

# **Aid as Autobiography?**

## **South Korea's Foreign Aid Allocation in Authoritarian States**



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**Min Joung Park, PhD**

School of Global Service

Sookmyung Women's University

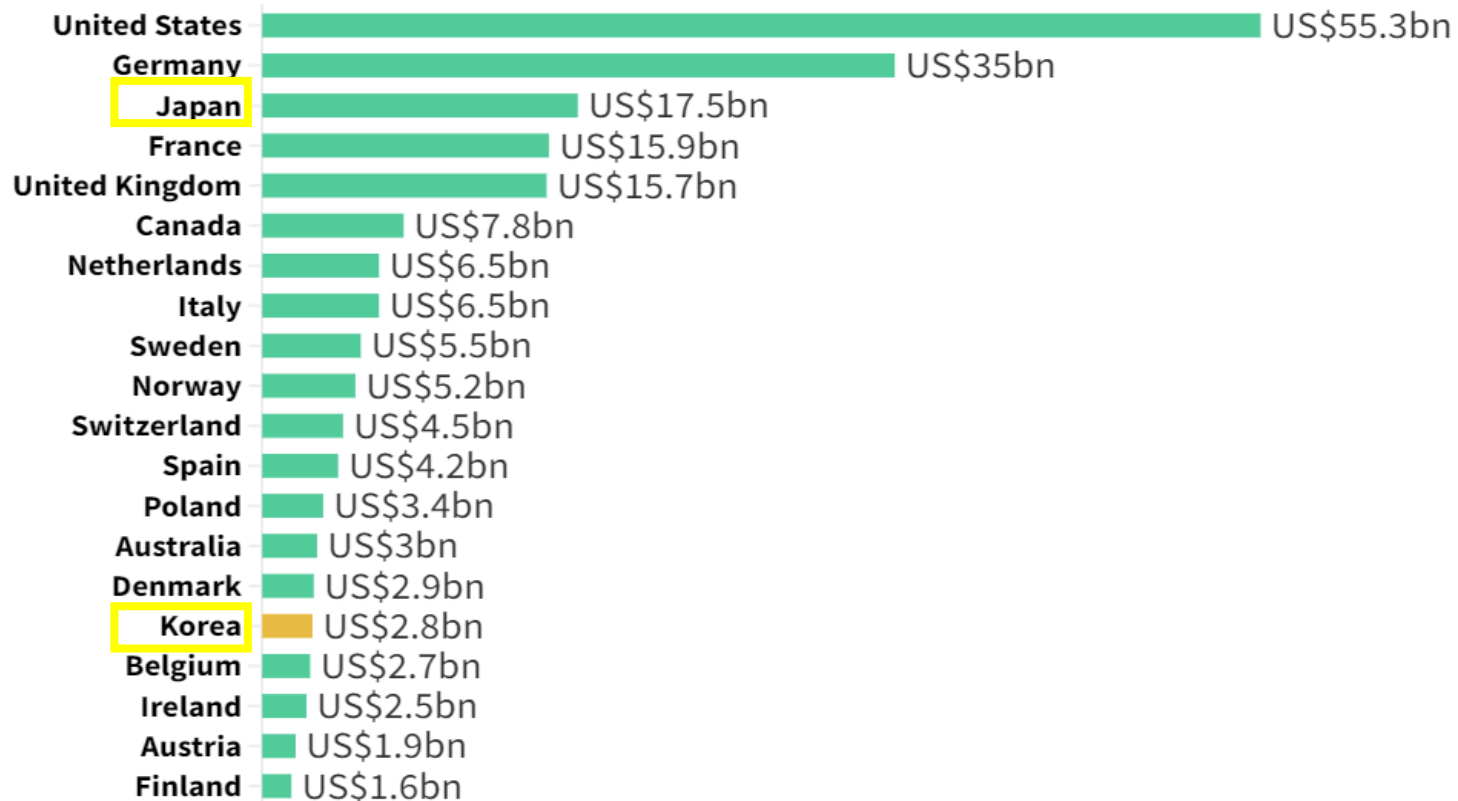
August 7, 2023

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# South Korea, Not an Emerging Donor Anymore

- The 16<sup>th</sup>-largest donor on the OECD DAC in 2022

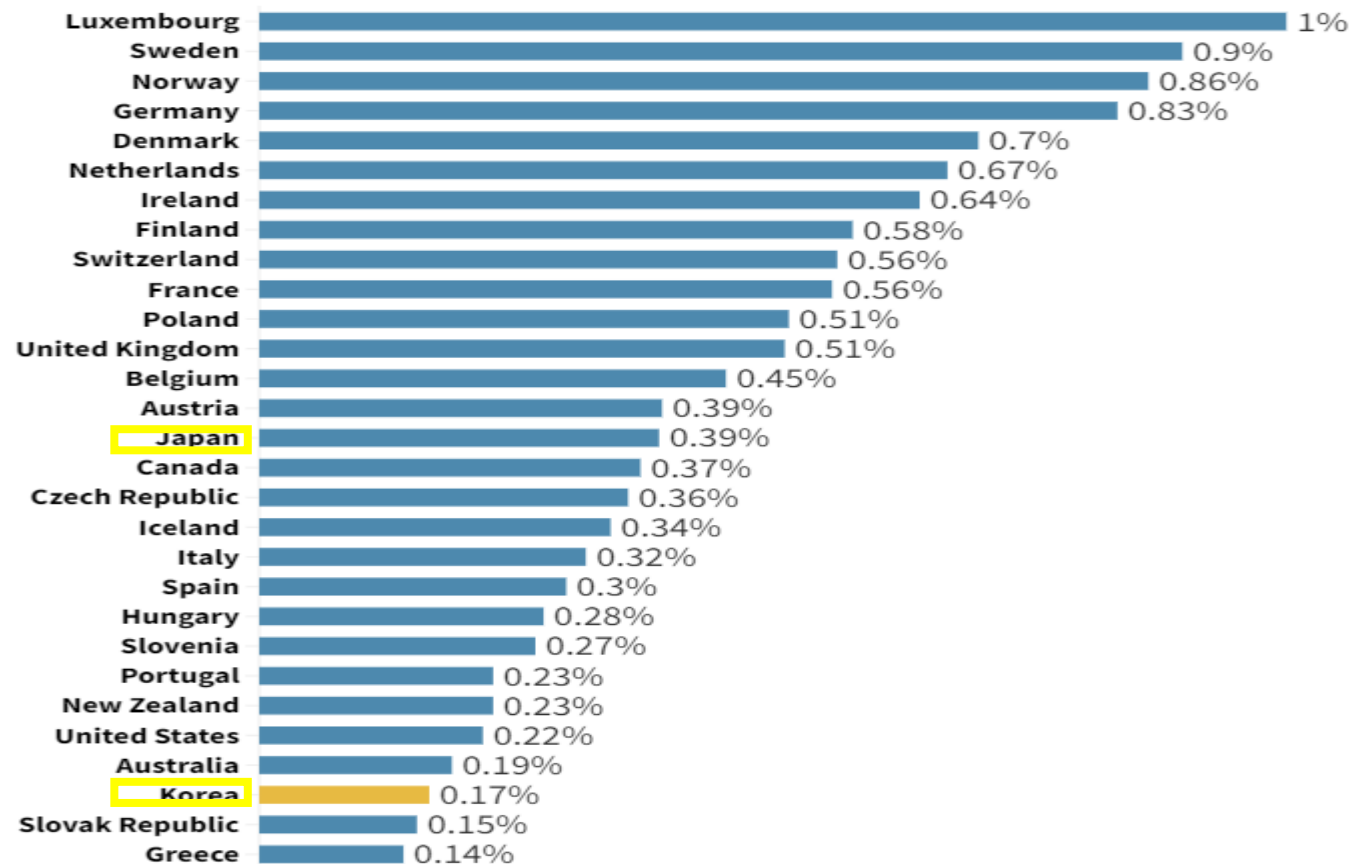
## <DAC Members' Total Spending (2022)>



# Still lagged behind in the 0.7% ODA/GNI Target

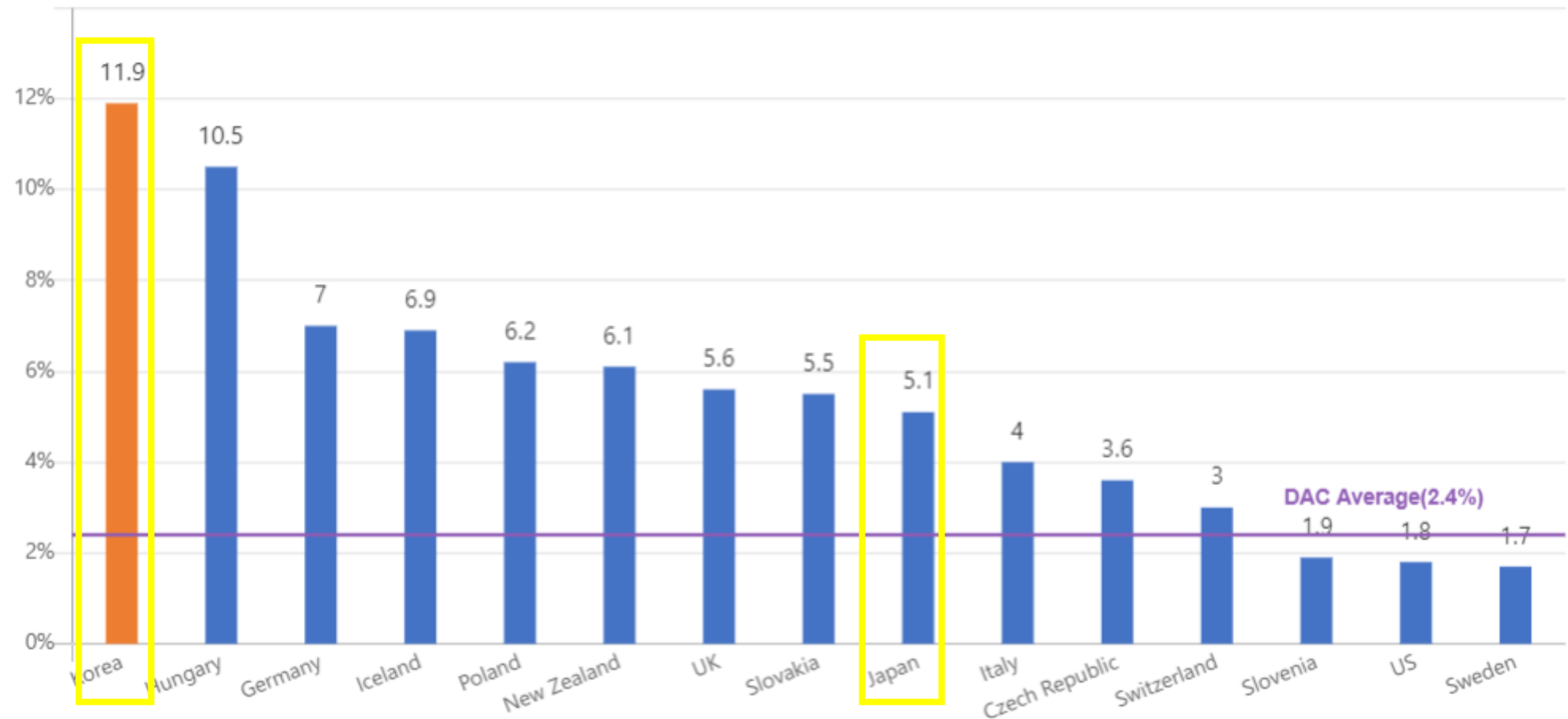
- The 27<sup>th</sup>-largest DAC donor in relative terms (0.17 % of GNI)

## <DAC Members' Total ODA as % GNI (2022)>



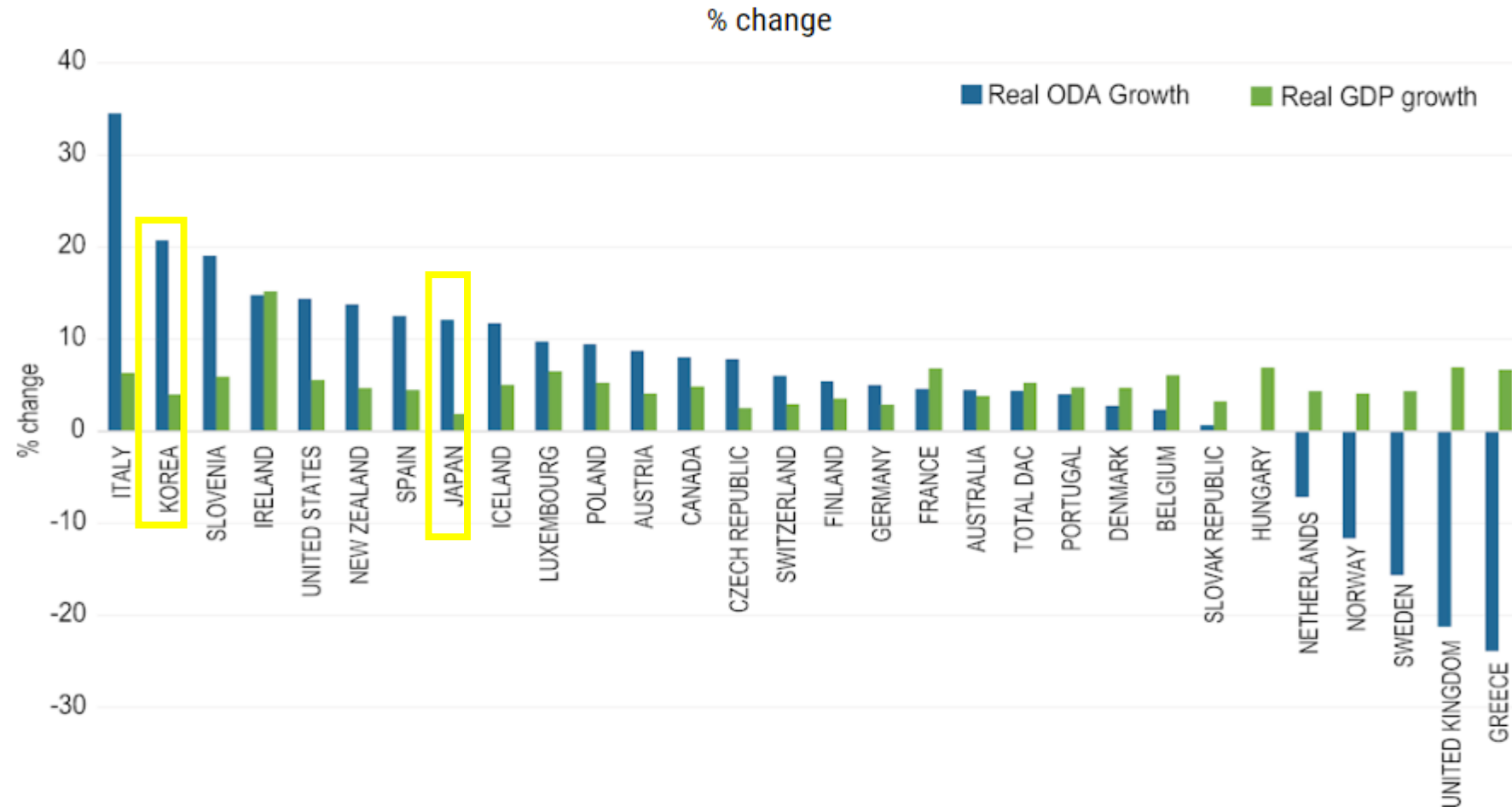
[Download Chart](#) [1](#), Source: OECD DAC1 Table (April 2023) • Grant equivalents. Current prices.  
2022 figures are preliminary.

# The fastest growing donor in the OECD DAC (2010-2018)



Source: OECE DAC Statistics

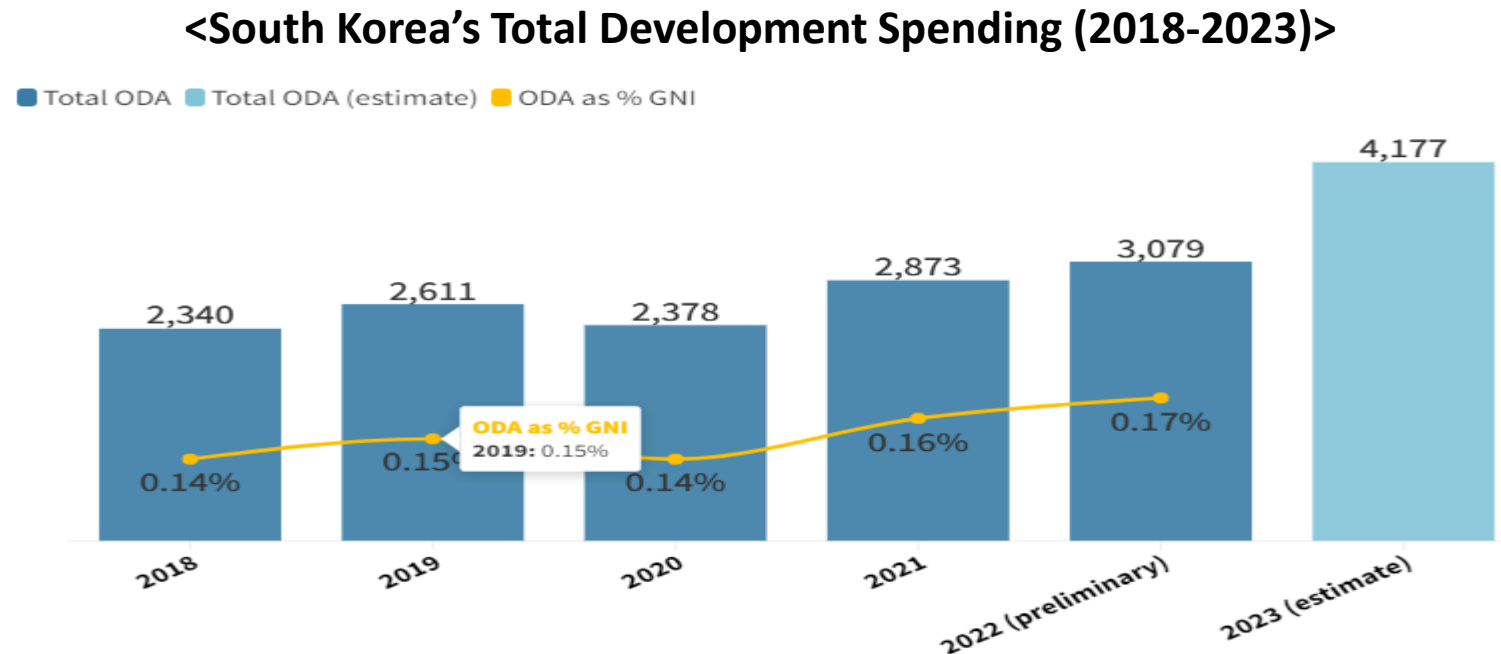
# Kept increasing its ODA during the COVID-19 Pandemic



Source: OECE DAC Statistics

# Expected to be a further increase under the Yoon administration 2022-2026

- In 2023, South Korea has had significant budgetary increases to KRW 4.78 trillion, or US \$ 3.7 billion!
- However, the unprecedented depreciation of the South Korean Won has caused the total ODA figure in US dollars to decrease.



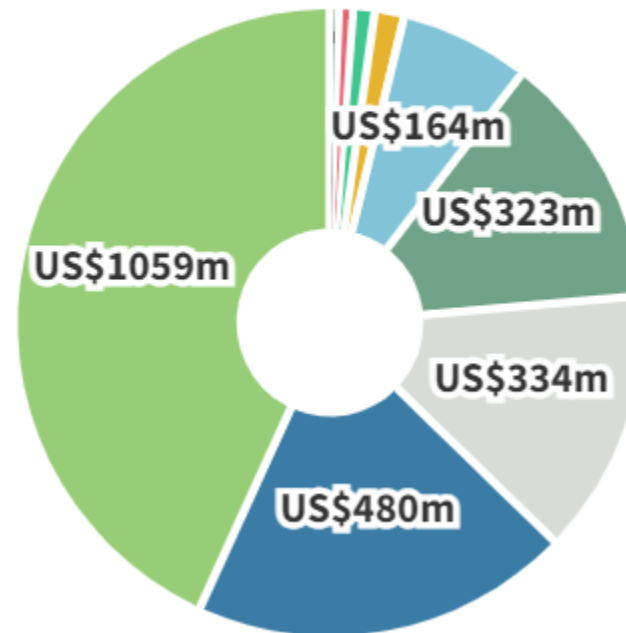
Source: OECE DAC Statistics

# Like Japan, a strong preference for Asia

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## <South Korea's Spending by Region (2021)>

■ Asia ■ sub-Saharan Africa ■ Latin America and the Caribbeans  
■ Developing countries, unspecified ■ MENA region ■ Asia, regional ■ Africa, regional  
■ Oceania ■ Europe



Source: OECD CRS., Gross disbursements (cash flow), in 2021 prices.

# Korea's top 20 partner countries in 2021

■ Grants ■ Loans



- Full democracy (0)
- Flawed democracy (5): Philippines, Dominican Republic, Ghana, Colombia, Mongolia
- Hybrid regime (7): Bangladesh, Indonesia, Kenya, Tanzania, Paraguay, Uganda, Côte d'Ivoire
- Authoritarian (8): Myanmar, Cambodia, Ethiopia, Lao PDR, Uzbekistan, Vietnam, Egypt, Cameroon

Source: OECD CRS

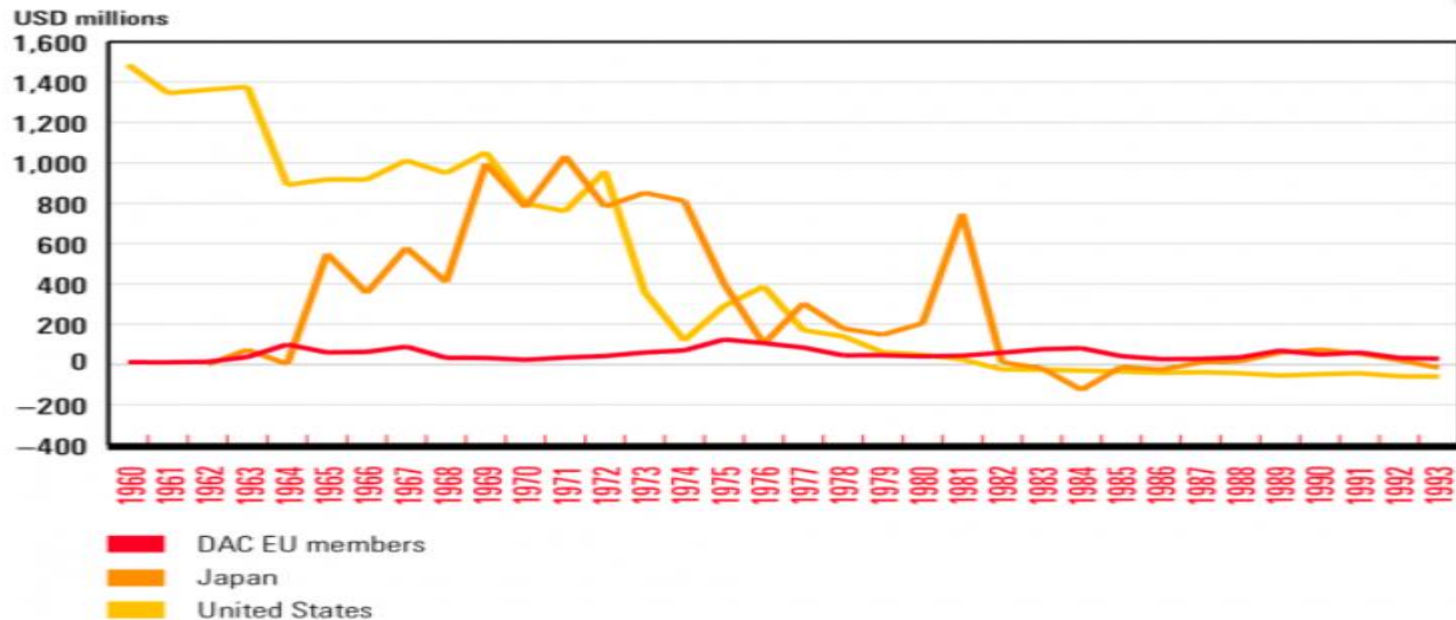


# Aid as autobiography?

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- From 1945 to the late 1990s, South Korea received US \$ 12.7 billion worth of ODA, which has been regarded that it was utilized as a catalyst for development  
→ mostly loans under authoritarian regimes!

<South Korea Net ODA Flows Spending by Region (2021)>



Source: OECD (2012)

# Positive institutional memory towards foreign loans

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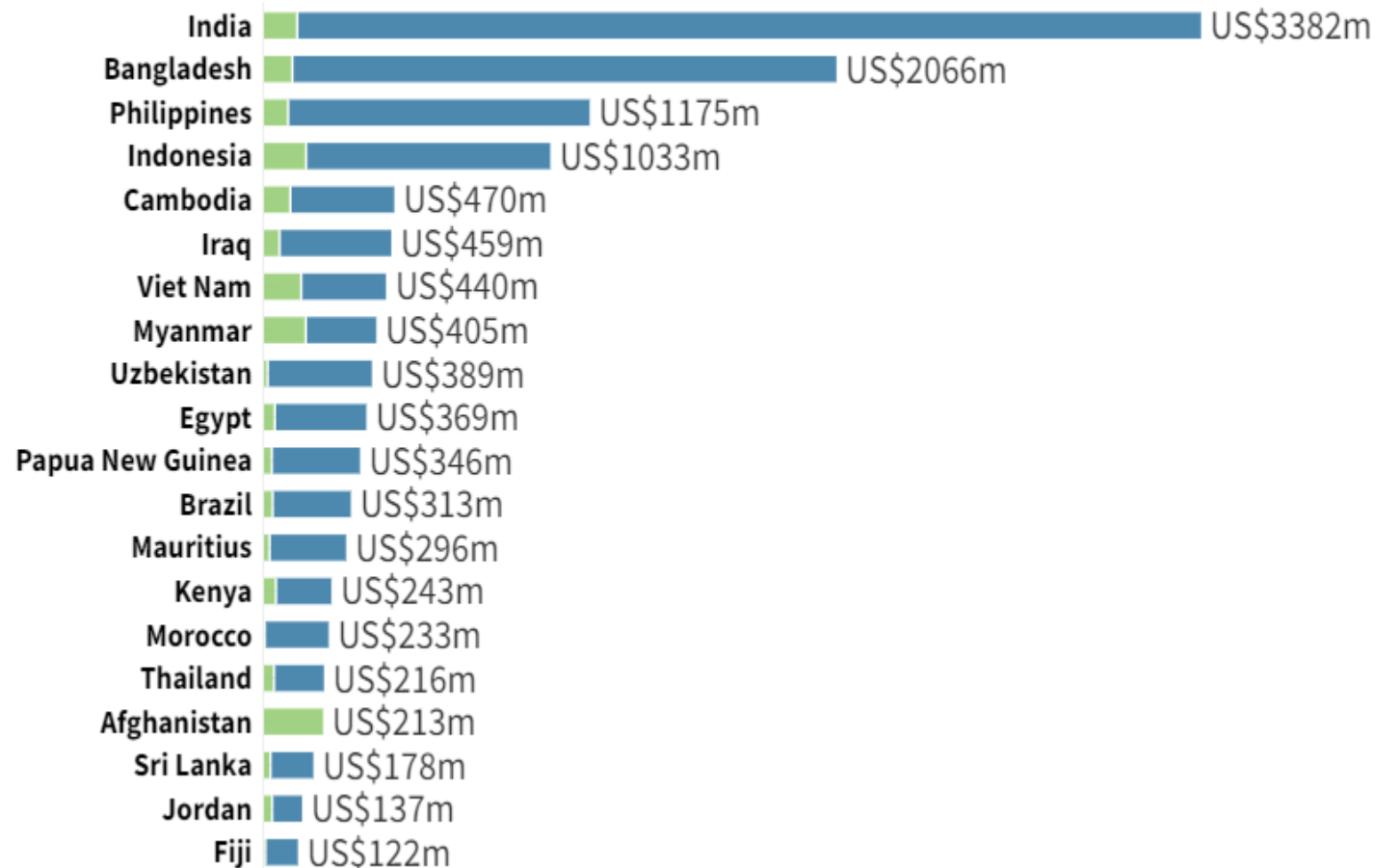
**Seoul-Busan Expressway** The groundbreaking ceremony for the Gyeongbu [Seoul-Busan] Expressway held in April 1968. The project marked the beginning of utilizing both domestic resources and foreign loans. (Left: A groundbreaking ceremony for the Gyeongbu Expressway, Right: The Gyeongbu Expressway)



**POSCO** Pohang Iron and Steel Company (POSCO) project was initiated and implemented by the Korean government, which provides a prime example of how a foreign aid recipient can overcome shortages of capital and technology in a relatively short period of time. (Left: A board-hanging ceremony of POSCO in 1968, Right: Former Prime Minister Il-Gwon Chung's field visit to harbor construction in 1968)  
<Source: National Archives of Korea>

# Japan's top 20 partner countries in 2021

■ Grants ■ Loans

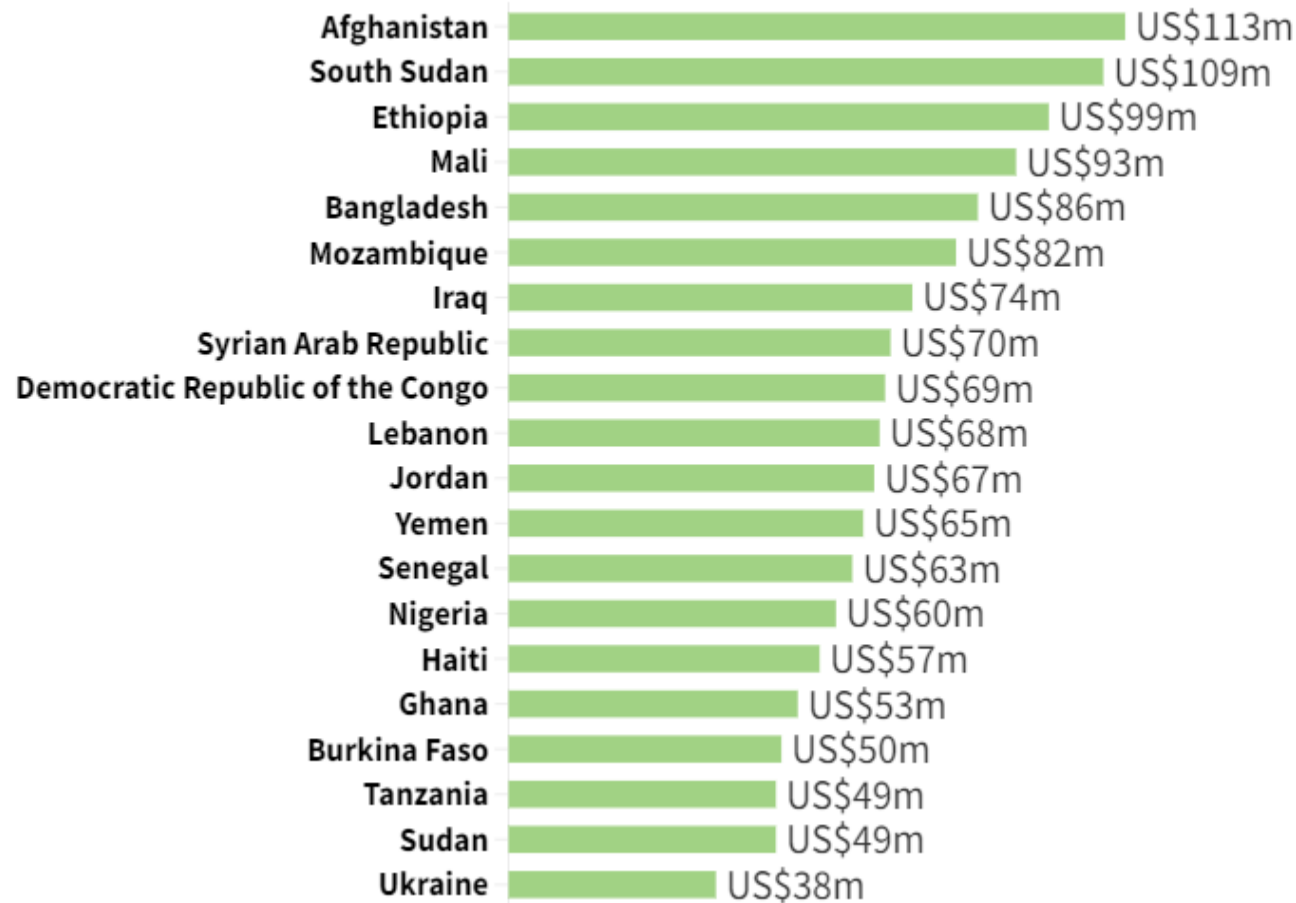


Source: OECD CRS

- Full democracy (1): Mauritius
- Flawed democracy (5): India, Philippines, Thailand, Brazil, Sri Lanka,
- Hybrid regime (6): Bangladesh, Indonesia, Kenya, Papua New Guinea, Morocco, Fiji
- Authoritarian (8): Myanmar, Cambodia, Iraq, Uzbekistan, Vietnam, Egypt, Afghanistan, Jordan,

# Canada's top 20 partner countries in 2021

■ Grants



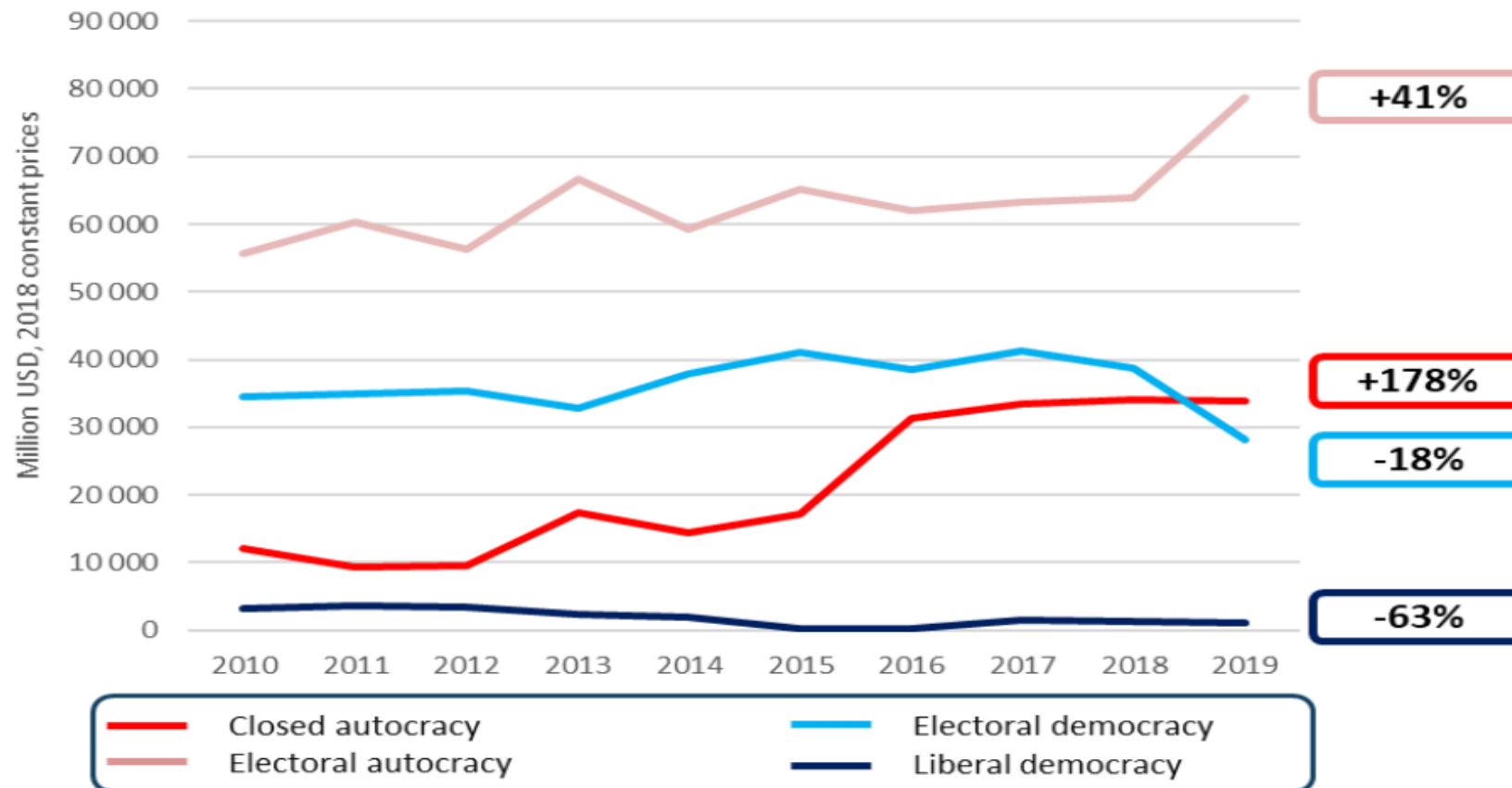
- Full democracy (0)
- Flawed democracy (1): Ghana
- Hybrid regime (5): Bangladesh, Senegal, Nigeria, Ukraine, Tanzania
- Authoritarian (13): Ethiopia, Mali, Iraq, Mozambique, Syrian Arab Republic, Democratic Republic of the Congo, Lebanon, Burkina Faso, Yemen, Sudan, Afghanistan, Jordan, Haiti

\* No data: South Sudan

Source: OECD CRS

# A clear increase of ODA to authoritarian regimes!

<Country allocable ODA flows from all official donors (2010-19)>



Source: OECD (2022), *ODA by regime context*

# Authocratisation does not tend to be met with a decline in overall ODA, but rather the contrary!

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<Top 10 autocratisers' ODA flows from all official donors (2010-19)>

Recipients	ODA
Benin	1%
Brazil	10%
Comoros	54%
India	39%
Nicaragua	-30%
Philippines	15%
Serbia	50%
Thailand	13%
Türkiye	120%
Zambia	11%

Source: OECD (2022), *ODA by regime context*

# Currently, the regime type does not appear to weigh on donors' ODA allocation decisions!

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- Contrary to expectations and/or rhetoric that foreign aid can be a catalyst for spreading democracy and human rights, **the number of authoritarian regimes (69 in 2010 → 75 in 2019) and the ODA volume they've received** have increased over the past decade.
- However, countries in the process of democratization tend to receive more ODA, such as for governance support.
- **Regime type in the pattern of ODA distribution → Not significant!**
  - It shows the limitations in reflecting the political system of recipient countries into ODA allocation decisions, due to the international political dynamics, the pursuit of interest-driven foreign relations, and the need for humanitarian assistance.

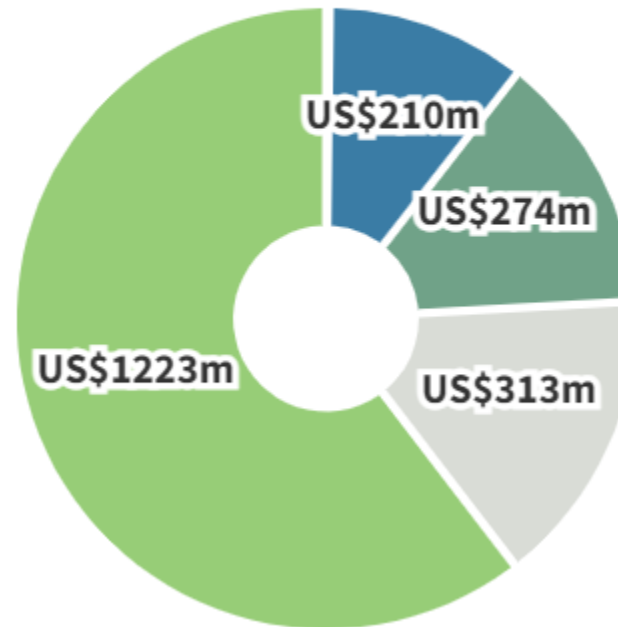


# Not the regime type, then?

## Korea's solid focus on LMICs

### <South Korea's Spending by Income Group (2021)>

- Lower-middle income countries
- Upper-middle income countries
- High income countries
- Unallocated by income
- Low-income countries
- Not classified

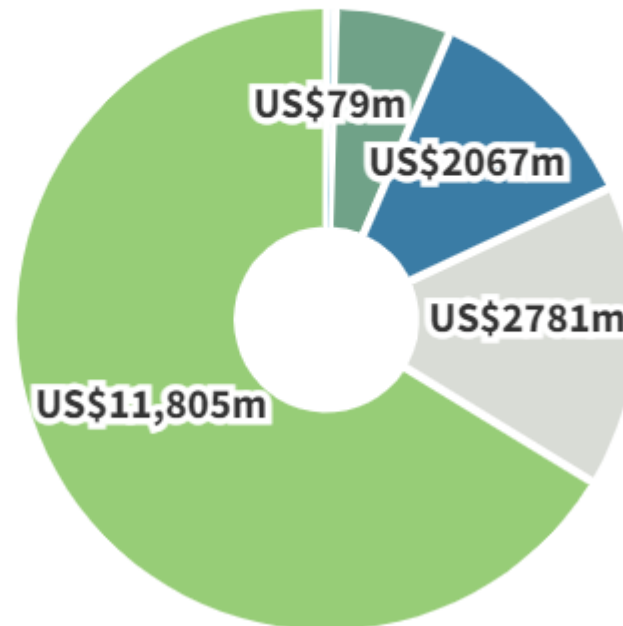




# 66% of Japan's bilateral ODA supported LMICs in 2021!

## <Japan's Spending by Income Group (2021)>

- Lower-middle income countries
- Upper-middle income countries
- Countries not classified
- Unallocated by income
- Low income countries
- High income countries

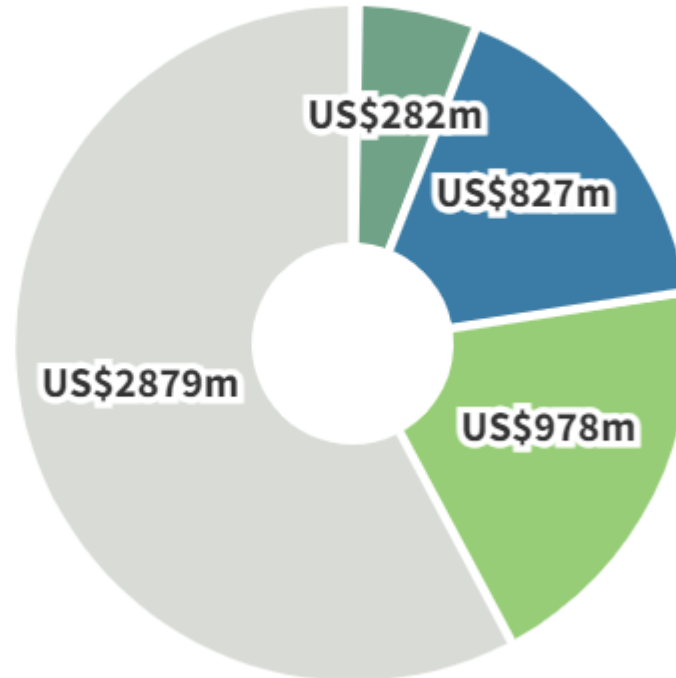


# Whereas, Canada's focus on Humanitarian Assistance

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## <Canada's Spending by Income Group (2021)>

■ Unallocated by income ■ Low-income countries ■ Lower-middle income countries  
■ Upper-middle income countries ■ Not classified ■ High income countries



# The legacy of developmental state in South Korea's Development Cooperation Sector

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## *New Administration's International Development Cooperation Policy Direction* (published in June 2022)

- Keep increasing its ODA volume → the 10<sup>th</sup> largest-donor (currently, the 15<sup>th</sup>)
- Contribute to the realization of universal values, e.g. SDGs, human rights, peace → “global pivotal state”
- Enhance private sector efficiency through regulatory reform in DC; Provide consulting to the private sector based on industry-specific needs analysis, e.g. finance, green-bio, eco-friendly production → **fostering private sector engagement in DC**
- Promote large-scale infrastructure projects through blended finance using loans → **enhance institutional basis for Korean business's global expansion**
- Pilot new forms of projects using the innovative technology of the private sector and their ESG activities → **promoting the brand image of Korean companies**

# The South Korean developmentalist aid will be further strengthened.

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- The old state-business alliance established during the times of the developmental state is highly likely to be further strengthened in the development cooperation, similar to the Lee Myung-bak administration (2008-2013).
- A preference for concessional loans as opposed to grants, tying ODA with commercial interests and industrial politics, and less involvement of civil society will be reinforced → widening a gap from “best practices” formulated by the traditional/European donors
- “Value-based diplomacy” with a focus on promoting freedom, peace, and prosperity based on its liberal democratic values and cooperation rather **remains diplomatic rhetoric.**

[Remaining Questions]

→ To what extent will value-based diplomacy of the Yoon administration affect the ODA allocation to authoritarian/hybrid regimes?

→ Will there be a real policy competition between value-based aid and developmentalist aid within Korea?

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# Thank You

[mjparkfor@gmail.com](mailto:mjparkfor@gmail.com)