

Aiming for the top ten: Korea's aid

by Cameron Hill

1 June 2023

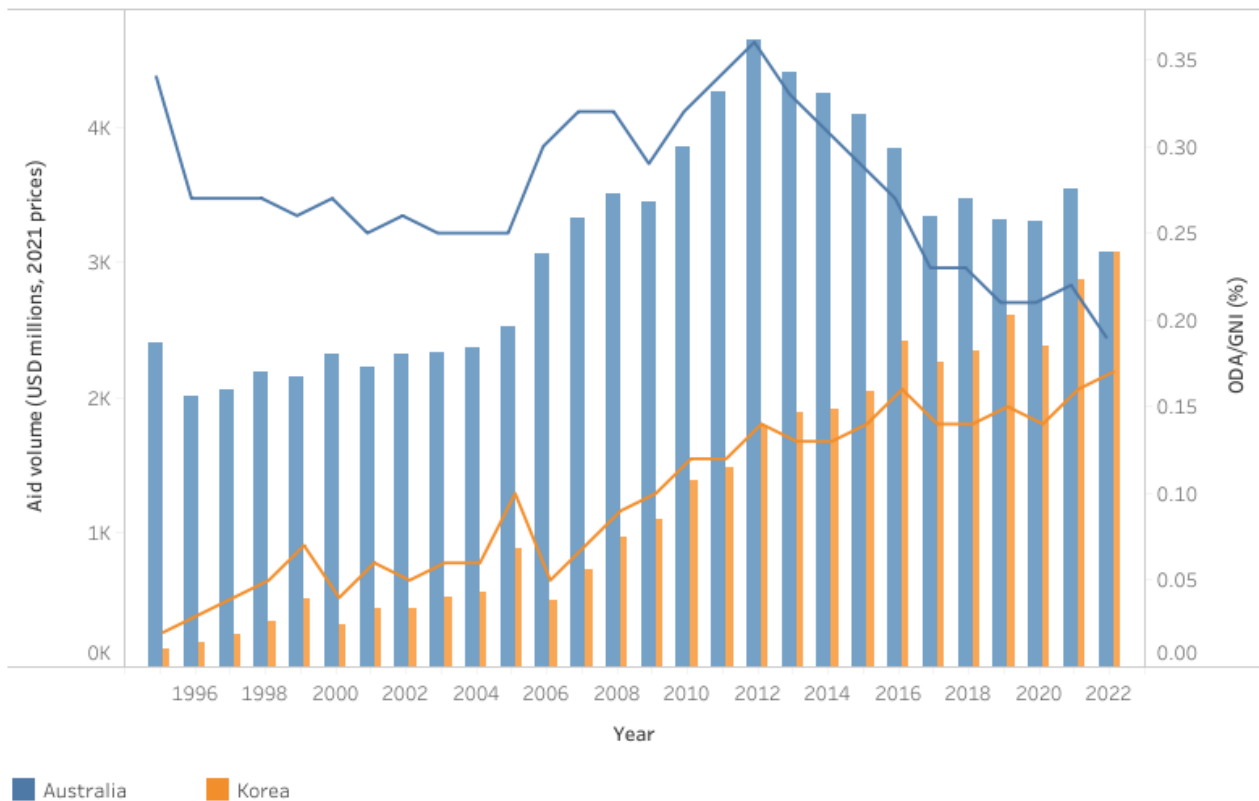


Photo Credit: *Korea International Cooperation Agency Philippines/KOICA/Facebook*

Not content with its status as a global soft-power juggernaut and with joining the club of advanced rich countries from the ranks of developing economies in the space of just a few decades, the Republic of Korea is also aspiring to move up the international aid ranks. Its **new Indo-Pacific Strategy**, published last December, states that Korea will increase its official development assistance (ODA, “aid”) in volume terms to reach “world’s top ten levels”. In 2022, Korea ranked 16 out of 30 OECD Development Assistance Committee (DAC) country members on **aid volume**. Reaching the top ten in this ranking would mean, in today’s terms, an annual aid program worth US\$5.2 billion or more.

While the strategy doesn’t attach a date to this goal, Korea has significantly increased its aid volume over the last decade. Since joining the DAC in 2010, Korea’s aid has, in real terms, more than doubled, rising from just under USD1.4 billion to just over USD3 billion in 2022 (Figure 1). In 2023, **Korea’s aid budget will rise** to an estimated USD3.7 billion. Its aid generosity (ODA as a proportion of gross national income, GNI) has grown more modestly – Korea remains **one of only three donors that ranked behind Australia** on this measure in 2022. But ODA-GNI has increased, rising from 0.12% in 2010 to 0.17% in 2022. Australia’s ODA-GNI fell from 0.32% to 0.19% over this period. Korea has previously had an ODA-GNI target of **0.3% by 2030** and it failed to meet its two previous targets – **0.25% by 2015** and **0.2% by 2020**. Nevertheless, with **Australia’s flat-lining real ODA and decreasing aid generosity** over the next 14 years, if Korea were to continue on its trajectory it would likely overtake Australia on this measure within the next five years.

Figure 1: Australia and Korea aid volume and ODA-GNI, 1995-2022



Source: [OECD DAC Creditor Reporting System](#). Figures from 2017 onwards are on a grant equivalent basis

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In terms of the composition of its ODA, Korea provides a substantial portion of its aid in the form of concessional loans. In 2022, **sovereign lending comprised almost a third of Korea's ODA**. These loans are overseen by the country's Ministry of Economy and Finance and are delivered through the **Export-Import Bank of Korea**. This aid is usually tied to the procurement of Korean firms. Grants, technical assistance and multilateral aid is **overseen by the Ministry of Foreign Affairs** and delivered mainly through the Korea International Cooperation Agency (KOICA). Overall policy coordination is **overseen by a Committee for International Development**. This committee is chaired by the Prime Minister, produces Korea's five-yearly medium-term development cooperation strategies (**current, 2021-25**), and is supported by an **expert evaluation committee**.

As is the case with Australia, much of Korea's aid is focused on its region. In line with its broader economic and diplomatic objectives, Korea's aid efforts have traditionally had a strong focus on Southeast and South Asia. It is a much smaller donor to Pacific Island countries than Australia (Figure 2). In 2021, **aid to the Pacific represented less than 1%** of Korea's total aid.

Figure 2: Australia and Korea ODA (grant equivalent, USD millions) to the top ten Australian ODA recipients, 2021

Australia Korea

PNG



Indonesia



Fiji



Solomon Islands



Timor-Leste



Bangladesh



Vanuatu



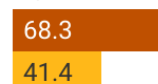
Vietnam



Cambodia



Myanmar



Source: OECD DAC Creditor Reporting System • Created with Datawrapper

However, like its DAC peers and non-DAC donors such as China and India, Korea is looking to increase its development engagement with the Pacific. At this week's inaugural Korea-Pacific summit [Seoul pledged to double aid to this region](#) by 2027, albeit from a very low base. Korea is also aiming to increase engagement with East Africa as part of the new Indo-Pacific Strategy. Ethiopia and Tanzania were both among [Korea's top ten aid recipients in 2021](#).

Aid plays a much smaller role when it comes to Korea's more proximate and longstanding strategic challenge, North Korea. While there have been one-off aid packages in response to food crises, the failure to secure an international deal to curb North Korea's nuclear and missile programs saw Korea's ODA to its isolated northern neighbour drop dramatically after 2007. Aid has been [small and sporadic](#) ever since, and is [currently limited to](#) small private humanitarian donations by non-government groups which are subject to government authorisation.

Like its East Asian counterpart, Japan, Korea's aid has a strong focus on economic infrastructure –[accounting for a quarter of its aid in 2021](#), compared to less than 9% of Australia's. Korea is also an important health donor: according to the DAC, in 2020 Korea had the [highest share of bilateral ODA](#) for the health sector among all DAC members. Korea's 2023 aid budget [includes more funding for health and global partnerships](#) as part of a focus on infectious disease response.

The Indo-Pacific strategy also flags a stronger focus on climate change. In 2021, Korea spent [35% of its bilateral aid on climate change](#), well above the donor average of 24%. Much of this funding is for infrastructure. Korea is currently the [ninth largest contributor to the Green Climate Fund](#), which is [headquartered in Incheon City](#).

By contrast, apart from a passing reference to the “rights of women, children, persons with a disability and other marginalised groups”, gender equality is largely absent from [Korea's Indo-Pacific strategy](#). In 2021, 23% of Korea's bilateral ODA was reported as gender-focused, or on projects related to gender equality, [well below the DAC average](#) of 41%. There are concerns from development advocates that President's Yoon Seok-young's “anti-feminist” political manifesto could see a further [de-prioritisation of gender equality](#) in Korea's aid.

In terms of aid effectiveness, a [2021 DAC mid-term review](#) welcomed improvements in Korea's institutional framework for policy coherence, its commitment to the Sustainable Development Goals, and its adoption of a new civil society strategy. The review recommended more ambitious ODA funding targets, greater dialogue at the country level on development priorities, and action to further promote the benefits of untied aid. Korea ranks well ahead of Australia on aid transparency,

according to [Publish What You Fund's](#) latest ranking.

In 2009, the former AusAID [signed an MOU with KOICA](#) focused on “us[ing] their collective reach and influence to contribute to global development challenges” and “practical and effective collaborative efforts to promote efficiency and effectiveness in aid delivery”. And development cooperation is referenced in the bilateral [2021 Comprehensive Strategic Partnership between Australia and Korea](#). Given Seoul's growing engagement in an increasingly crowded Pacific and the [particular challenges associated with aid performance](#) in this part of the world, renewed collaboration around the development effectiveness agenda would represent a practical and tangible area for advancing cooperation.

Disclosures:

This research was undertaken with the support of the Bill & Melinda Gates Foundation. The views are those of the author only.

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