

## Official Development Assistance: Opportunities for U.S.-Korea Cooperation

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### ABSTRACT

While the United States has a long track record in providing official development assistance (ODA) to less developed countries, South Korea is a relative newcomer to international development cooperation. The Korean and U.S. foreign assistance programs differ tremendously in scale, operational infrastructure and program complexity. Given these contrasts, how might Korea and the United States cooperate in the area of development assistance in ways that are beneficial to both sides and a net gain for the recipients of aid? How might such cooperation make a difference in the overall U.S.-Korea bilateral relationship? Although it is not immediately apparent that there would be mutual benefit from cooperation between these asymmetrical programs, there are considerations that suggest mutual benefits that each could derive from consultation and cooperation.

Rationales for cooperation in the area of ODA include:

- 1) The U.S. and Korea share a strong national interest in a stable global environment in which economic growth can recover and continue. Both countries are using ODA as one strategy in their toolkits to support development in strategic parts of the world in a way that generates goodwill and mutually beneficial commercial ties.
- 2) Korea has a lot to offer based on its own historical experience in helping to rebuild post-conflict or fragile states, and the United States welcomes an expanded partnership with Korea in this area.
- 3) Cooperation in the area of ODA is a natural and positive way for Korea and the U.S. to expand the scope of their historical alliance. Such Cooperation can help create a new basis and image of the alliance that could attract the support of their publics and the respect of the world community.
- 4) Bilateral cooperation is one means for Korea to quickly strengthen its aid effectiveness in preparation for membership in the OECD Development Assistance Committee (DAC) and as the host of the 2011 High Level Meeting on Aid Effectiveness.

- 5) Cooperation in ODA now in other fragile contexts could provide extremely timely and useful experience and models for a joint response to a possible humanitarian emergency in North Korea.

South Korea is one of the first countries to graduate from being a recipient of massive developmental assistance to becoming an OECD member and provider of aid to other less developed countries. Korea's ODA volume has steadily increased since 2001, and it is now looking for new models to strengthen and expand its ODA operations. The Korean government has made official commitments to increase the volume of its ODA to 0.25 percent of GNI by the year 2015. If this materializes, it would mean that total ODA (grant and loans) would come to approximately \$3 billion, or a 275 percent increase between 2008 and 2015. A general principle that guides much of Korea's approach to international cooperation is that other countries can benefit from Korea's own remarkable development experience. This is a time of expansion but also of self-examination and flux in Korea's ODA programs. It is important that Korea discern and teach the "correct" story and assessment of its own development experience. Korea can rightly point to certain policies and developmental investments that many countries could emulate, at least to some extent. Korea is taking its own history and experience into the global debate on development aid. Korea's history as having made the successful transition from aid-receiving to aid-providing nation puts it at the center of the current debate over development policy and aid effectiveness.

The United States has a much longer and more complex history as an aid donor than Korea. Nevertheless, the U.S. ODA effort has also entered a period of creative debate over its future direction and the need for enhancing the effectiveness of its massive and fragmented aid programs.

Cooperation between the ODA programs of Korea and the United States should aim at signing an official, broad agreement for cooperation in development assistance policy and programming—establishing a **U.S.-Korea Development Cooperation Coordinating Committee** to approve specific plans, monitor progress, and report on results. The agreement should be sufficiently specific to include a timeline for consultations to take place and for a multi-year ODA cooperation plan to be designed and approved. Cooperation could proceed along three tracks: policy dialogue, global themes, and field-level cooperation: 1) a joint dialogue and research program could focus on drawing practical lessons for contributing to the ongoing aid debate, 2) the dialogue group should select two or three global issues critical for successful

development progress and mandate focused and sustained research and cooperation in the selected area, and 3) under a mandate from the Coordinating Committee, and building on the research initiated by the Policy Dialogue group, national ODA agencies in the two countries should design and implement projects for cooperation in selected countries.

Several factors that might be considered obstacles must be overcome in order to initiate and sustain U.S.-Korea cooperation on ODA. These include overstretched bureaucracies, the focus on nation branding, and commercial interests. Therefore, for meaningful cooperation to develop national leaders and government officials on both sides must view the initiative in the context of strengthening and broadening the base of the overall U.S.-Korea alliance and partnership in the world.