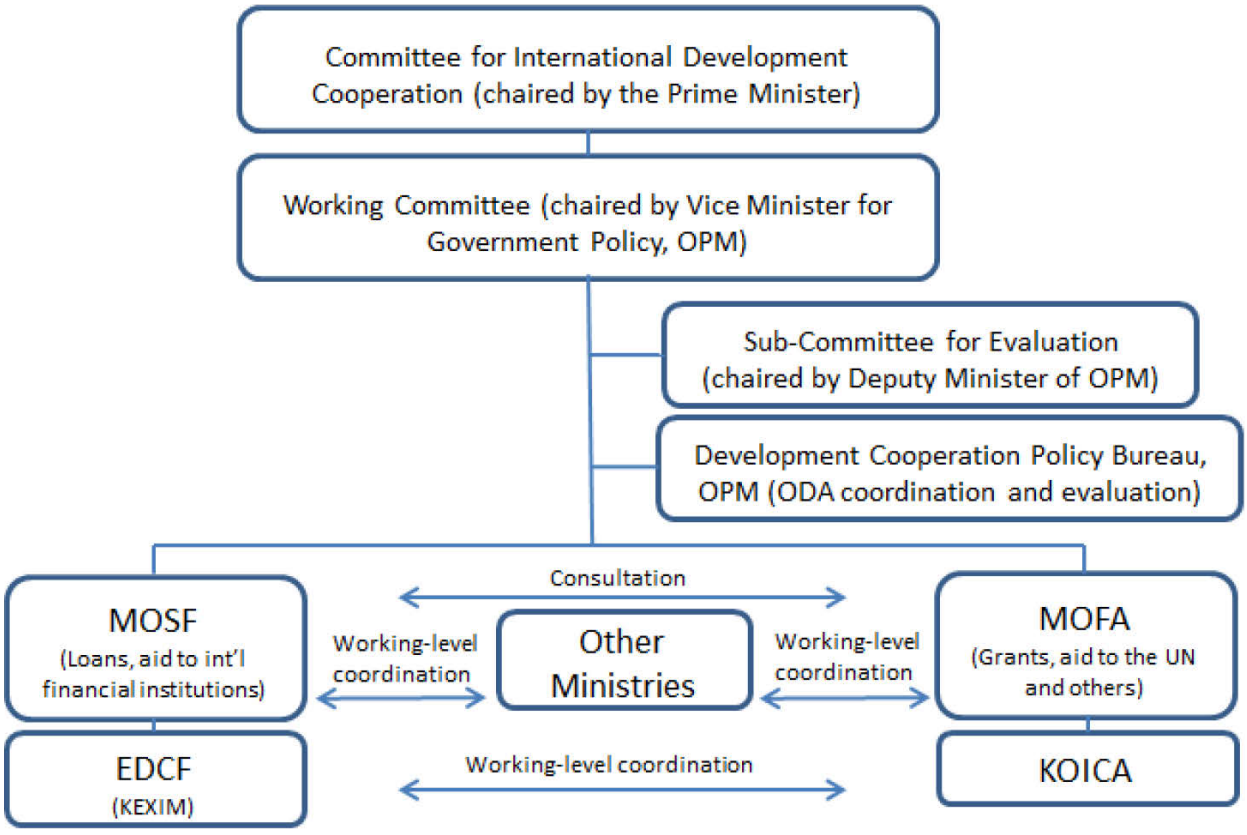
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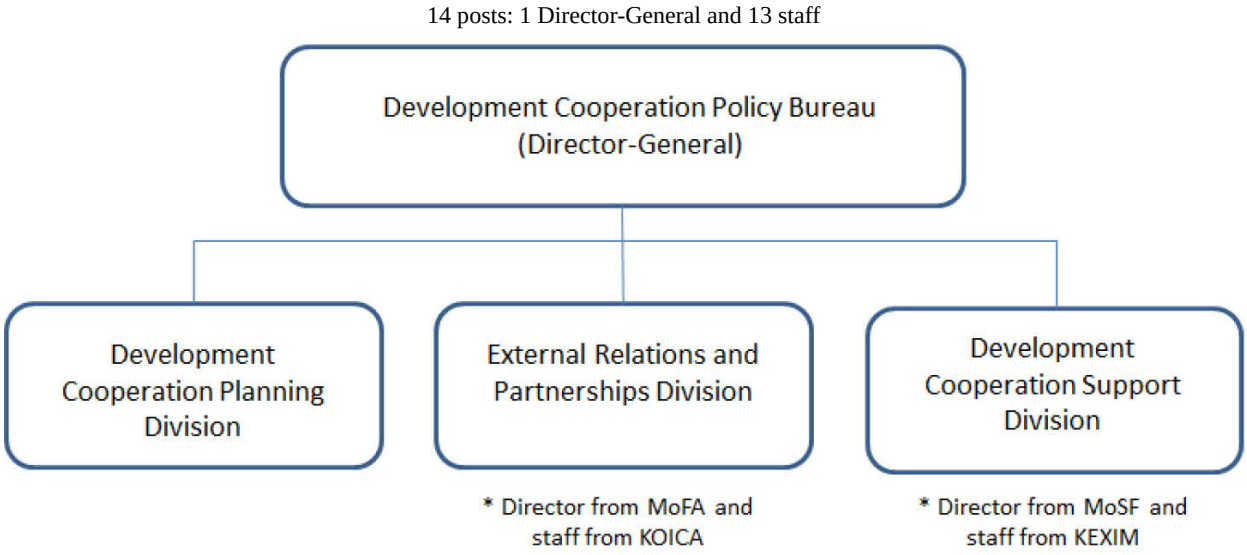
Annex D. Organisational charts

Figure D.1. Korea's development co-operation architecture



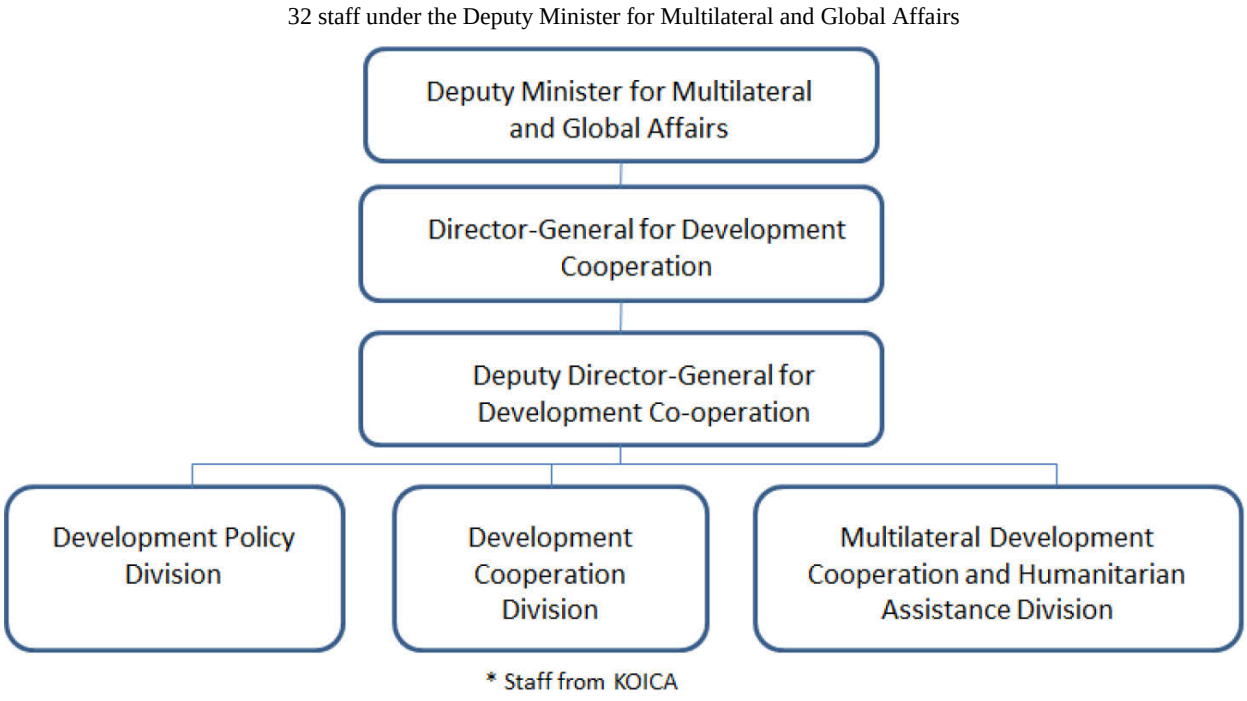
Source: GoK (2017), Memorandum of Korea, OECD DAC Peer Review 2017, Government of Korea, Seoul (unpublished).

Figure D.2. Organisational chart of the Prime Minister's Office (OPM)



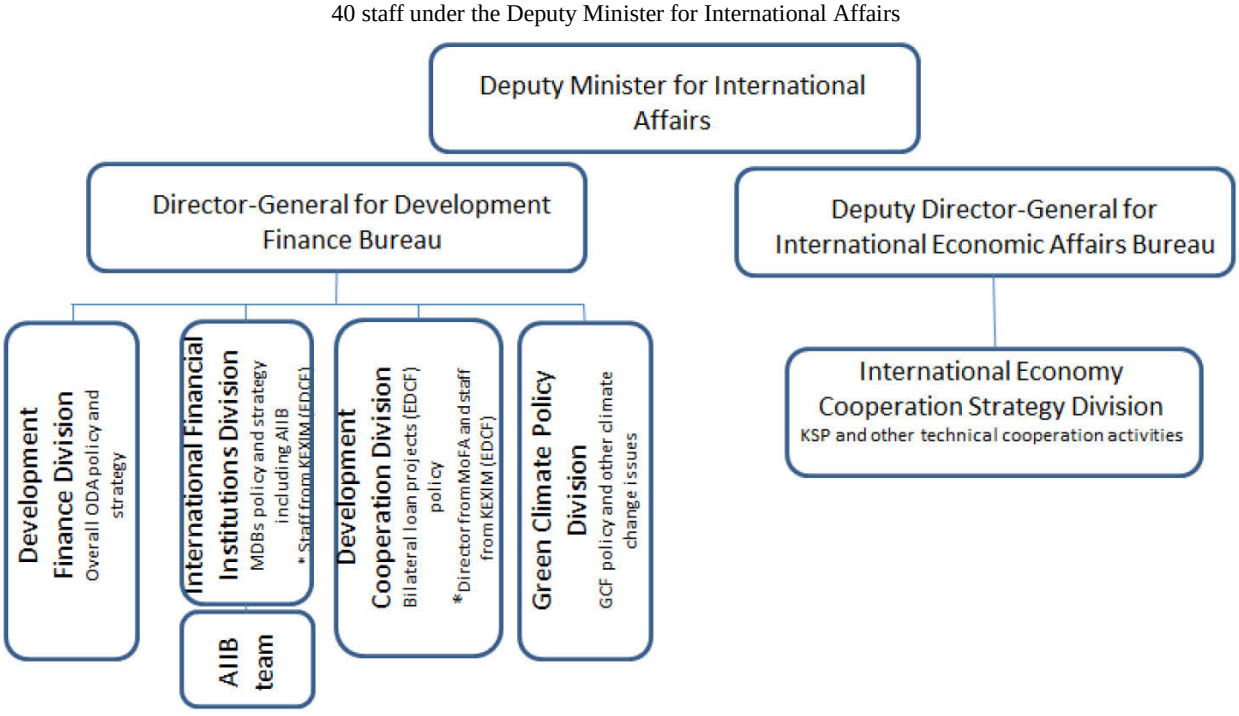
Source: GoK update provided by email October 2017 (unpublished).

Figure D.3. Organisational chart of the Ministry of Foreign Affairs (MoFA)



Source: GoK update provided by email October 2017 (unpublished).

Figure D.4. Organisational chart of the Ministry of Strategy and Finance (MoSF)



Source: GoK update provided by email October 2017 (unpublished).

Figure D.5. Organisational chart of the Economic Development Cooperation Fund (EDCF) Group

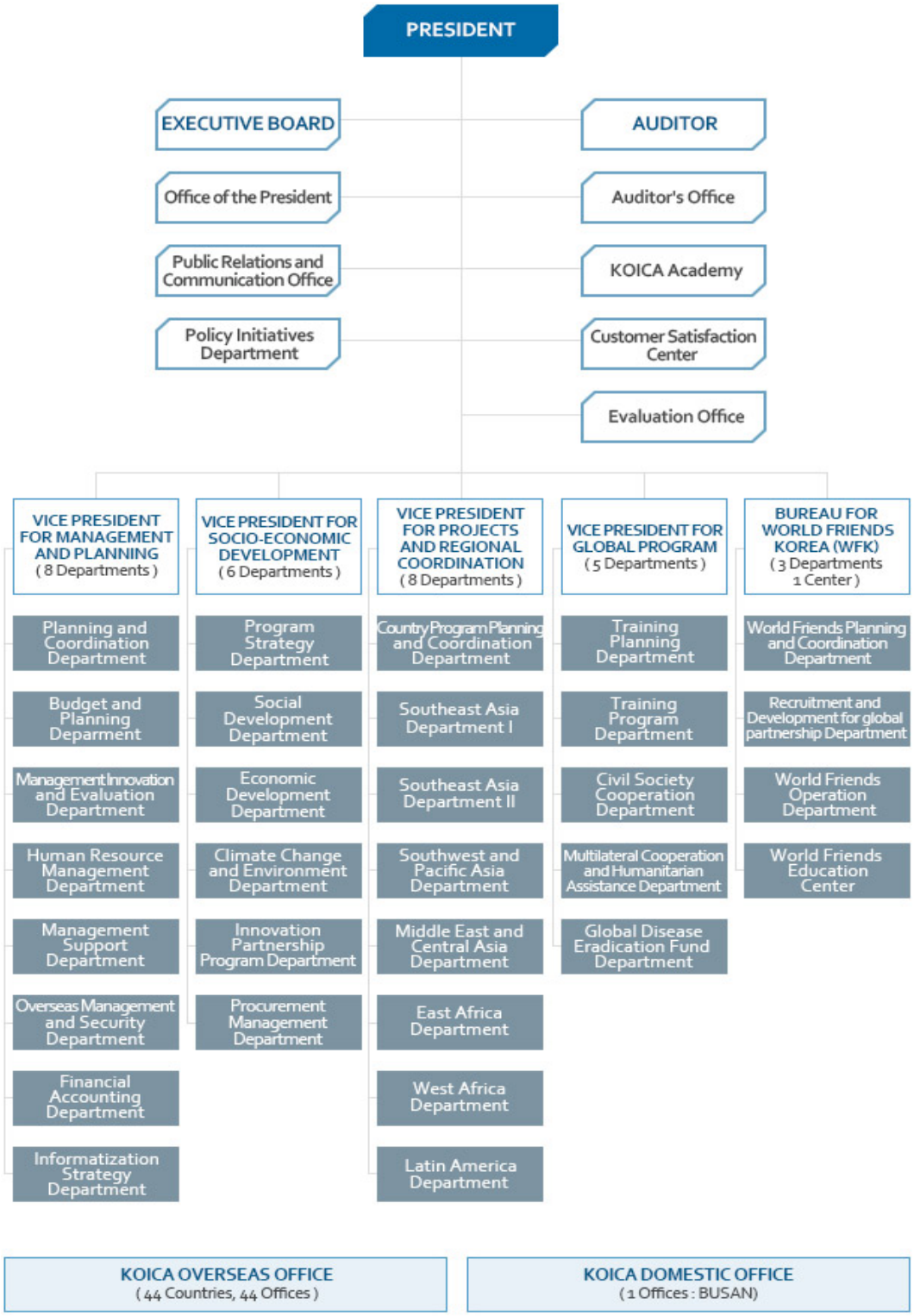
106 posts: 1 Executive Director, 85 staff, 20 sectoral specialists and technicians (in areas such as evaluation and procurement).



Source: GoK (2017), Memorandum of Korea, OECD DAC Peer Review 2017, Government of Korea, Seoul (unpublished).

Figure D.6. Organisational chart of the Korea International Cooperation Agency (KOICA)

345 posts: 258 at headquarters; 87 in field offices



1. Staff from KEXIM at Country Program Planning and Coordination Department.
Source: GoK update provided by email October 2017, (unpublished).

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

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KOREA

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Consult this publication on line at ***http://dx.doi.org/10.1787/9789264288829-en***.

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