



# **4 I's Explanation of Korea's ODA Policy**

Identity, Interests, Ideas, and Institutions

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## 4 I's Explanation of Korea's ODA Policy

### The State of the Art in Korean ODA

In 2024, the OECD released the report “Development Cooperation Review: Korea 2024.”<sup>1</sup> This report assesses the strengths and weaknesses of Korea's ODA policies and their current status. The strengths identified include the rapid expansion of ODA volume, robust government–civil society partnership, the scaling up of green ODA, a high share of support directed to Least Developed Countries (LDCs), and enhanced effectiveness through the operation of field offices in partner countries.

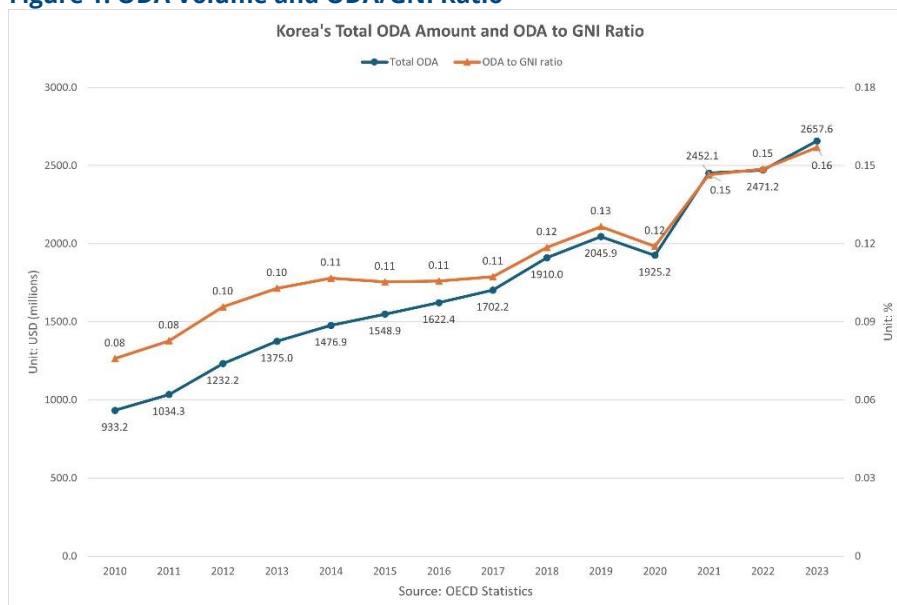
Conversely, the report highlights several weaknesses, such as aid fragmentation, insufficient human resources relative to the increasing budget, and limited private-sector engagement.<sup>2</sup> In addition, Korea's ODA policy exhibits structural vulnerabilities, including a high proportion of loan relative to grant, a high share of bilateral assistance, and political influence in the formulation and implementation of ODA policies.<sup>3</sup>

Since Korea's accession to the DAC in 2010, its ODA has undergone changes in several areas, including overall volume, the ODA/GNI ratio, the share of grants versus concessional loans, and regional distribution patterns. In 2010, the scale of Korea's ODA amounted to 933 million USD. This figure has exhibited a consistent upward trajectory, reaching 2.7 billion USD by 2023. Over the same period, Korea's ODA-to-GNI ratio increased from 0.08 percent to 0.16 percent, and it has been reported that the ratio surpassed 0.2 percent in 2024. Although this level remains substantially below the OECD DAC target of 0.7 percent, the steady rise in Korea's contribution ratio carries significant meaning in terms of its commitment to international development cooperation.

The expansion of Korea's ODA is broadly aligned with the country's rising income level and developmental orientation. Between 2010 and 2023, Korea's GDP per capita grew from 25,455 USD to 34,121 USD, thereby enhancing its capacity to act as a donor. Korea's distribution between grant-based aid and concessional loans has remained relatively stable, exhibiting an approximate 60–40 ratio. Given that many DAC member states provide nearly all of their ODA in the form of grants, Korea's grant share can be considered comparatively low.<sup>4</sup> Korea's major ODA recipient regions are Asia and Africa. Data since 2015 indicate that approximately 55–60 percent of Korea's ODA has been directed to Asia, while roughly 24–32 percent has been allocated to Africa.

The characteristics of Korea's ODA since 2010 are illustrated in the figures below.

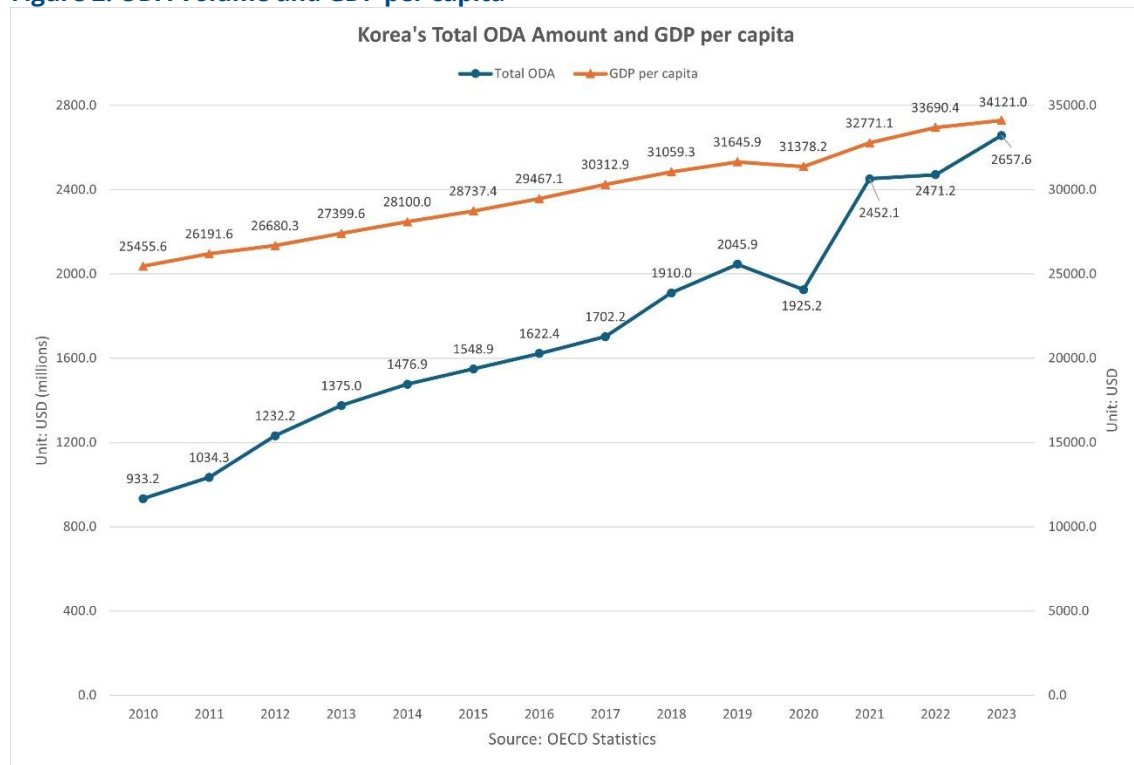
**Figure 1. ODA Volume and ODA/GNI Ratio**



Source: OECD Statistics; graphic provided by the author

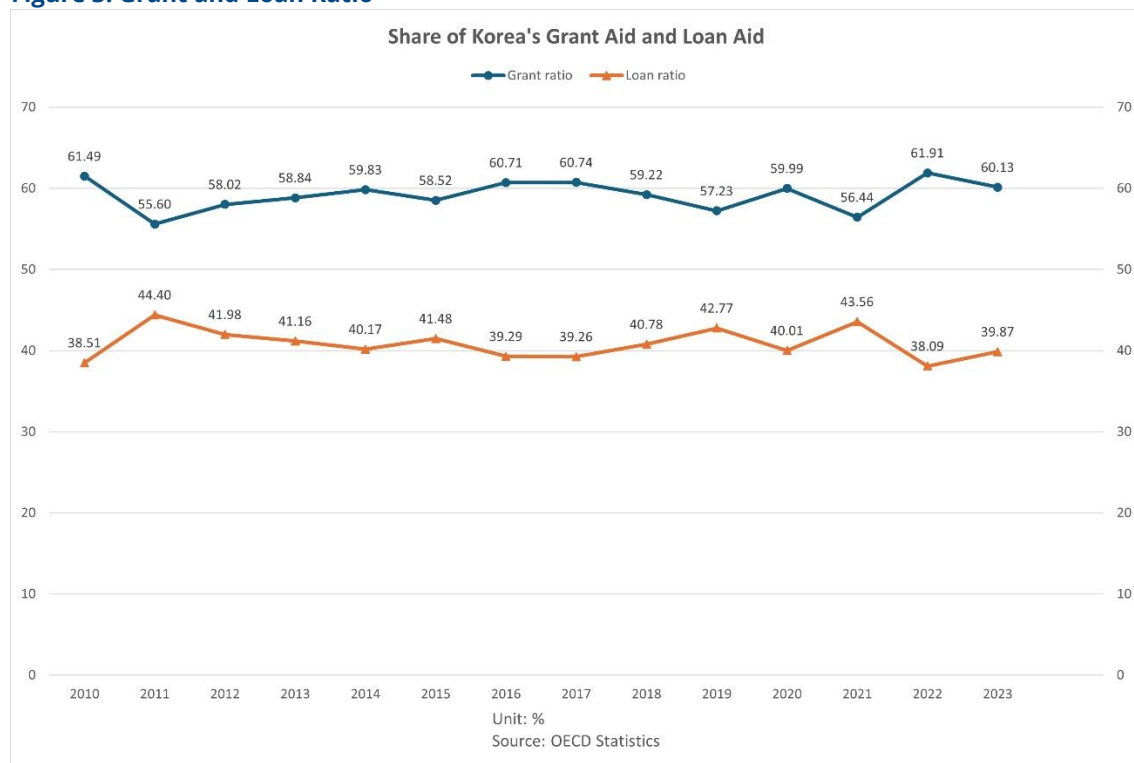
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**Figure 2. ODA Volume and GDP per capita**



Source: OECD Statistics; graphic provided by the author

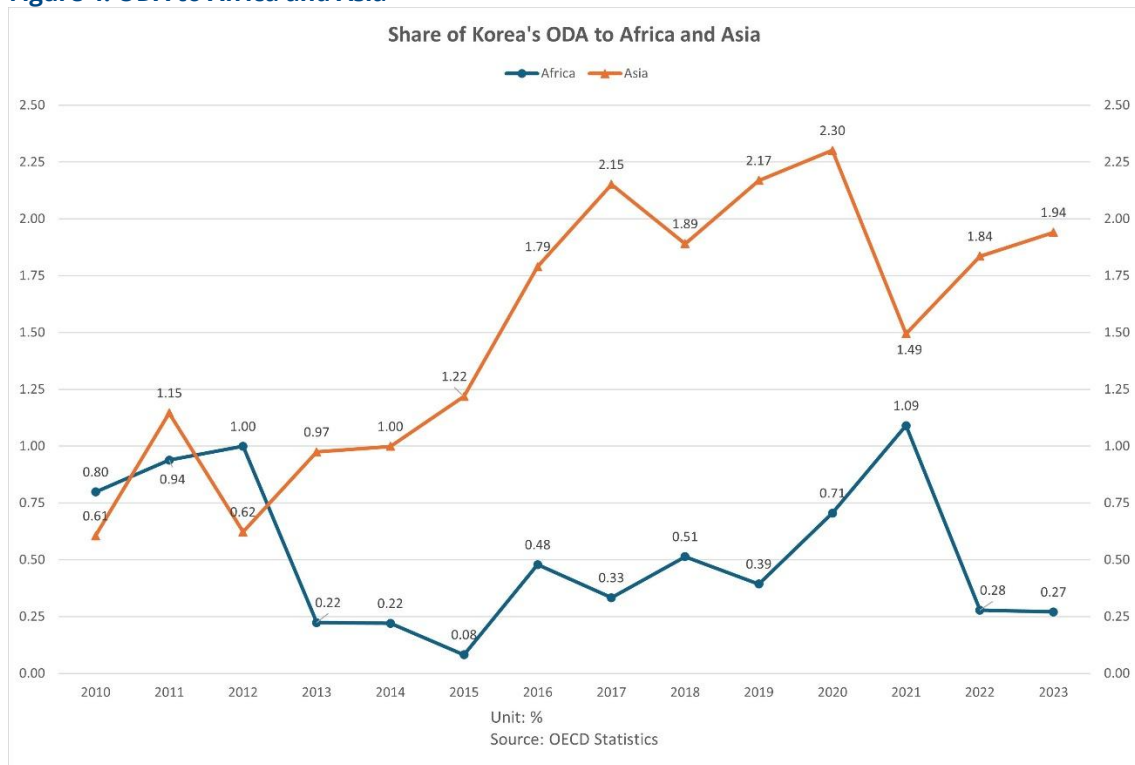
**Figure 3. Grant and Loan Ratio**



Source: OECD Statistics; graphic provided by the author

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Figure 4. ODA to Africa and Asia



Source: OECD Statistics; graphic provided by the author

To reach the current state of Korea's ODA system, the Korean government has undertaken a wide range of efforts. Korea achieved rapid economic growth on its path from being one of the least developed countries to becoming a member of the OECD. Throughout this process, Korea pursued multiple objectives through its ODA: while striving to promote the socioeconomic development of partner countries—the core purpose of ODA—it also sought to advance its own national interests. To this end, Korea adopted various ideas, including sharing elements of its development experience with other countries and implementing a strategy of “selection and concentration” to use its limited aid resources more effectively.

To support the ODA strategies and policies it envisioned, the Korean government pursued significant institutional reforms. It established a control tower to coordinate ODA policymaking and created implementation agencies to manage both concessional and non-concessional aid programs. The government and the National Assembly also developed a comprehensive legal framework to underpin these institutional changes. In this way, Korea has shaped and implemented its ODA policies and strategies through systematic and multidimensional reforms across identity, interests, ideas, and institutions. Using this analytical framework, this article explains Korea's ODA policy through the lens of the “4 I's”—identity, interests, ideas, and institutions.<sup>5</sup>

## Identity

The World Bank Report in 2024 mentioned that:

*The Republic of Korea has achieved remarkable success in recent decades in combining rapid economic growth with significant poverty reduction, with real gross domestic product (GDP) growing on average by 5.7% annually between 1980 and 2023. Korea's gross national income (GNI) per capita increased*

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*rapidly from US\$67 in the early 1950s to US\$33,745 in 2023. Korea was the first former aid recipient to become a member of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) in 2010.<sup>6</sup>*

As such, Korea represents a distinctive case within the global landscape of international development cooperation. In the aftermath of its liberation from Japanese colonial rule in 1945, subsequent national division, and the devastation of the Korean War, Korea ranked among the poorest countries in the world. At the war's end, the country's per capita income stood at approximately USD 67, rising only to USD 89 by the early 1960s. During the postwar period, Korea became a major recipient of foreign aid, receiving a cumulative total of roughly USD 45 billion over four decades from major donor countries—including the United States—and international organizations. Between 1955 and 1960, foreign aid accounted for approximately 6 to 9 percent of Korea's GDP. Thereafter, it steadily declined, falling to nearly zero by the 1980s.<sup>7</sup>

This external assistance played a decisive role in alleviating poverty, fostering human capital through education, and enabling economic development through large-scale infrastructure investment.<sup>8</sup> Korea, once classified among the least developed countries, effectively leveraged this aid to achieve what later came to be known as the "Miracle on the Han River." Given the overall scale of foreign assistance Korea received, it is difficult to argue that aid played a central role in the country's economic growth. However, the Korean government made effective use of the aid it did receive, exercised strong control over corruption related to aid management, and utilized foreign assistance as an instrument for economic stabilization. In this sense, foreign aid can be regarded as having made a substantial contribution to Korea's economic development.

Having long possessed the identity of a least-developed and aid-dependent state, Korea gradually shifted toward that of an emerging donor, driven by rapid economic growth and an increasing sense of responsibility toward the international community. Although Korea initiated its own aid activities in the 1960s, these early efforts were limited in scale, largely consisting of technical assistance and training programs. As Korea's economic capacity expanded and its institutional experience with development cooperation deepened, it began to increase the scope and volume of its aid. Nevertheless, throughout the 1970s and 1980s—despite rapid economic development—Korea continued to face economic and security challenges, resulting in a dual identity as both recipient and donor.

Korea's full transition to donor status occurred in the 1990s. In 1991, the UNDP reclassified Korea as a net contributor. In 1995, Korea graduated from the World Bank's list of developing countries, and in 1996 it joined the OECD. Subsequently, in 2000, Korea was formally removed from the OECD DAC list of aid recipients, marking the establishment of its exclusive identity as an aid-providing state.

This identity was further consolidated in 2010 when Korea became a member of the OECD DAC. As a DAC member, Korea assumed the full set of rights and obligations associated with advanced donors. It expanded its ODA volume, diversified its partner countries, and broadened its sectoral engagement. Yet this transition also imposed substantial normative expectations. Korea became accountable to the principles and standards long established by the OECD and the United Nations—most notably the DAC norm of allocating 0.7 percent of GNI to ODA.<sup>9</sup> This required Korea to articulate new targets periodically and to pursue simultaneous increases in both the absolute size of its ODA and its ODA/GNI ratio. Other norms, such as raising the share of grant aid and expanding multilateral contributions, also began shaping Korea's ODA policies. Moreover, Korea was compelled to undertake ongoing institutional reforms to secure favorable evaluations in the DAC's periodic Peer Reviews.

More recently, Korea has sought to move beyond its basic DAC donor identity and reposition itself as a "front-running" or "advanced" donor. This reorientation involves efforts to expand the ODA portfolio, improve the ODA/GNI ratio, promote program-based approaches, strengthen the strategic management of priority partner countries, enhance partnerships with civil society and the private sector, and reduce aid fragmentation. Whereas the period immediately following DAC accession may be

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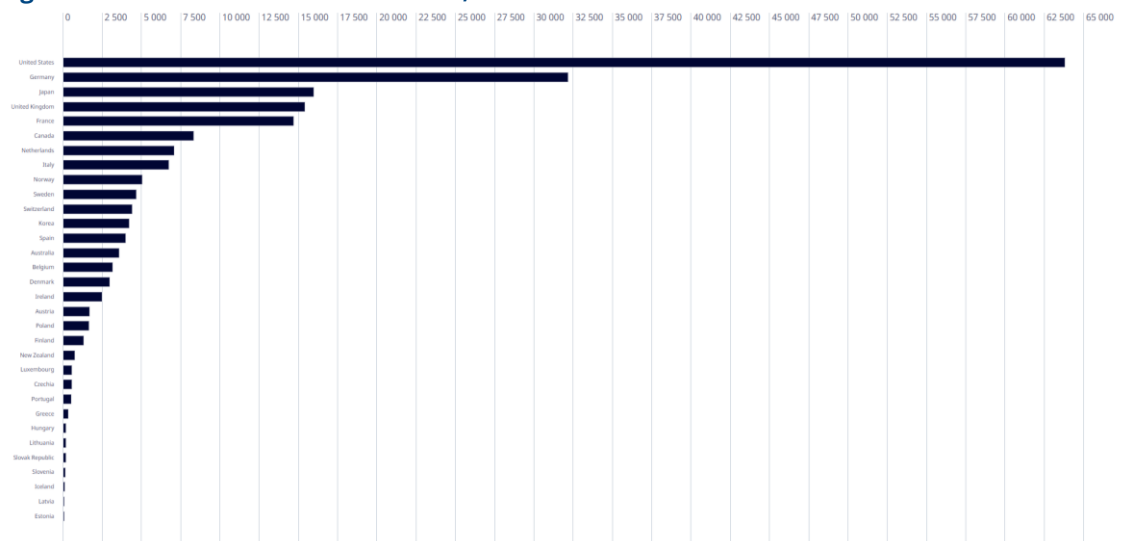
characterized as one of “fast follower” behavior, Korea now aims to cultivate an identity as a “fast mover” within the donor community.

The prospects for establishing this new advanced-donor identity will depend on a range of domestic and international factors. Domestically, Korea must enhance its aid-providing capacity and secure broader public support, which together form the foundation for expanding ODA and implementing diverse policy strategies. Internationally, Korea's ability to respond effectively to evolving global development challenges, along with its international reputation, will significantly influence this identity formation. For example, Korea's role amid ongoing ODA reductions by several major donor countries will be an important test of its leadership.<sup>10</sup> Additionally, external assessments of Korea's past aid practices—and the reputational consequences derived from them—will constitute a critical determinant of its future status.

During the previous administration, Korea substantially expanded its ODA with the strategic objective of establishing itself as a top-ten global donor. As of 2024, Korea ranks 12th among the 32 member states of the OECD DAC in terms of ODA volume. The government had articulated a plan to further increase its assistance to position the country among the top ten donors.

The projected ODA disbursement level for 2025 has not yet been released. However, following political changes in 2025, a new administration assumed office and undertook a comprehensive review of its predecessor's ODA policies. The current Lee Jae-myung administration has proposed a more than 10 percent reduction in the 2026 ODA budget compared to the previous year. Given the broader trend of ODA budget reductions among many donor countries, it remains uncertain whether Korea will ultimately attain its goal of becoming a top-ten ODA donor. The following figure shows the current ranking of Korean ODA volume among OECD DAC countries.

**Figure 5. ODA volume of DAC countries, 2024.**



Sources: OECD (2025). *Flows by donor (ODA+ODI+Private) [DAC]*

Source: OECD (<https://www.oecd.org/en/topics/development-co-operation.html>); graphic provided by the author

## Interests

States pursue their national interests through foreign policy, encompassing both hard power—such as security and economic strength—and soft power, including reputation, ideology, and cultural

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influence. Through the enhancement of national power, states seek to safeguard sovereignty, territorial integrity, and the lives and property of their citizens. Development assistance, as one dimension of foreign policy, operates according to the same logic. Donor countries seek to leverage foreign aid to strengthen security cooperation with partner states, secure diplomatic support in the international arena, expand benefits in trade and investment, ensure access to natural resources and energy, and enhance national reputation.<sup>11</sup>

Korea is no exception. While Korea's ODA aims to contribute to the socioeconomic development of partner countries, it simultaneously serves Korea's own national interests. Following its accession to the OECD DAC in 2010, Korea adopted a set of policies that, under strong normative constraints, emphasized the developmental objectives traditionally associated with official development assistance. Domestic civil society pressures, moral expectations, and international norms encouraged the prioritization of partner countries' socioeconomic needs in policy rhetoric. Nevertheless, structural realities compelled Korea to pursue its own national interests alongside these normative commitments. Korea's geopolitical position in Asia requires a foreign policy that strengthens national security and economic resilience. It faces systemic military competition with North Korea, depends heavily on foreign trade, and must navigate a strategic environment dominated by powerful neighboring states—the United States, China, Japan, and Russia—which collectively impose constraints on Korea's diplomatic maneuverability. Additionally, Korea faces expectations to reciprocate support historically received from countries that intervened during the Korean War. These historical and structural factors inevitably shape Korea's ODA policies.

A notable shift occurred under the Moon Jae-in administration, during which Korea formally incorporated the pursuit of national interests into its stated ODA objectives. This policy adjustment essentially articulated more explicitly what had long been an implicit dual orientation in Korea's development cooperation: the simultaneous pursuit of humanitarian goals and national strategic interests. Since the Moon Jae-in administration, the Korean government has continuously and explicitly emphasized the pursuit of national interests. Policy Task No. 97 of the Moon administration states the goal of "strengthening economic diplomacy and international development cooperation in a way that enhances national interests." The Yoon Suk-yeol administration, centered on its grand strategy of becoming a "Global Pivotal State," has articulated ODA policies such as "establishing the status of an advanced donor country that leads the realization of global values," "strengthening linkages with foreign policy," and "achieving national interests through mutually beneficial cooperation with key partner countries." The ODA policy of the Lee Jae-myung administration has not yet been clearly revealed. However, according to the five-year national governance plan announced in August 2025, the Lee administration is expected to pursue an "integrated and effective ODA" strategy within the broader framework of a "national-interest-centered, practical diplomacy."<sup>12</sup>

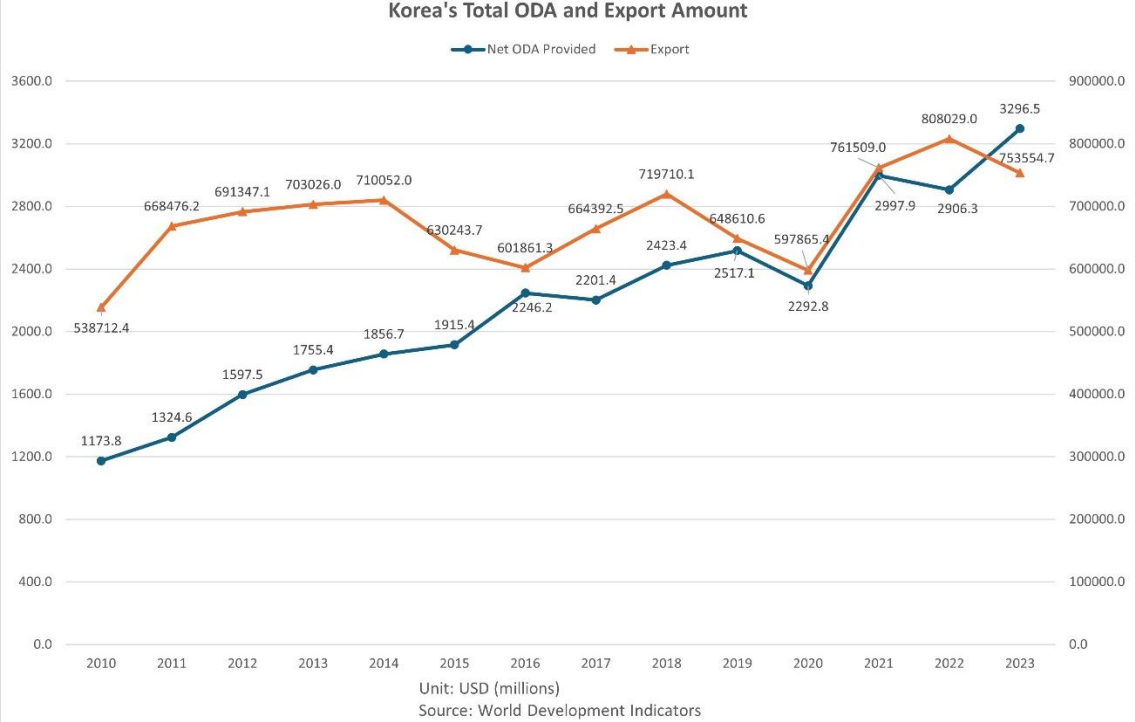
However, this move also provoked criticism from both the international community and domestic civil society. Yet this policy shift in Korea also reflects broader global trends, as an increasing number of donor countries have begun to align their ODA programs more explicitly with national interests. Since the 2010s, many donors have incorporated concepts such as "national interests" and "mutual benefit" more prominently into their development strategies and policy frameworks.<sup>13</sup> This international shift suggests that Korea's recalibration was not an isolated departure, but rather part of a wider movement toward integrating strategic considerations into development cooperation.

Korea is widely known to pursue various economic interests through its ODA. Critics argue that foreign aid is used to promote Korean exports and secure stable import channels. Additionally, Korea has been noted for linking ODA provision with the expansion of Korean corporate investment in recipient regions.<sup>14</sup> In this sense, ODA, trade, and foreign direct investment form an interconnected policy framework aimed at generating mutually reinforcing economic benefits for Korea. The following figures illustrate the relationship between Korea's ODA and its exports, the relationship between Korea's ODA and foreign direct investment (FDI), and the relationships between Korea's ODA and its exports/FDI to Vietnam and Indonesia, two important partner countries of Korea.



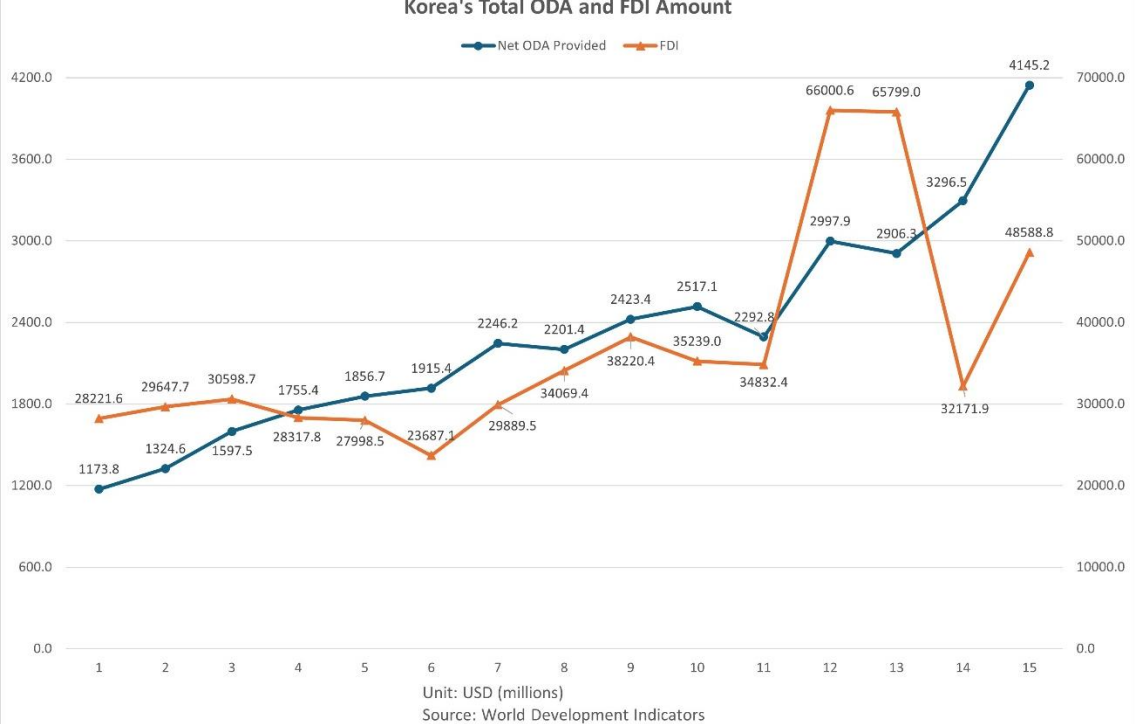
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Figure 6. Korea's ODA and Export



Source: WDI; graphic provided by the author

Figure 7. Korea's ODA and FDI

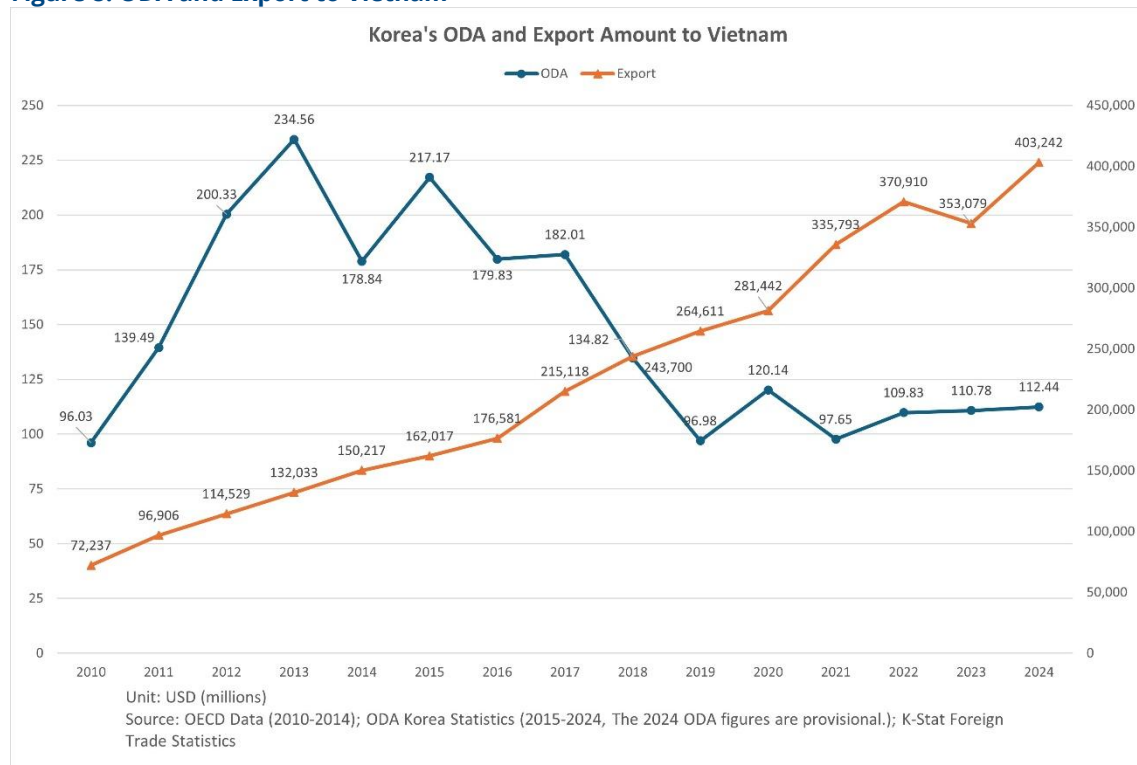


Source: WDI; graphic provided by the author



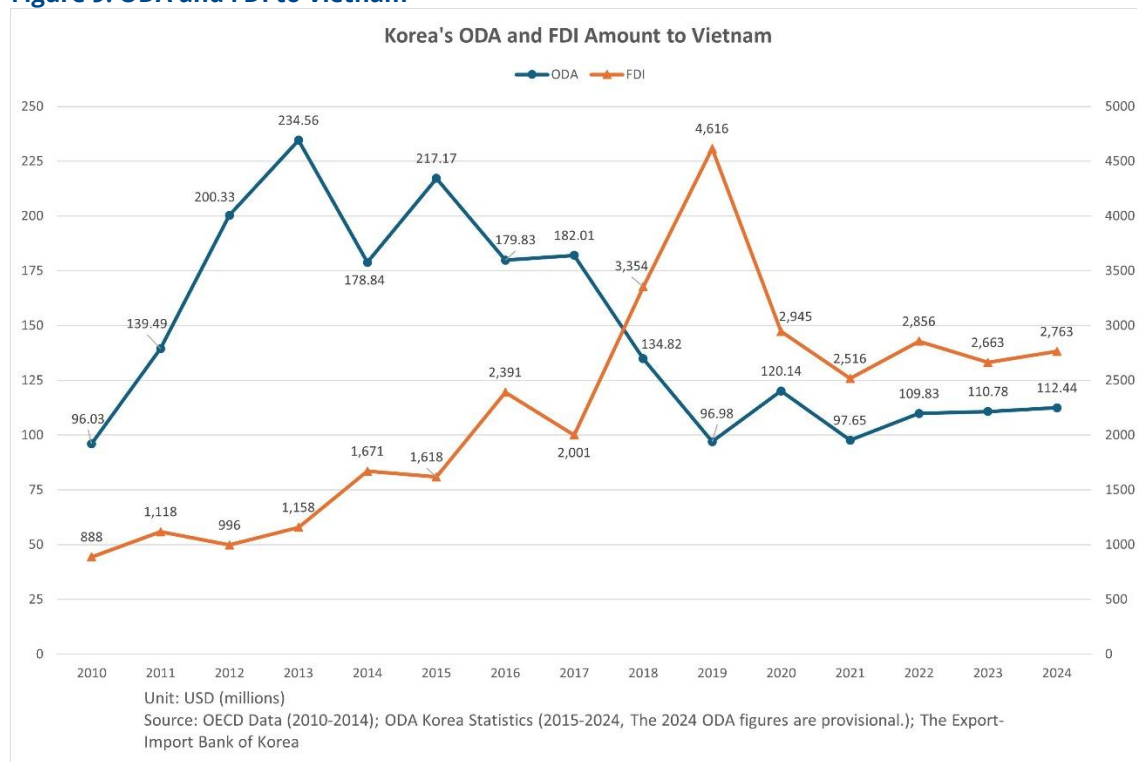
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**Figure 8. ODA and Export to Vietnam**



Source: OECD, ODA Korea, K-Stat Foreign Trade Statistics; graphic provided by the author

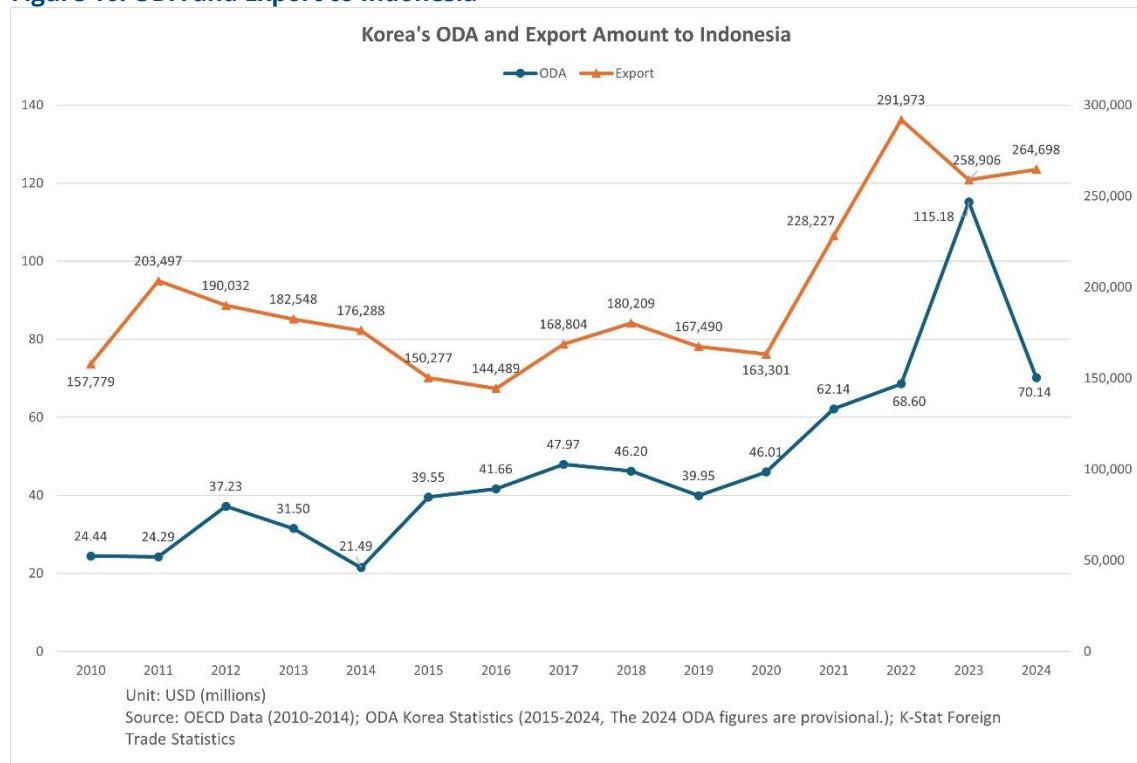
**Figure 9. ODA and FDI to Vietnam**



Source: OECD, ODA Korea, The Export-Import Bank of Korea Statistics; graphic provided by the author

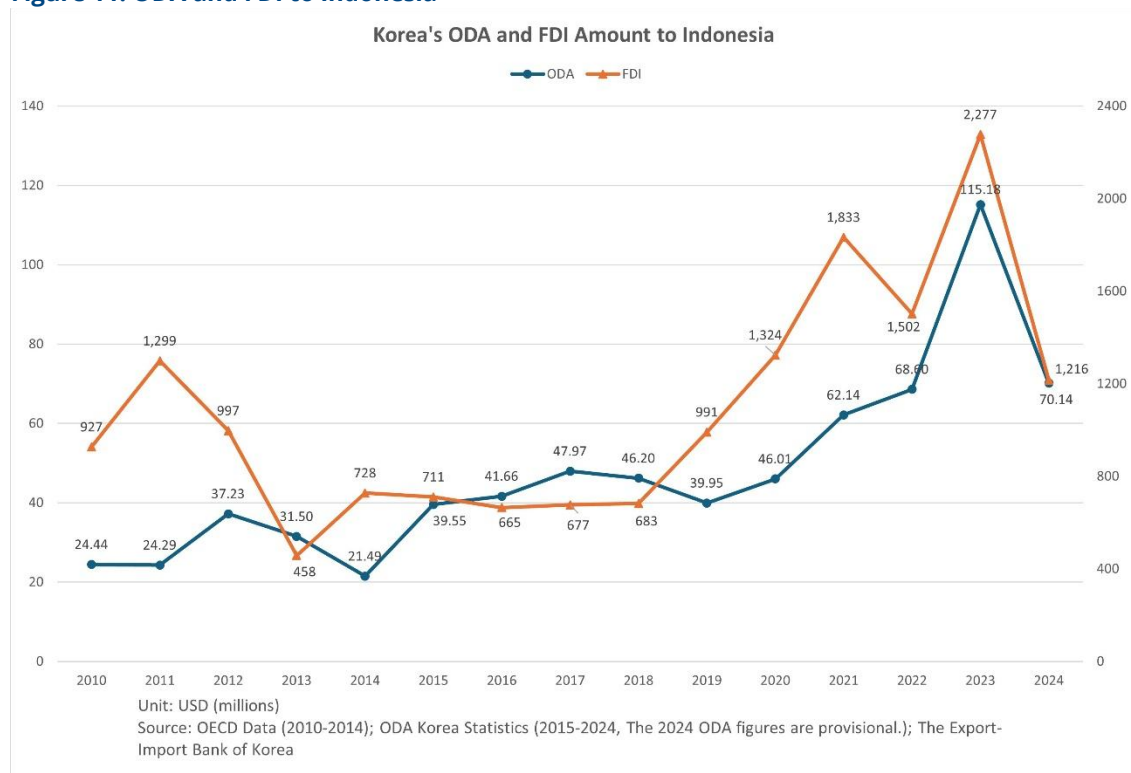
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**Figure 10. ODA and Export to Indonesia**



Source: OECD, ODA Korea, K-Stat Foreign Trade Statistics; graphic provided by the author

**Figure 11. ODA and FDI to Indonesia**



Source: OECD, ODA Korea, The Export-Import Bank of Korea Statistics; graphic provided by the author

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Figures 6 and 7 illustrate the trajectories of Korea's ODA in relation to its export and FDI trends. These figures suggest a high degree of coherence between the scale of Korea's ODA and the magnitude of its exports and FDI. That is, all three—ODA, exports, and FDI—demonstrate a consistent upward trend, indicating broadly similar directional patterns.

However, the country-specific analysis yields contrasting results. Figures 8 and 9 present Korea's ODA, exports, and FDI directed toward Vietnam. According to these figures, the trend of ODA toward Vietnam does not exhibit strong alignment with the corresponding trends in exports and FDI. In contrast, as shown in Figures 10 and 11, Korea's ODA, exports, and FDI flows to Indonesia appear to be more closely synchronized.

As is shown in the previous figures, questions remain regarding the extent to which Korea's pursuit of economic interests through ODA has been realized effectively. Empirical studies examining the relationship between Korean ODA and exports generally report a positive correlation between the volume of aid provided to specific partner countries and Korea's export levels.<sup>15</sup> Similarly, numerous empirical analyses of the relationship between Korean ODA and FDI conclude that ODA contributes to increased investment by Korean firms, suggesting that Korea's development assistance exerts a favorable influence on both exports and FDI.<sup>16</sup>

However, counterarguments challenge these findings. Comparative case studies—rather than statistical analyses—indicate that the impact of ODA on FDI varies significantly across sectors.<sup>17</sup> Furthermore, some empirical research on Korea's priority partner countries finds no discernible effect of Korean ODA on either exports or FDI.<sup>18</sup> In sum, while the prevailing evidence suggests that Korean ODA exerts a generally positive influence on trade and investment, it is also plausible that such effects are limited or conditional, depending on the characteristics of the aid provided and the specific circumstances of partner countries.

Korea is increasingly employing its ODA as an instrument for advancing national interests. The newly inaugurated Lee Jae-myung administration, in particular, has articulated “national-interest-centered, pragmatic diplomacy” as a core principle of its foreign policy orientation. Within this framework, the government has explicitly stated its intention to mobilize a wide array of foreign policy tools—including ODA—to promote Korea's strategic and economic interests.

This policy shift also reflects broader transformations in the international environment. Major donor countries such as the United States, the United Kingdom, Japan, and Germany have been recalibrating their ODA policies to more directly align with their security priorities and economic objectives. Historically, efforts to link ODA with donor countries' national interests were subject to criticism within the international community, as ODA was normatively grounded in the principle of supporting the socioeconomic development of partner countries. However, amid deteriorating fiscal conditions in donor states and the growing prevalence of governments that openly prioritize national interests in their development cooperation, these normative expectations have weakened. Against this backdrop, Korea's move to more assertively pursue national interests through ODA may be viewed as a natural and perhaps inevitable development within the evolving global landscape.

Nevertheless, despite the domestic and international circumstances Korea currently faces, it remains essential for the country to maintain a balanced ODA policy—one that carefully navigates between promoting the socioeconomic development of partner countries and advancing Korea's national interests. Given Korea's enhanced national capacity, its growing responsibilities within the international community, and its unique developmental experience, such a balanced approach is not only appropriate but also normatively desirable.

Moreover, a sudden and drastic policy shift could generate confusion and resistance both domestically and abroad. Sustaining the longstanding policy coherence that has characterized Korea's

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balanced approach to ODA would, in turn, strengthen public and international support and bolster Korea's reputation. This reputational gain itself constitutes an important dimension of national interests, underscoring the strategic value of maintaining consistency in Korea's ODA policy.

Beyond trade and investment, the benefits that Korea derives from ODA also encompass contributions to national security and defense. In particular, issues related to the Korean Peninsula—such as securing international support for Seoul's diplomatic principles or strategies toward North Korea—are closely linked to Korea's core interest in maintaining peace and stability on the Peninsula. Accordingly, Korea has adopted policies aimed at enhancing diplomatic support from partner countries through the provision of ODA.

Another important dimension is the strengthening of alignment with the U.S.–ROK alliance. Korea has at times pursued strategies that reinforce coherence between its ODA policies and the security strategies that the United States has implemented over the past three decades.<sup>19</sup> Notably, Korea's assistance to Iraq and Afghanistan, as well as more recent support for Ukraine, can be understood as efforts to deepen alignment with U.S. foreign and security policy.

### Ideas

One of the key ideas adopted by Korea to promote the socioeconomic development of partner countries through international development cooperation is the KSP (Knowledge Sharing Program). This program was first introduced in 2004 as part of the EDCF (Economic Development Cooperation Fund) program. KSP is a platform for development cooperation, aiming to share knowledge with partner countries and develop a solid foundation for the expansion of economic and political cooperation. The main mission of KSP is to contribute to the inclusive socioeconomic development of partner countries and to promote strong and close economic cooperation.<sup>20</sup>

The idea of KSP was introduced to enable Korea to share its development experience with underdeveloped partner countries. By sharing Korea's successful and unsuccessful experiences during its own socioeconomic development process, the program seeks to provide important lessons for partner countries in formulating and implementing their development policies. KSP supports the socioeconomic development of partner countries through integrated research and consultation.

Since its introduction, KSP has expanded its partner countries and areas of cooperation. It now maintains partnerships with around 70 countries and more than 10 international organizations. Its areas of cooperation are comprehensive, encompassing the economic, social, and public sectors. In particular, the economic sector includes issues such as economic development planning, macroeconomic policy, industrial and trade policy, science and technology, and rural development. The social sector mainly focuses on consultation in areas such as human resource development, health, labor markets, and the environment. In the public sector, key areas include public finance and public administration.

Another key policy idea adopted by Korea is the “priority partner country” system. Under this framework, Korea designates its principal ODA recipients on a five-year cycle and concentrates its bilateral assistance on this selected group. The intention is to enhance the overall effectiveness of Korean ODA while strengthening its alignment with Korea's broader foreign policy interests. As of 2024, approximately 67 percent of Korea's bilateral aid is allocated to these priority partner countries. Given the significance of these considerations, the selection of priority partner countries is an inherently complex and highly political process. A range of factors—such as alignment with Korea's foreign policy objectives, the socio-economic needs of prospective partner countries, aid effectiveness, and regional balance—collectively influence the designation of priority partners. As shown in the figure below, most countries originally selected during the first round in 2011 have retained their status to the present day, with only minor adjustments over time. The largest share of priority partners consists of

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countries in Asia, which accounts for roughly 60 percent of Korea's total ODA, followed by countries in Africa, America, and Central Asia. The following figure shows change in the list of priority partner countries since 2011.

**Figure 12. Change in Priority Partner Countries.**

	2011-2015	2016-2020	2021-2025
<b>Asia</b>	Vietnam, Indonesia, Cambodia, Philippines, Bangladesh, Mongol, Laos, Nepal, Sri Lanka, Pakistan, East Timor	Vietnam, Indonesia, Cambodia, Philippines, Bangladesh, Mongol, Laos, Nepal, Sri Lanka, Pakistan, Myanmar	Vietnam, Indonesia, Cambodia, Philippines, Bangladesh, Mongol, Laos, Nepal, Sri Lanka, Pakistan, Myanmar, India
<b>Africa</b>	Ghana, Ethiopia, Mozambique, Rwanda, Uganda, Conga, Nigeria, Cameroon	Ghana, Ethiopia, Mozambique, Rwanda, Uganda, Tanzania, Senegal	Ghana, Ethiopia, Rwanda, Uganda, Tanzania, Senegal, Egypt
<b>Central Asia</b>	Uzbekistan, Azerbaijan	Uzbekistan, Azerbaijan	Uzbekistan, Kyrgyzstan, Ukraine, Tajikistan
<b>America</b>	Colombia, Peru, Bolivia, Paraguay	Colombia, Peru, Bolivia, Paraguay	Colombia, Peru, Bolivia, Paraguay
<b>Oceania</b>	Solomon Islands	-	-
<b># of Countries</b>	26	24	27

Source: Korea ODA Whitepaper; graphic provided by the author

Alongside this selection process, Korea introduced the CPS (Country Partnership Strategy) as an additional mechanism for strategic coordination. The CPS seeks to integrate each partner country's national development plans with Korea's own ODA policy priorities, thereby identifying core sectors for assistance and fostering mutual interests between Korea and its partners.

To regularly review its ODA policies and explore new strategic directions, Korea formulates a "Five-Year Comprehensive Plan for International Development Cooperation" on a quinquennial basis. This plan is renewed every five years through a comprehensive assessment of Korea's ODA delivery capacities, areas of comparative advantage, national objectives, and the evolving international environment. The following figure presents the most recent Five-Year Plan, which was established in 2021 and remains in effect through 2025.

**Figure 13. The 3rd Five-Year Comprehensive Plan for International Development Cooperation**



Source: Korea ODA Whitepaper 2024<sup>21</sup>; graphic provided by the author

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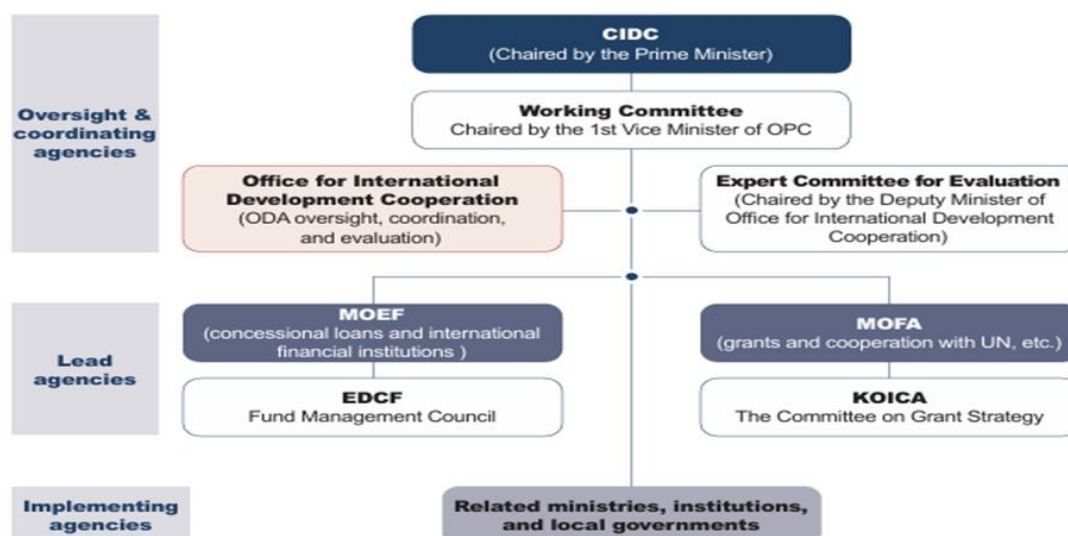
In the "Third Five-Year Plan", the Korean government articulated the objective of "realizing global value and mutually beneficial national interests through cooperation and solidarity," and, toward this end, designated inclusive ODA, mutually beneficial ODA, innovative ODA and collaborative ODA as its strategic goals. Building on these priorities, the government has undertaken efforts to strengthen sustainability, accountability, and efficiency of Korea's ODA policy framework.

## Institutions

Korea has undertaken a range of legal and institutional measures to implement its ODA policy effectively. In 1987, the Korean government established the EDCF under the Export-Import Bank of Korea to manage concessional loans. The primary purpose of the EDCF was to provide loan-based assistance aimed at building economic and social infrastructure in partner countries. In 1991, the government created KOICA (Korea International Cooperation Agency) under the Ministry of Foreign Affairs as the agency responsible for administering grant-based aid. KOICA's main mandate has been to implement bilateral grants and provide technical assistance. Since the establishment of these two institutions, both the scale and sectoral scope of Korea's ODA have expanded markedly. At present, EDCF operates 31 and KOICA operates 47 field offices across partner countries, playing a crucial role in identifying development needs and delivering appropriate support. By utilizing the local offices of EDCF and KOICA, the Korean government undertakes key functions such as identifying project opportunities, conducting feasibility studies, implementing projects, and evaluating their outcomes.

In 2006, the government established the CIDC (Committee for International Development Cooperation) under the Office of the Prime Minister to oversee and coordinate Korea's ODA policy. CIDC was intended to address the fragmented nature of Korea's ODA system and to strengthen the planning and coordination of integrated and effective ODA policies. Additionally, the Sub-Committee for Evaluation was created within the CIDC to enhance the effectiveness of Korea's ODA by systematically evaluating the projects and programs it funds. The following figure shows the current Korean government's ODA policy system.

**Figure 14. Korean Government's ODA Policy Implementation System**



Source: Korea ODA Whitepaper 2024; graphic provided by the author



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Korea has also developed a series of legal foundations to support its ODA system. In 2010—the year Korea joined the OECD DAC—the government enacted the “Framework Act on International Development Cooperation”, which was later revised in 2018. This legislation established and subsequently refined the legal basis of Korea's ODA policy. In 2019, the government introduced the “International Development Cooperation Government–Civil Society Partnership Basic Plan” to strengthen collaboration with CSOs (civil society organizations). The objective was to promote transparency and accountability in Korea's ODA by ensuring active CSO participation in both policy formulation and implementation. In 2022, with the enactment of the “Framework Act on Sustainable Development”, the Korean government affirmed that Korea's economic development must not infringe upon the environment or social justice of its partner countries.

In addition, the Korean government has established various institutional mechanisms to strengthen ODA governance. Since 2010, Korea has formulated a “Five-Year Comprehensive Plan for International Development Cooperation” to evaluate ODA performance and define strategic directions for the future. It has also prepared an “Annual Implementation Plan” each year to outline and execute its ODA priorities on a yearly basis.

The government has further developed institutional frameworks to enhance cooperation with key regions. Under the Moon Jae-in administration, the New Southern Policy and New Northern Policy became central pillars of foreign policy, leading to expanded ODA cooperation with partner countries in these regions. In 2023, Korea adopted the “Africa Development Cooperation Strategy” to strengthen development cooperation with African countries, and in 2024 it introduced the “ASEAN Development Cooperation Strategy” to reinforce its engagement with Asian partner countries. In 2025, the Korean government expanded the regional strategy to cover the Central Asian region.

### Tasks to Be Addressed

South Korea's ODA policy is currently undergoing several noteworthy shifts. The first set of changes is linked to the external environment. The substantial transformation of U.S. ODA policies and institutional arrangements following the inauguration of the second Trump administration has exerted significant influence on the global development cooperation landscape. Numerous OECD DAC member states are reducing their ODA volumes and recalibrating their strategies to more explicitly advance their own national interests.<sup>22</sup>

Conversely, demand for ODA has been rising as economic conditions in partner countries deteriorate. In particular, needs associated with Ukraine's reconstruction—as well as the wider economic repercussions arising from the war, including inflation and supply chain disruptions—have markedly increased ODA demand across many partner countries. This has resulted in a growing mismatch between ODA supply and demand, thereby prompting intensified discussions on how to offset the reductions undertaken by major donor countries.

The second set of changes pertains to South Korea's domestic context. The previous administration significantly expanded the national ODA budget and employed ODA as a key foreign policy instrument in pursuit of its ambition to become a “global pivotal state.” However, this policy orientation encountered skepticism and opposition. Critics questioned the rationale for substantial ODA expansion at a time when South Korea itself was facing economic challenges.<sup>23</sup>

Amid these two pressing challenges, opposing views have emerged: on one hand, the argument that Korea should expand its ODA in order to enhance its stature and sense of responsibility within the international community; and on the other, the view—shared by many DAC member countries—that Korea should reduce its ODA and instead concentrate on other urgent domestic priorities. Under these circumstances, the Lee Jae-myung administration, inaugurated in June, has indicated



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forthcoming adjustments to ODA policy. It seeks to pursue ODA policies aligned with its overarching strategy of “national interests-oriented pragmatic diplomacy,” stressing that ODA allocations should more directly serve South Korea's strategic interests. Furthermore, according to the budget submitted to the National Assembly, the government intends to reduce next year's ODA budget by more than 10 percent compared to the 2025 allocation. Should these cuts be implemented, South Korea will be required to play a dual role: contributing meaningfully to the international community while simultaneously utilizing a reduced budget with greater efficiency to advance national interests.

Furthermore, South Korea faces several pending tasks, including the establishment of an integrated aid system to overcome aid fragmentation, the strengthening of cooperation with civil society, the mobilization of private sector resources, the enhancement of ODA effectiveness, and the securing of broader public support for its aid policies. South Korea also faces the task of overcoming several fundamental constraints associated with its ODA contributions.<sup>24</sup> These limitations include a relatively weak culture of charitable giving, a prolonged period of low economic growth, persistent low-income challenges within Korean society, and doubts regarding the effectiveness of foreign aid. In addition, Korea continues to grapple with a low ODA/GNI ratio, limited public interest in international aid, and declining public support for expanding ODA.<sup>25</sup> Consequently, the extent to which these challenges can be addressed will significantly influence the future trajectory of Korea's ODA policy.

The Korean government is currently preparing the fourth Five-Year Comprehensive Plan for International Development Cooperation, as well as the fourth selection of Priority Partner Countries. The new plan will reflect on the ongoing domestic and international environmental changes and will incorporate an ODA strategy aligned with the national vision of the new administration. In addition, through the renewed selection of Priority Partner Countries, the government intends to adopt a strategy of “selection and concentration” to enhance aid effectiveness within a reduced overall ODA budget.

The Korean government is also exploring ways to strengthen the coherence of its ODA under a diplomatic strategy that seeks to leverage South Korea's comparative advantages in the fields of artificial intelligence (AI) and K-culture. In other words, it aims to advance mutual interests between Korea and its partner countries through science and technology ODA—including AI—and to enhance Korea's stature and reputation not through the unilateral dissemination of K-culture, but through cultural exchange and cooperation that fosters mutual understanding and interest.

It remains unclear whether the somewhat competing objectives of the current Korean government—namely, national interests-oriented pragmatic diplomacy and contributing to the international community—can be effectively achieved through its ODA policy. Nonetheless, given the rapidly changing domestic and international environment, this policy direction can be regarded as broadly appropriate. One point, however, is unequivocal: the fundamental purpose of ODA is to promote the socio-economic development of partner countries. It is therefore imperative that Korea's ODA policies remain aligned with this core principle and objective. Just as Korea achieved rapid economic growth and democratic development with the support of foreign aid from other countries, it is argued that Korea should adopt an ODA policy that “gives back” by supporting the economic and political development of its partner countries.

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<sup>1</sup> OECD. 2024. *Development Cooperation Review: Korea 2024*.

<sup>2</sup> According to the 2025 “International Development Cooperation Overall Implementation Plan”, 41 government agencies had plans to pursue 1,928 projects. The numbers of participating government agencies and ODA projects show aid fragmentation.

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- <sup>3</sup> According to the Korea ODA White Paper 2024, as of 2024, Korea's bilateral and multilateral ODA shares stood at 81.9% and 18.1%, respectively. In addition, the proportions of grant and loan were 60.4% and 39.6%, respectively.
- <sup>4</sup> According to OECD DAC data, 19 DAC countries out of 32 provide 100% grant aid.
- <sup>5</sup> There are existing discussions that apply the "3 I's" framework to explain a country's foreign policy. Building on this, the present article adds "identity" as an additional dimension, thereby employing a "4 I's" framework to analyze and explain South Korea's ODA policy. For 3 I's, see Goldstein, Judith and Robert O. Keohane. Eds. 1993. *Ideas and Foreign Policy: Beliefs, Institutions, and Political Change*. Ithaca: New York: Cornell University Press; Hay, Collins. 2004. "Ideas, interests and institutions in the comparative political economy of great transformation." *Review of International Political Economy*. 11-1. 204-226.
- <sup>6</sup> Republic of Korea Overview: Development news, research, data. World Bank.
- <sup>7</sup> Kim Duol and Sangyun Ryu. 2014. "ODA to Korea: Measurement and Comparison." *Korean Economic Review*. 62-3. 147-181.
- <sup>8</sup> Kim, Jiyoung. 2011. "Foreign Aid and Economic Development: The Success Story of South Korea." *Pacific Focus*. 26-2. 260-286.
- <sup>9</sup> Other important norms within the OECD framework concern the proportion of grants to concessional loans, the balance between bilateral and multilateral ODA, and the allocation of assistance to Least Developed Countries (LDCs).
- <sup>10</sup> The OECD projects a 9 to 17% drop in ODA in 2025, after declining by 9% in 2024. The outlook beyond 2025 remains highly uncertain. See OECD. 2025. "Cuts in official development assistance: OECD projections for 2025 and the near term." *Policy Brief*. OECD.
- <sup>11</sup> Alesina, Alberto and David Dollar. 2000. "Who Gives Foreign Aid to Whom and Why?" *Journal of Economic Growth*. 5-1. 33-63; Younas, Javed. 2008. "Motivations for Bilateral Aid Allocation: Altruism or Trade Benefits." *European Journal of Political Economy*. 24-3. 661-674.
- <sup>12</sup> For the detailed contents of the national policy agendas of the Moon Jae-in, Yoon Suk-yeol, and Lee Jae-myung administrations, please refer to the following documents: National Policy Planning Advisory Committee. 2017. "Five-Year Plan for National Governance."; Government of the Republic of Korea. 2022. "Yoon Suk-yeol Government's 120 National Policy Agenda."; Government of the Republic of Korea. 2025. "Lee Jae-myung Government's 123 National Policy Agenda."
- <sup>13</sup> Gulrajani, Nilima. 2017. "Bilateral donors and the age of national interest: What prospects for challenge by development agencies?" *World Development*. 96. 375-389; Tanaka, Akihiko. 2024. "What is Strategic "Development Cooperation"?" *Asia-Pacific Review*. 31-2. 1-12.
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- <sup>15</sup> Kang, Gil Seong. 2014. "Does Korea's Official Development Assistance Promote Its Exports?: Theoretical and Empirical Analyses." *Journal of Korea Trade*. 18-4. 47-83; Kang, Myeong-Joo. 2015. "The Study on the Impact of ODA on the Export of Korea: A Panel Data Analysis." *International Commerce and Information Review*. 17-1. 217-240; Noh, Bobae and Almas Heshmati. 2021. "Does official development assistance affect a donor's exports? South Korea's case." *Sn Business and Economics*. 1-10. 141; Choi, Yunhee. 2022. "Foreign Aid and Donor's Exports to the Recipients: The Korean Case." *Korea Observer*. 53-4; Yim, Hyung Rok. 2023. "A Study on Korea's ODA and Its Export Connectivity to Recipient Countries." *Asia-Pacific Journal of Convergent Research Interchange*. 9-4. 117-126.
- <sup>16</sup> Kang, Gil Seong and Yongkul Won. 2017. "Does Korea's official development assistance promote its FDI?" *Journal of Economic Research*. 22. 23-46; Kim, Young Wan. 2017. "Analysis of the First South Korean Focus Countries of Official Development Assistance: Focusing on Foreign Direct Investment." *Korean Political Science Review*. 51-1. 287-306.
- <sup>17</sup> Sohn, Hyuk-Sang et al. 2020. "South Korea's ODA and FDI in sub-Saharan Africa." *Journal of Social Science*. 46-3. 27-57.
- <sup>18</sup> Kang, Kyung-Pyo and Jun-Mo Kang. 2018. "Does Korea's ODA Contribute to the promotion of Economic Cooperation? An Empirical Analysis of the Impact of ODA on Korean Exports and Overseas Direct Investment." *Korean Journal of Public Administration*. 56-3. 169-203.
- <sup>19</sup> Sohn, Hyuk-Sang, Seokwoo Kim and Changbin Woo. 2020. "Assessing Motives in Northeast Asian Aid Allocations: China, Japan, and Korea as a Collective Group and as Individual Donors." *The Korean Journal of International Studies*. 18-2. 123-144.
- <sup>20</sup> See KSP website for its history, partnership, cooperation and others (<https://www.ksp.go.kr/english/pageView/ksp-is>).
- <sup>21</sup> Korea. 2024. *Korea ODA Whitepaper*.
- <sup>22</sup> The implications of the ODA policy changes under the second Trump administration for the international community can be summarized in several key questions: What strategies will other donor countries adopt? What impact will the substantial reduction in U.S. ODA have on global development? Who will fill the vacuum left by the United States? And does this signal the end of traditional international development cooperation? See Haug, Sebastian, Anna Novoselova and Stephan

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Klingebiel. 2025. "Trump's assault on foreign aid: implications for international development cooperation." No. 4/2025. *IDOS Discussion Paper*.; Kump, Isabell. 2025. "Too Big to Fill? Reducing Gaps in Development Finance Post-USAID." *Munich Security Conference*. <https://securityconference.org/publikationen/analyses/too-big-to-fill-gaps-in-development-finance-post-usaid/>; Ahmed, Masood. 2025. "The End of Development Cooperation?" *Opening Address at 2025. ABCDE*. Washington, DC.

- <sup>23</sup> Concerns have emerged within Korea regarding the expansion of ODA, particularly as corruption-related issues in the ODA sector have been raised during previous administrations.
- <sup>24</sup> According to the *World Giving Index* by Charities Aid Foundation, Korea was ranked 88th out of 142 countries in terms of "Donating Money" behavior in 2023.
- <sup>25</sup> According to the "2024 National Public Perception Survey" conducted by the Korean Institute of Public Administration, public support in Korea for ODA has been declining. The proportion of respondents expressing support for ODA reached 89.0% in 2011, but after a series of fluctuations, it has continued to decrease since 2017, falling to 77.8% in 2024. Support for expanding the scale of ODA has also declined: while 45.5% favored an expansion in 2015, the figure has steadily decreased, reaching 19.4% in 2024. In this survey, respondents cited several reasons for opposing ODA, including: "domestic issues are more important," "Korea is not wealthy enough to provide aid," "ODA does not effectively contribute to the socio-economic development of partner countries," "ODA offers little benefit to Korea's economy or diplomacy," and "the governments of partner countries cannot be trusted."

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