



DEVELOPMENTAL ASSISTANCE BY  
SOUTH KOREA AND JAPAN

## INTRODUCTION

The states of Southeast Asia are on the front lines of competition not only in regard to the balance of military and political power, as analyzed in Section I, but also with respect to their economic orientation. China understands this well with its initiatives to join in FTAs as well as the Regional Comprehensive Economic Partnership (RCEP), to build infrastructure, and to forge a maritime belt. Its economic clout is being utilized to reorient the region around China through trade, transportation, financial institutions, and reliance on development assistance. Japan has responded with greater emphasis on Southeast Asia, as it and the United States strive to complete an agreement for TPP with a number of the states in this region. How Japan uses official development assistance (ODA) is of increasing interest after Abe intensified diplomacy in the area and the competition with China has grown fiercer. In recent years South Korea also has strengthened development assistance to Southeast Asia. It too depends heavily on transport through the South China Sea, joins in ASEAN + 3 as a partner with the ten members of ASEAN, and has a large stake in the competition over this region. It seeks to become a model in the international community. Whether in sharing knowledge, providing assistance focused less on one's own interests and more on the interests of the recipients, or seeking wide-ranging benefits for ASEAN, development assistance warrants increased attention in current conditions.

The three chapters of Section III analyze development assistance and related economic ties to Southeast Asia from Japan and South Korea. The chapter by Kwak Sungil systematically examines South Korea's ODA and economic outreach. The one by Lim Wonhyuk concentrates on South Korea's knowledge sharing programs. They range from an assessment of best practices to close scrutiny of the specifics of assistance programs to an overview of overall objectives and how they are being pursued. Finally, the chapter by Kikuchi Tsutomu looks more broadly at Japan's ODA in the context of its "rebalancing" to Southeast Asia. All three chapters center on Southeast Asian states as objects of evolving policies, at a time Northeast and Southeast Asia are increasingly connected and the competition to help shape the orientation in Southeast Asian states is intensifying. Seoul and especially Tokyo strive not only to help states to grow their economies and reduce poverty, but to boost their own economies and foster a liberal, regional economic order. Tokyo's assistance is on a much larger scale, has proceeded over a far longer time, and reflects a more far-reaching debate about security and regional transformation.

As a rare example of a country that moved from poor recipient of ODA to what some consider to be a model donor of ODA, South Korea warrants close scrutiny. Only in 2000 was it dropped from the DAC (Development Assistance Committee) list of ODA recipients, and only as recently as November 2009 was it able to join the OECD's DAC as an international donor member. In 2012, Korea's ODA exceeded \$1.5 billion for the first time. The ODA to Gross National Income (GNI) ratio stood at 0.14 percent. In 2013, the figure had climbed to \$1.75 billion, a 9.9 percent increase over 2012. Korea still has to increase its assistance, given the fact that the average for DAC members is 0.30 percent of GNI. Its government has a plan to narrow the gap and meet this responsibility to international society. In the meantime, Korea has been reviewing its entire ODA system and recognizes the need for an integrated strategy, a coordinating system, and a strong results-based management system. Findings from the review and discussions about improving the system are reflected in our coverage.

Kwak reviews the history of Korean ODA, listing priority partner countries while noting some limitations on its implementation. He analyzes its ODA system, presenting a chart of bureaucratic arrangements. Then he differentiates types of assistance, using a table to present figures from 2007-13. Kwak also breaks down the ODA by region, country, sector, and income group. He points to many limitations on the implementation of ODA by Korean agencies, while identifying specific characteristics and challenges in ODA for Southeast Asia and proposing steps that could produce better results. He expresses concern that the average size of a project is larger than for nearly all countries and this may suggest showing off. In covering Southeast Asia, he compares Korea's ODA with that of other donors, listing country-by-country figures. Kwak also points to Korea's ODA per country over time with details for type of aid and type of finance. One problem flagged by Kwak is fragmentation. Another is the self-serving nature of ODA, examined through comparison of foreign direct investment (FDI) and ODA figures as well as bilateral trade volumes. Concern has been raised about the high level of aid for trade in Korean assistance. Readers can get a clear sense of issues on the minds of Koreans involved in providing such assistance.

Lim describes the Knowledge Sharing Program as a policy-oriented initiative, in which South Korea shares its development experience and knowledge to support the institutional and capacity building of partner countries. He looks at the origin in 2004 and the evolution of the program since then and assesses its accomplishments and challenges. Lim writes that South Korea can use its leadership role among developing countries and its successful experience of industrialization and democratization in guiding the international development agenda by carrying out development cooperation projects that support the sustainable development of partner countries based on institution and capacity building. In 2008, systematic reform of the program was made with a focus on mutual and collaborative knowledge sharing. The regional focus was Asia, especially Southeast Asia. Among the ten ASEAN members, the six low or lower middle income countries were among the most active participants. Vietnam, in particular, was involved for every year except in 2005. Southeast Asian countries have a great deal of interest in learning about how South Korea managed to escape from "the middle-income trap" and how they could formulate a development strategy in their own context, Lim concludes. His chapter analyzes how South Korea strives to disseminate that learning in the region. It complements the Kwak paper while also emphasizing efforts to make South Korea's development assistance more effective, especially by better responding to the expressed needs of the recipient countries. Given the more limited resources Seoul provides to these countries, this unique initiative both meets a need and demonstrates its determination to earn recognition as a responsible power in the global community.

Themes covered in these chapters include the history of ODA from South Korea and Japan, the linkages of ODA to trade and FDI, the breakdown of types of ODA, and the objectives of these states in providing ODA. Yet, other themes are not far from the surface. Given the early 2015 new Japanese approach to ODA to allow support that has security implications, one may wonder if ODA can be used for joint production of arms and other direct military objectives. The answer is that it can now be used for disaster relief, law enforcement capacity building, search and recovery, humanitarian assistance, and other soft security purposes that may involve coast guard vessels and training officers. Japan's ODA is

being “securitized” in ways that Korea’s is not. Another timely query, as the Chinese-led Asian Infrastructure Investment Bank (AIIB) was attracting South Korea and many other countries to join, is how might this infrastructure bank affect ODA. Korean ODA has been independent of Japan’s ODA and would remain separate from the Chinese project too, although Korean capital would become part of the AIIB. TPP could have an impact, e.g. in assistance to Vietnam, as both Japan and South Korea see it as more important, if one assumes that TPP will be launched and Korea will soon join it. Already Vietnam is a prime target of both countries’ ODA. The juxtaposition of coverage of ODA in Japan and South Korea should draw attention to the value of directly comparing their programs.