

Executive Summary

I . Introduction

The Republic of Korea (henceforth, Korea) has received international acclaim for its successful transformation from a country suffering from extreme poverty to a donor country of official development assistance (ODA) with its rapid economic and social development. We find that it is critical for Korea to develop policies and programs on ODA that are commensurate with its global reputation, but also that are in line with global norms and standards. In particular, it is important that Korea develops its clear vision, policies and practices on ODA that are shared by all the stakeholders of the ODA community in Korea.

Urde (2003) has argued that establishing and sharing a set of core values are very important for an organization to identify its role, responsibility (identity), sustainability, and mid- to long-term performance. Core values provide the goals and direction for the organization, and become the value system that unites diverse members of the organization through common management, principles of action, and motivation (Kunde 2002). These core values are all the more important when the members may have diverse interests and different practices. Recognizing the diversity that already exists in the Korean ODA system, we recommend that a set of core values and principles should be shared by various stakeholders in the Korean ODA community. In the short term, a shared set of core values and principles would allow the ODA community to consolidate its solidarity and political momentum. In the long run, it will allow the ODA community to pursue sustainability in its policies and programs, improve the effectiveness of its ODA, and to garner greater support from the people. In Korea where there has been concerns and criticism that the

ODA community is fragmented, it is even more critical to have a set of shared core values and principles for its policies, and as well as shared guidelines for the actual implementation of policies.

Thus, this research aims to provide recommendations for the core values, philosophy and principles as well as implementation strategies for policies of Korea's ODA that should be shared by ministries, local governments, implementation agencies, NGOs and other relevant organizations. We hope that this report will contribute toward a mutually reinforcing and productive discussion within the ODA community in Korea to move forward with one core vision, values and practices.

This research is composed of three stages: (1) Case study of OECD DAC member countries' philosophy, principles and implementation of ODA; (2) Analysis of Korea's philosophical and legal basis of its development cooperation; and (3) Policy recommendation for the principles and future direction of Korea's ODA, which are in line with global norms and standards and changing global environment. Literature review and structured as well as in-depth interviews with ODA experts and personnel from various government ministries, implementation agencies, academia and civil society were conducted for this research. Our research aimed to find a common ground that is already shared implicitly among various stakeholders of the Korean ODA community, rather than to suggest a completely new set of values and principles that may be owned by only a sub-set of the community. We believe this will help the Korean ODA community to adopt the recommended core vision, philosophy and principles of implementation without delay, and work further on sharing and internalizing as the next immediate task.

In sum, this research proposes that the core vision, philosophy and principles of Korea's ODA should be "Sustainable Development and Enduring Peace." Its three principles are: (1) harmonious aid that is aligned with global norms and standards; (2) efficient aid based on Korea's experience and specialization; and (3) effective aid that begins from recipient countries. The three pillars

of Korean ODA's strategy are developing institutions, strengthening capability of human resources, and building infrastructure. These three pillars not only reflect Korea's philosophy and principles, but are also based on Korea's specialization and comparative advantage.

II . Core Values and Global Environment for Development Cooperation

1. MDGs as an International Norm for Development Cooperation

The Millennium Development Goals (MDGs) signaled a change in global discourse on poverty and social and economic development cooperation by suggesting that global poverty is the responsibility of the global community. Prior to the 1990s poverty was understood primarily in economic terms, and thus there was widespread belief that providing economic assistance to developing countries would lead to economic growth as well as poverty reduction. In the 1960s–70s there was greater attention on infrastructure, human resource development, and industrial base, while in the 1980s there was a rush for economic liberalization–related programs and support. Since the 1990s, the emphasis has been on institutions and governance, which continues to the present. The MDGs reflects an awareness that development cooperation based primarily on economic modalities of support for poverty reduction was not enough to reduce poverty. There was a shift in understanding about poverty from economic terms to a more comprehensive understanding of poverty that not only includes economic deprivation but also lack of education, health, gender empowerment, and environmental degradation. Another important change reflected in the MDGs was the global partnership – i.e., recognition that the global South's poverty may have its roots in the North and that the world must work together to share the burden of poverty alleviation with clear goals and actions.

Global norms go through a lifecycle of changes: (1) Norm emergence: A norm promoter appears with a conviction that something must be changed. The norm promoter uses existing organizations and norms as a platform from which to proselytize – e.g. UN declarations – framing the issues to reach a broader audience. In this stage, states adopt norms for domestic political reasons. If sufficient number of states adopt the new norm, a “tipping point” is reached, and move to the next stage; 2) Norm cascade: states adopt norms in response to international pressure even if there is no domestic coalition pressing for the adoption of the norm. States do this to enhance global and domestic legitimacy, conformity, and esteem; and 3) Norm internalization: states internalize the new global norms. Through norm internalization over time, states and their constituents practice norms without even recognizing them as norms.

2. SDGs

The international community is working on Sustainable Development Goals (SDGs) as a follow-up to MDGs, which would reach its target year in 2015. While MDGs have focused on poverty reduction of developing countries, SDGs are broadening the focus to environment, applicable to both developing and developed countries. Although there are a few donor countries that have expressed critical concerns about SDGs and even dissented from it, SDGs appear to be a credible candidate to replace MDGs after 2015, leading to a unified UN Development Agenda. The SDGs, which were agreed at the UN Conference on Sustainable Development (Rio+20) in June 2012, are not an abolition of MDGs, but an expansion of its targets and projects. This will allow SDGs to carry over the widespread support and legitimacy that MDGs enjoyed in the past. Furthermore, SDGs were adopted at the Rio+20 where every member country of the UN and a number of NGOs participated and agreed on strengthening UNEP to lead the spread of the SDGs as a new international norm, which responds to the second stage of international norm lifecycle discussed above.

3. OECD DAC

OECD DAC plays the role of norm leader in development cooperation. It leads the process of norm socialization and provides guidelines for behavior, giving legitimacy to the highest norm, which is poverty reduction through MDGs. OECD DAC has led the global discourse on ODA to help expand aid and improve the effectiveness of aid. In particular, OECD DAC recommends the principle of the whole-of-government approach and improvement on aid predictability to enhance the quality of aid. OECD DAC also monitors, evaluates and conducts peer reviews of all OECD DAC members regularly.

4. G20 Development Agenda and Busan Partnership for Effective Development Cooperation

The Korean government spearheaded the effort to include the development agenda for the first time to the G20 Summit Meeting when it hosted the meeting in 2010. As a result, the “Seoul Development Consensus” and “Multi-Year Action Plan on Development” were adopted. They include the six core principles, and direction and principles of development agenda within the G20. The Seoul Development Consensus emphasizes strengthening the capability of developing countries in order to achieve “shared growth.” It was reaffirmed that national ownership was key to successful development.

The Busan High Level Forum on Aid Effectiveness (HLF-4) was held in 2011 in Busan, Korea, to monitor and evaluate the outcomes of the Paris Declaration and the Accra Agenda for Action. The HLF-4 introduced a new inclusive partnership for development cooperation, with the participation of emerging donors and private sector, corporations, foundations, as well as traditional donors. The Busan Partnership for Effective Development Cooperation is founded on the shared principles, common goals and differential commitments for effective international development. It also included diverse subjects such as human rights, decent work, gender equality, environmental sustainability and disability.

III. Analysis of OECD DAC Member Countries: ODA Core Values and Implementation

1. Analysis on OECD DAC Member Countries

All country members of the OECD DAC were analyzed for the following three sets of topics: (1) ODA philosophy, goals, and principles; (2) ODA policies, institutions and implementation patterns; and (3) congruence of ODA implementation vis-à-vis goals and policies. We utilized official documents including reports on national development policies and strategies, diplomatic white papers, laws, and OECD DAC peer reviews for this research.

A nation's goals and strategies of aid reflect its role in the global community, diplomatic environment, history and domestic values as well as global norms and standards. OECD DAC member states can be classified according to their domestic values as follows: (1) Nordic Plus countries including Denmark, Finland, Ireland, Netherlands, Norway, and Sweden: Their philosophy and policy of development cooperation emphasize humanitarianism and social democracy, pursuit of national image as an advanced donor country, and expansion of global influence; (2) Past colonial powers including Belgium, England, France, Portugal, and Spain have concentrated their foreign aid on their former colonies, utilizing a long-held historical relationship as key to their development cooperation strategy; (3) Australia, Greece, Luxemburg, and New Zealand: These nations focus on peace-keeping and economic growth in their surrounding region in order to reduce poverty, but also to pursue their geopolitical interests; (4) The US and Japan emphasize their role in the global community, and their development cooperation goals and strategies reflect the notion that global peace and prosperity is a precondition for their own peace and prosperity; and (5) Canada emphasizes its enhanced global role through development cooperation. Among these countries, Australia, Canada, Denmark, England, Finland, Ireland, Luxemburg, New Zealand, Norway, and Sweden have high degree of congruence among aid goals, policies and actual implementation.

Korea has declared that the goal of its development cooperation is poverty reduction, development of developing countries and promotion of cooperation, as stated in 'the Act on the International Development Cooperation.' In terms of implementation, Korea emphasizes its participation in the norm setting process in development cooperation and its role of bridging between developed and developing countries to enhance its global role. In this respect, Korea is similar to Canada which is also seeking to expand its global role through ODA.

2. Country Case Studies

(1) Japan

Japan has been an active participant in the global donor community for the last fifty years based on its successful economic and social development in post-WWII. In particular, Japan had greatly expanded its aid volume commensurate with its economic prosperity since the end of the 1980s post-Cold War era. As Japan recognized its rising global role, it steadily expanded its ODA and was the largest donor in the 1990s. However, its ODA began to decrease in light of its own economic hardship since the 2000s. Although Japan is one of the largest ODA donor and received praise, it has also received criticisms that its ODA practices are not in line with global norms and practices.

Japan's philosophy and vision of aid have been guided by the concept of 'enlightened national interests.' Japan emphasizes that development aid is not charity but a means to pursue the world's common interest including that of Japan's. Japan has strengthened its focus on poverty reduction, MDGs and human security in line with humanitarianism in its revised ODA Charter and mid-term policy. It continues to emphasize economic growth and self-help of developing countries as the core principles of its ODA.

Korea shares many similarities with Japan more so than any other member

in the OECD DAC. Thus, Japan's earlier experiences can shed light on the future challenges of Korea's development cooperation. For example, we take note that Japan has worked hard to balance national interests and global norms in establishing philosophy and principles of development cooperation. By continuously reforming its policies and institutions, Japan has expanded its leadership in the global community, especially based on its comparative advantage - i.e. human security and climate change. However, these changes in the declared philosophy, and policy ODA did not lead to changes in policy implementation. This suggests that changing the norms and policies do not automatically lead to changes in practice, and the latter requires political leadership as well as clear roadmap and strategies to realize the changed norms into practices.

(2) Australia

Australia's aid goals were explicitly linked to its national interests, since the contribution to security and prosperity of the surrounding region is directly linked to the short- and long-term national interests. Recognizing concerns of the global community that its explicit focus on national interests in development cooperation may not lead to real poverty reduction, Australia has tried to develop its ODA philosophy and principle in accordance with the global discourse on development cooperation. Thus, the 2006 white paper on development cooperation emphasized its commitment to achieve MDGs, poverty reduction and sustainable development. In the 2011 mid-term policy, Australia further clarified ODA as its core responsibility as a global citizen. Australia found its national interests as a middle power in pursuing the global norms on development cooperation. In other words, it found a way to show that its national interests was better met when conforming to global norms. Furthermore, we note that Australia's aid allocation and implementation are in line with its development aid policy and strategy.

Aid has increased in governance and civil activities, which coincides with its emphasis on effective national development.

The preparation process of the 2006 white paper on development cooperation served as a political momentum to expand its aid and to improve its aid effectiveness, which includes untying of its aid and establishment of the Office of Development Effectiveness. Australia started to promote the whole-of-government approach, and developed a coordination mechanism among related governments and organizations, trying to improve the understanding of MDGs, and diffuse its development cooperation philosophy into national value and sense of global citizenship.

(3) Denmark and Nordic Countries

When Denmark began to give aid in the 1950s and 1960s, it emphasized national economic interests, since it needed to win the support from corporations to increase the aid volume. However, Denmark continuously changed its aid policies over time to be in more in line with global norms, and has now become a leader in the global debates on development cooperation. It is noteworthy to point out that Denmark improved its aid policy progressively rather than radically. There is also high congruence between the development aid policy and strategy vis-à-vis actual aid allocation and implementation. Danish aid focuses on social infrastructure and services including democracy, education, environment, health and governance. In terms of geographical focus, Danish development aid is concentrated in Africa and the least developed countries (LDCs).

Denmark has established a firm institutional and legal basis for development cooperation and has enjoyed broad domestic support through, for example, publication of policy documents which clearly spells out the government's aid purpose and concrete principles. The Danish case can serve as an important benchmark since it has implemented coherent and consistent aid based on

a shared understanding and commitment between the government and the people. Korea should recognize that the policies on development cooperation was made in a relatively short time and thus, did not have the time to clearly articulate and share a common vision with the people. Thus, there should be a concerted effort to articulate a common vision about ODA with the people, and concrete plans to spread, internalize, and participate in the works of ODA with all the people.

IV. Analysis on Korea's ODA

1. Overview of Korea's ODA

(1) Overall

The volume of Korea's ODA has been rapidly increasing to 1.3 billion USD in 2011, which is four times larger than 0.3 billion USD in 2002. Although its volume has steadily increased, Korea's ODA/GNI ratio reached 0.12% in 2011 and is still among the lowest among OECD DAC members. According to in-depth interviews with government officials in ODA related ministries, many interviewees mentioned that they share the goal of Korea's ODA and agree to increasing the quantity, and improving the quality of ODA. Therefore, it was recommended to make concerted efforts to promote the public's awareness to strengthen the base of public support in the long term.

(2) International Recognition

OECD DAC special review on Korea in 2008 pointed out the lack of policy coherence due to the two pillar system of MOFAT and MOSF, and the limited role of the civil society. Thus, OECD DAC recommended the following: (1) create a single entity with sole authority over development

cooperation objectives, policy and strategy; (2) develop a unified Country Assistance Strategies (CAS) of KOICA and EDCF; and (3) work in partnership with civil society organizations.

2. Core Values, Philosophy and Legal Framework of Korea's ODA

The legal basis of Korean ODA, including both loans and grants, was established with the enactment of the Act on Economic Development Cooperation Fund (1986) and the Act on Korea International Cooperation Agency (1991). However, neither law contains the core value or philosophy of Korea's ODA, but only defines development as the objective in very general terms. The Act on International Development Cooperation (2010) focuses on the ODA implementing system and its scope while KOICA's Advancement Plan (2010) is a strategic paper that provides guidelines and strategy of implementation and future directions. However, none of these documents clearly define the core values or philosophy of Korea's ODA. In spite of these concerns, the purposes outlined in these documents are broadly in line with the global norms.

However, we point out that 'economic interests' is explicitly stated for Korea's ODA, which could be interpreted as having a narrowly defined national business interests for its ODA. We believe that this partly derived from the confusion in the way the Korean government uses the concepts of 'ODA' vs. 'international development cooperation.' These two concepts are used interchangeably in the law and elsewhere in the Korean government documents, which is problematic since the global norms are different for ODA and international development cooperation. Global norms on ODA stipulate that it should be for humanitarian needs of recipients rather than narrowly defined national interests of the donor. On the other hand, international development cooperation includes many different ways in which a nation, private businesses as well as civil society engage in development cooperation. Thus, its global norms are also more open and can include, for example, the private sector's pursuit of business interests.

However, the Korean law's ambiguity in the use of the term equating ODA with international development cooperation has led to the Korean government explicitly stating that its ODA would be focused on narrowly defined national interests, which is open to criticisms from the international community.

We find the confusion over the terms of 'Korean ODA model' vs. 'ODA of Korea' is even more problematic and need clarification as the first step in establishing the core values and philosophy of Korea's ODA. And this must be done collectively by the ODA community in Korea and more specifically by KOICA and EDCF. The first concept connotes that the Korean government is attempting to share with the world what it sees as its own distinctive way of using ODA, which may in fact differ and deviate from the global norms and standards, and can be interpreted as the Korean government's proposal for another "one size fits all" type of solution that the failed Washington Consensus attempted to deliver. On the other hand, the second concept is a more neutral concept that defines the Korean government's ODA without the negative connotation that the Korean government is trying to offer a new "one size fits all" type of "model" for its development partners. The Korean government and the ODA community must clearly define these two concepts and use the terms appropriately.

3. Literature on the Direction and Strategies of Korea's ODA

Earlier studies on the direction of Korean ODA focus on the changing political economic environment and its impact on Korea's ODA without any research about how to adopt and internalize the international norms. Thus, future research should deal with how to balance and harmonize national and international interests, and values in Korea's ODA policies and strategies.

Studies on the comparative advantage of Korean ODA have focused on Korea's ODA policies and strategies based on its own development experience. In fact many of these studies highlight the transfer of economic, technological,

institutional know-how and human resource development experience to developing countries through ODA. Although these studies do not explicitly state that Korea's ODA would be donor-driven, the strong emphasis on its own development experiences and derivation of ODA policies and strategies from its own experience can be misinterpreted as being donor-driven. Since the global discourse on aid effectiveness emphasizes 'ownership' of development partners (i.e., recipients of ODA), these studies' exclusive focus on the supply side is problematic. Thus, future research is needed about the demand side of ODA (i.e., development partners), and Korea's ODA policies should also reflect a clear understanding of the ownership principle in global ODA norms and standards.

V. Conclusion: Policy Suggestion for Korean ODA

We suggest "Sustainable Development and Enduring Peace" as the core values and philosophy of Korean ODA. This is in line with the Korean Constitution, which stipulates that Korea's vision is, "enduring peace and prosperity of humankind." At the same time, it also reflects Korea's experience of achieving economic growth and democracy under security threat, and our research findings from this study. This also suggests that Korea's ODA should be based on 'open national interests' in the long-term aiming for 'co-prosperity,' rather than narrowly-defined short-term national interests.

Three principles are derived to guide the implementation of Korea's ODA based on these core values as follows: (1) harmonize aid with global norms and standards; (2) efficient aid based on Korea's development experience and specialization; and (3) effective aid oriented toward recipient countries. Principle (1) reflects the two core values of harmonious aid and following the global norms. The current Korean ODA policies emphasize the distinctiveness and superiority of Korean development 'model' with relative lack of respect for the global norms and standards and leaves room for being misunderstood as

going against the global norms and standards. Thus, the Korean government should develop guidelines for its aid in line with the global norms with principle (1).

Principle (2) reflects the two core values of efficient aid and the Korean development experience and specialization. The value-addedness of Korean ODA should be based on its specialization rather than on its comparative advantage since the latter connotes a strong donor-driven interests while the former is a more neutral term and connotes flexibility to adapt to different needs of recipients. Furthermore, Korea's distinct development experience should not be used to justify why Korea cannot conform to the global norms. We should take specialization based approach, strengthening the specialization of each sectors and sharing experiences, rather than comparative advantage or distinctiveness in order to deviate from global norms and standards.

Principle (3) reflects the two core values of effective aid and development partner-centered approach. In the absence of development partner-centered focus, transfer of our own development experience/expertise can be interpreted as a different form of the “Washington Consensus.” Thus, Korea needs to use the recipients' own system to achieve development goals and thereby strengthen their system, capability as well as ownership.

The implementation strategy should be a “holistic approach to develop institutions, strengthen capability of human resources and build infrastructure.” As our development experiences shows, we should take a holistic approach founded upon well-coordinated dynamic complexity and interaction among diverse sectors.

We would like to suggest that the Korean government publish policy documents or white paper based on open debate with the ODA community, and share the outcome document widely within the government as well as with civil society and the public. The next step is to develop guidelines and manuals so that all ODA stakeholders will share the core values and implement aid programs based on these shared core values. The core values and principles of implementation

should provide clear direction in every aspect and stage of ODA policies, strategies and implementation from setting selection criteria of partner countries to planning and carrying out projects.

Also, it is important for related government ministries and organizations to internalize the global norms and standards as well as Korea's own core values and principles for ODA. In order to facilitate the internalization process, consistent and regular education and hands-on training programs are needed at every level of the ODA community including relevant ministries, implementation agencies, local governments and NGOs. Finally, there must be a mechanism to regularly monitor and evaluate the implementation of international development cooperation at the whole government level.