

Engagement with Emerging Donors amid Changing Development Landscape: Analysis and Implications for Korea

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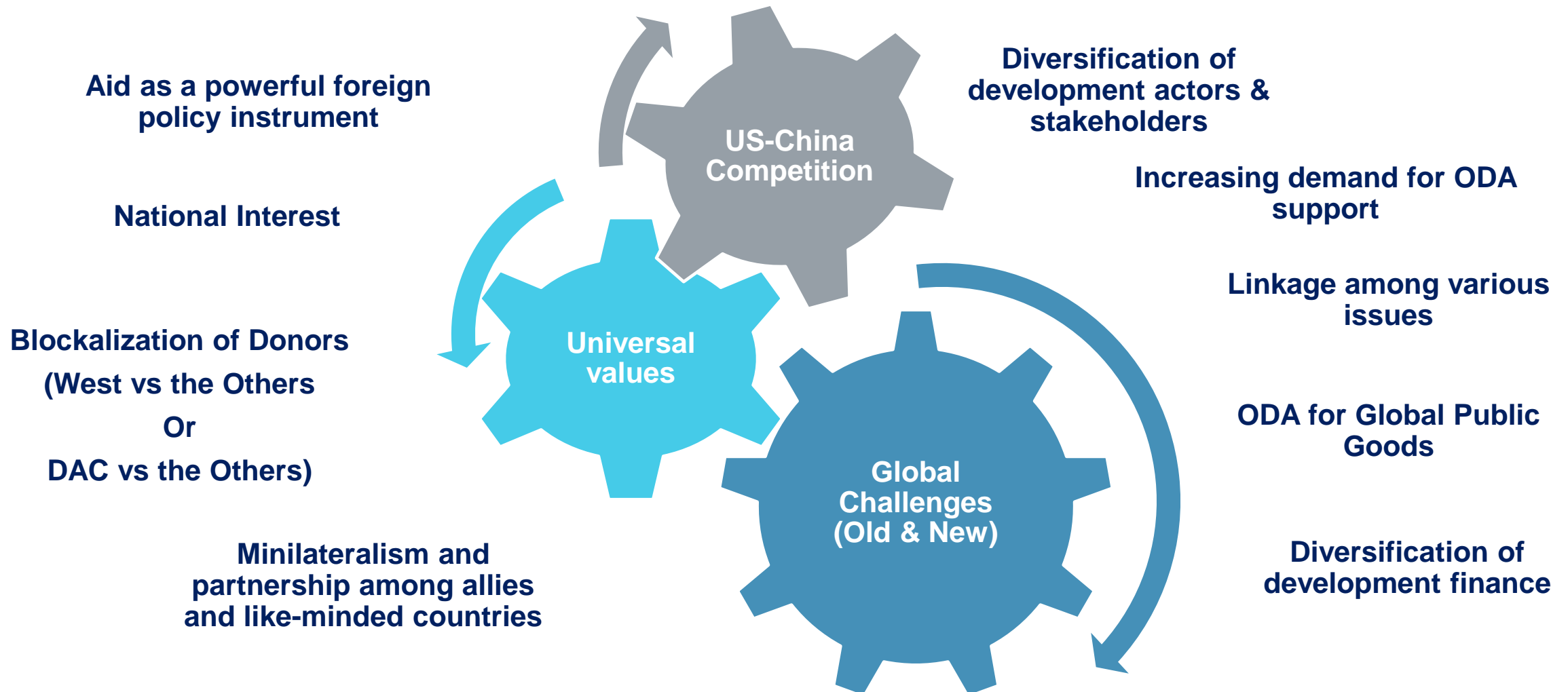
(KOREA NATIONAL DIPLOMATIC ACADEMY)

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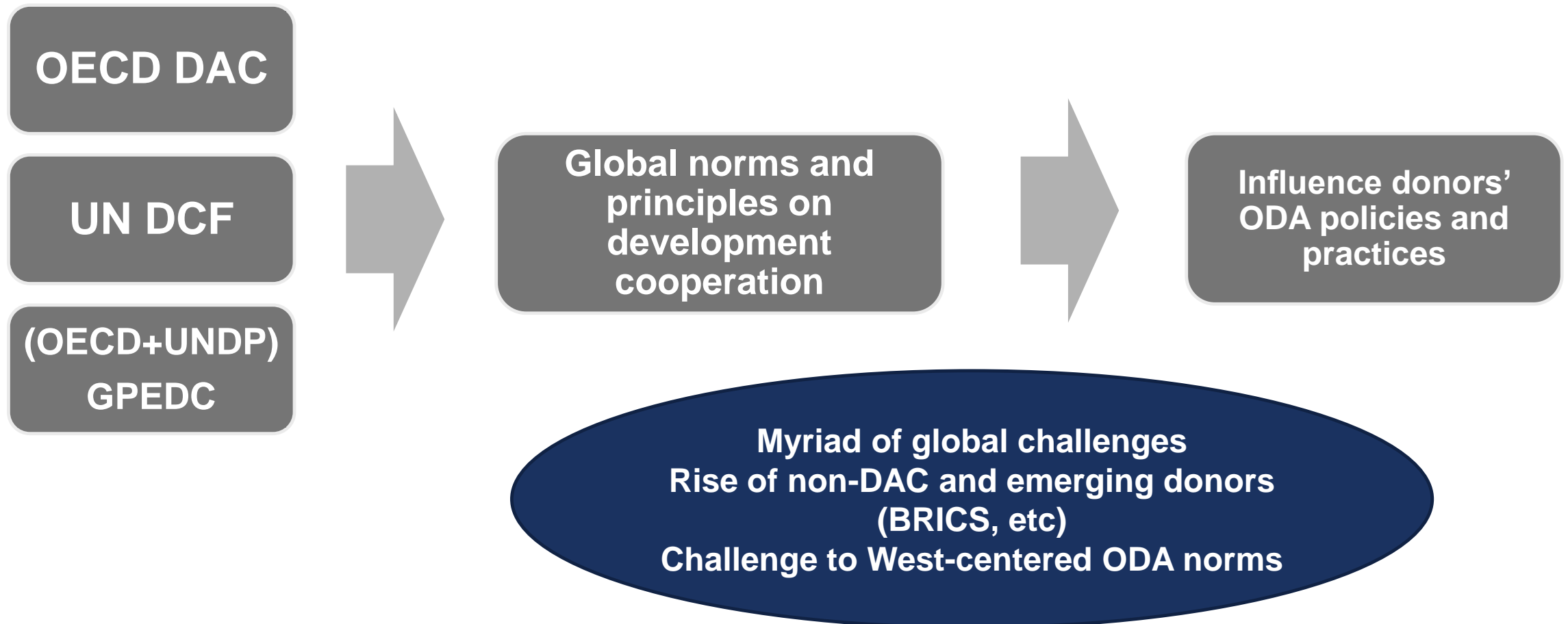
TABLE OF CONTENTS

- Changing International Development Landscape
- Non-DAC Donors' Aid Trend
- Quick Look at Indonesia and Mexico
- Policy Implications for Korea

CHANGING LANDSCAPE



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BRICS will welcome new members, to better represent voices of emerging market economies: experts

By GT staff reporters

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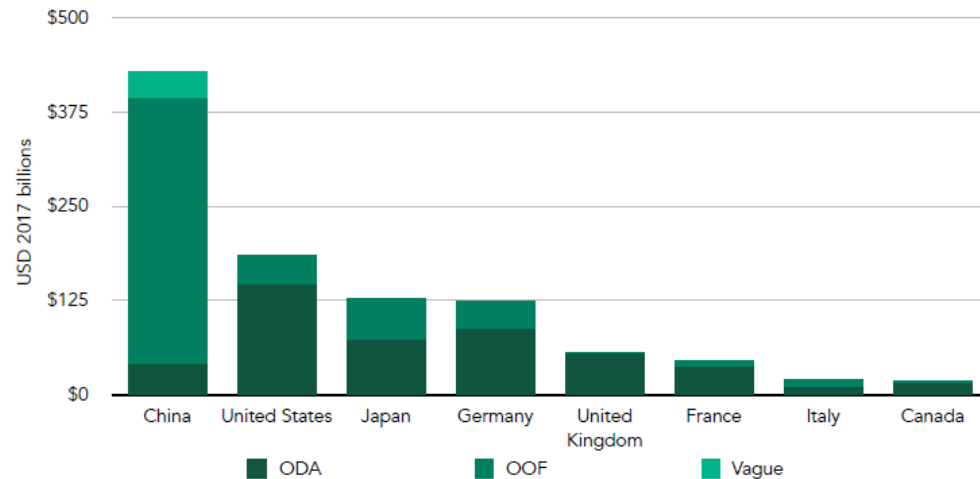
President Xi chairs High-level Dialogue on Global Development, vowing continued support to 2030 Agenda

Source : Xinhuanet Editor : Wang Xinjuan 2022-06-25 15:13:40

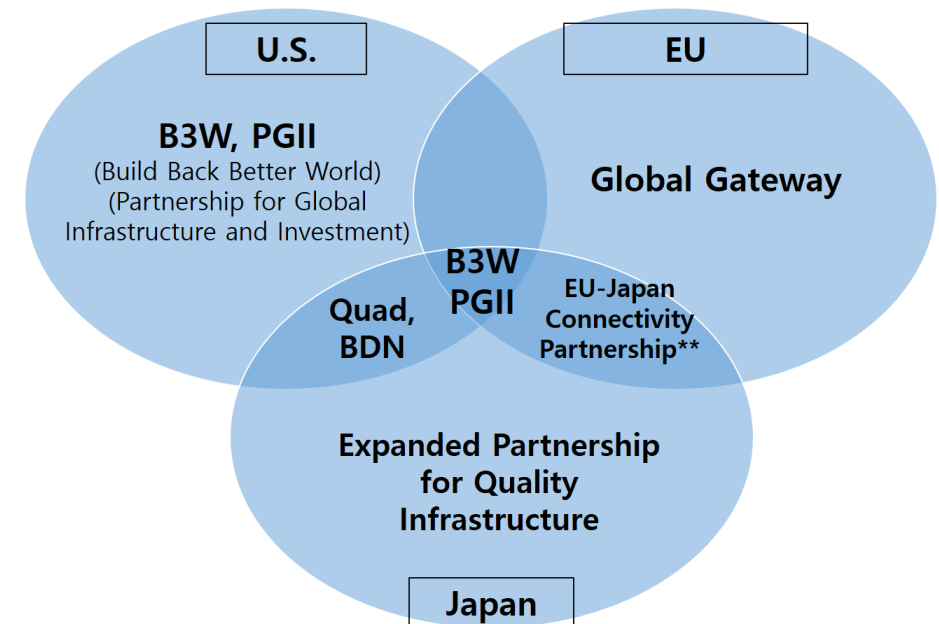
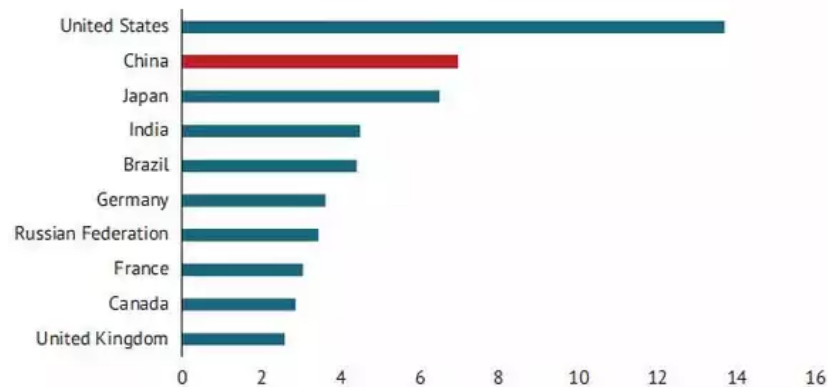
New Development Bank updates: NDB enters 2022 in expansion mode USA - English

Development bank established by BRICS approved the admission of Bangladesh, Egypt, UAE and Uruguay

Figure 2: International development finance from China and the G7, 2013-2017



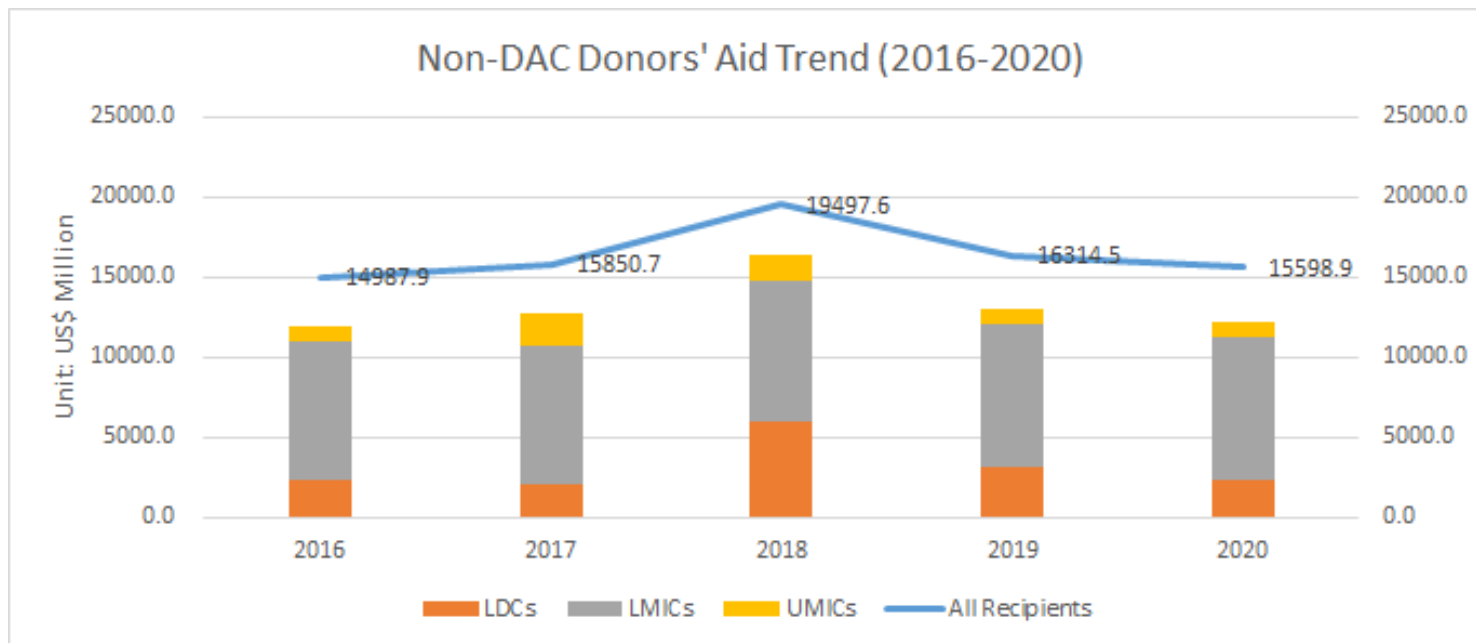
Aggregate voting power in multilateral financial institutions with Chinese participation*



NON-DAC/EMERGING DONORS

- Achieving the SDGs by 2030
 - Development finance: 14% of total development finance from non-DAC members (2019)
 - Global public goods, regional development, innovative solutions, etc
- Knowledge and experience sharing
 - Mutual learning, aid harmonization
 - Horizontal partnership, dialogue, networking, etc
- Developing common language
 - Developing norms and standards on development cooperation together
 - Becoming members of the group (DAC)

NON-DAC/EMERGING DONORS' AID



- Important financial contribution
- Key donors to dominate most development finance (e.g. Arab donors, Turkey, etc)
- Aid to strategic partners/recipients (e.g. neighboring countries, LMICs)
- Combination of different motivations (e.g. political, commercial, humanitarian, etc)
- Not all that different from DAC donors

DAC DONORS' APPROACH

- Appetite from the OECD DAC to engage with emerging donors
 - (Strategy) 2005's OECD DAC Outreach Strategy, 2011's DAC Global Relations Strategy (regular updates)
 - (Purpose) Reach the SDGs, development finance mobilization, mutual learning and sharing of knowledge, mutual understanding, strengthening transparency, relevance, inclusiveness and impact of DAC's activities
 - (Platforms) △DAC (DAC Participant Policy), △GPEDC, △GPI, etc
 - (Expanding the DAC norms) Encouraging and welcoming non-DAC donors' DAC participation and membership application

- Outreach activities
 - Policy dialogues, development cooperation data, policies and activities analysis
 - DAC norms and guideline development (e.g. Indonesia – blended finance, Mexico/LAC – SSC/TrC)
 - Research and analysis based on data and evidence, policy dialogue and advocacy support

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DAC DONORS' APPROACH

- Engaging with emerging donors for triangular cooperation
 - (As of Oct 2022) Total of 921 projects (676 reported to the DAC, 245 others)

Country	Report	Participate	Country	Report	Participate	Country	Report	Participate
Australia	4	14	Austria	4	8	Canada	23	34
Denmark	1	6	France	2	14	Germany	74	148
Italy	4	18	Japan	18	98	Korea	8	27
Netherlands	1	10	Norway	111	116	Spain	41	88
Switzerland	19	29	UK	12	42	US	7	83

- Characteristics (based on 2018 DAC info)
 - 758 Triangular cooperation projects
 - Latin America (49%, 373 projects) > Africa(16%) > Asia-Pacific(12%) > MENA(3%)
 - 30% of triangular cooperation projects to be on government and civil society sector
 - Average Triangular cooperation project size to be around \$1.7 million (Korea: 3 out of 8 to be over \$1 mil, but share project budget)

DAC DONORS' APPROACH

- Some DAC donors to specify its partnership with emerging donors
 - (Germany) BMZ 2030 Reform Strategy: B(R)ICS, Mexico, Indonesia, Peru, Vietnam as global partners
 - (Japan) Partnership with various pivotal states (agreements with 12 countries: 4 in Asia, 4 in Latin America, 4 in MENA, including Indonesia and Mexico)
 - (Spain) Focus on Latin America and partnership with the countries in the region
- Korea's approach to emerging/non-DAC donors
 - (Incumbent government) Promote triangular cooperation with emerging donors, especially MIKTA
 - (3rd mid-term strategy for ODA, 2021-2025) Strengthen cooperation with emerging donors (e.g. BRICs), promote and expand triangular cooperation with regional pivotal states (middle income countries) such as Mexico (Latin America), Indonesia (Asia), Türkiye (Africa/Middle East)
 - All for the purpose of enhancing development effectiveness

INDONESIA

Norms	Triangular Cooperation	Others
<ul style="list-style-type: none"> • Take a leading role in establishing global norms on blended finance <ul style="list-style-type: none"> : Publish OECD DAC blended finance principles : Tri Hita Karana Roadmap for Blended Finance : Reflect its own experience with blended finance : Promote linkage between its OECD and G20 activities 	<ul style="list-style-type: none"> • Member of the GPI on Effective Triangular Cooperation • Have implemented triangular cooperation projects with the OECD DAC members <ul style="list-style-type: none"> : Korea, Germany, Japan, US, etc : Have expressed its intention to strengthen triangular cooperation with Australia in the Indo-Pacific region 	<ul style="list-style-type: none"> • Key Partners of the OECD • Founding co-chair of the GPEDC • G20 Member • ASEAN member • Participate in International TOSSD TF

INDONESIA

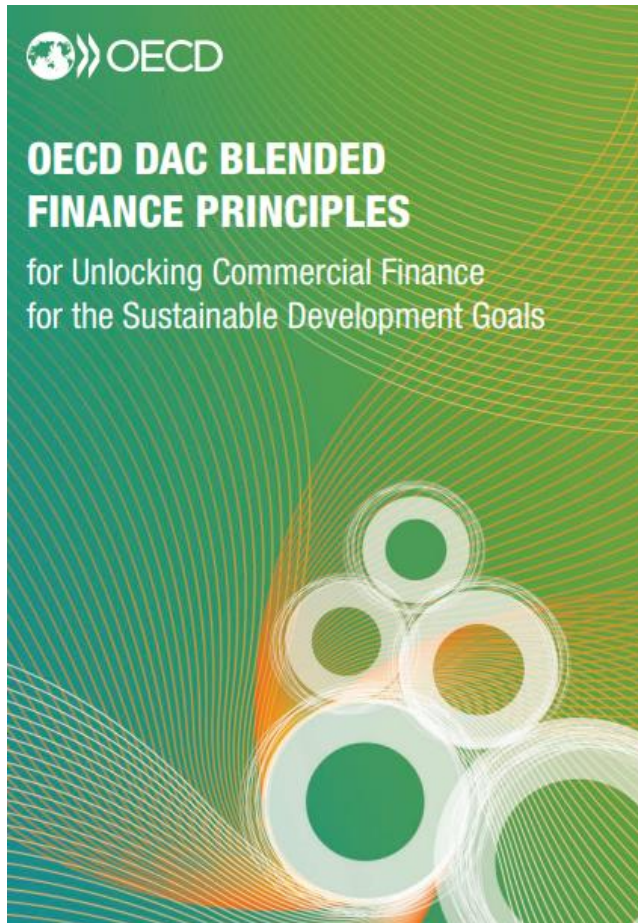


Figure 2.1. Indonesia's contribution to international development co-operation, 2016-19



Source: Government of Indonesia (2021^[17]; 2019^[18])

MEXICO

Agenda	Triangular Cooperation	Others
<ul style="list-style-type: none"> • Play a leading role in the global discussions on South-South and Triangular Cooperation <ul style="list-style-type: none"> : Participant of the action area on SSC and TrC in GPEDC's 2020-22 Work Plan : Lead the Global Partnership Monitoring Framework improvement initiative : Partnership with UNDP, GPEDC in advancing the agenda 	<ul style="list-style-type: none"> • Core member of the GPI on Effective Triangular Cooperation • Have implemented triangular cooperation projects with the OECD DAC members <ul style="list-style-type: none"> : Korea, Germany, Japan, US, UK, etc : Agriculture, environment, public policy, health, energy, etc 	<ul style="list-style-type: none"> • Host the Monterrey Conference on development finance (2002) • Hold the 1st HLM of GPEDC (2014) • Founding member of the GPI on Effective Triangular Cooperation • Participate in the 3rd DAC-LAC Dialogue on development cooperation • Participate in International TOSSD TF

POLICY RECOMMENDATIONS FOR KOREA

- Discuss and understand Korea's role and purpose of engaging with non-DAC/emerging donors
 - ✓ Leading a global agenda discussion, sharing DAC norms, mobilizing development finance, expanding network
 - ✓ Focus on specific region or differentiated approach by region (e.g. Indo-Pacific, Latin America?)
 - ✓ Understand our role and contribution as a facilitator, perhaps not pivotal state
 - ✓ Targeted approach by pivotal state and recipients

- Engagement with non-DAC donors based on DAC guidelines and principles
 - ✓ Partner/recipient country-based partnership (ownership), horizontal partnership with pivotal state
 - ✓ Reflect DAC principles such as transparency, gender, LNOB, etc

- Capacity building on Triangular Cooperation & multi-donor partnership
 - ✓ Accumulate experience and capacity on such partnership
 - ✓ Discover exemplary cases and scale-up based on such experiences
 - ✓ Diagnose, examine and build Korea's coordination capacity

THANK YOU