

**TRADE, DIPLOMACY, AND HUMANITARIANISM :  
THREE MAJOR FACTORS INFLUENCING  
KOICA'S AID TO DEVELOPING COUNTRIES**

By

SUK KYOON, YOON

A THESIS

Submitted to  
School of Public Policy & Management, KDI  
in partial fulfillment of the requirements  
for the degree of

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Department of International Relations

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## ABSTRACT

### TRADE, DIPLOMACY, AND HUMANITARIANISM : THREE MAJOR FACTORS INFLUENCING KOICA'S AID TO DEVELOPING COUNTRIES

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There are three major factors influencing KOICA's aid to developing countries.

Those are trade, diplomacy and humanitarianism. Koreans have been familiar with foreign aid after 1945, that is shortly after the liberation from the Japanese occupation.

Before the 1970s Korea was in the position of receiving foreign aid. But now Korea is contributing to the world by donating foreign aid to about 130 countries. There are at least two views on the international cooperation.

One is that foreign aid is self-interested. The other is that it is humanitarian activity. In this thesis I want to find out whether Korean aid provided by the KOICA is self-interested or humanitarian. In this study I found that the KOICA's behavior is primarily influenced by the Ministry of Foreign Affairs' concern with Korea's diplomatic and economic self-interest, but that the details of its aid programs are humanitarian.

*Dedicated to my father*

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## TABLE OF CONTENTS

LIST OF TABLES.....	vii
ABBREVIATIONS.....	viii
INTRODUCTION.....	1
CHAPTER 1	
HISTORY OF INTERNATIONAL COOPERATION .....	3
PURPOSE OF INTERNATIONAL COOPERATION.....	5
CHAPTER 2	
KOREA AND FOREIGN AID.....	6
HISTORY OF KOREAN AID.....	8
ABOUT KOICA.....	9
CHAPTER 3	
ANALYSIS OF KOICA'S BEHAVIOR IN GRANT AID	
EVIDENCE 1	
DIPLOMATIC AND POLITICAL .....	16
EVIDENCE 2	
BIG TRADE PARTNERS.....	20
EVIDENCE 3	
HUMANITARIAN PROJECTS.....	28
CONCLUSION.....	31
BIBLIOGRAPHY.....	33
APPENDIX.....	35

## LIST OF TABLES

1. Korea's ODA and KOICA's budget	11
2. KOICA's recipient countries and Organizations	12
3. KOICA's expenditure	12
4. KOICA's expenditure by region (percentages of KOICA's aid total)	14
5. Top 20 poorest countries by World Bank	15
6. Top recipients by year	21
7. The percentage of total expenditure of Asian & African recipients by year	22
8. Trade, Export, Import and FDI with China	23
9. KOICA's expenditure to China	23
10. Trade, Export, Import and FDI with Vietnam	24
11. KOICA's expenditure to Vietnam	25
12. Trade, Export, Import and FDI with Indonesia	26
13. KOICA's expenditure to Indonesia	26
14. Korea's export and import by year	27

## ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
DAC	Development Assistance Committee ( of the OECD )
EDCF	the Economic Development Cooperation Fund
FDI	Foreign Direct Investment
IBRD	the International Bank for Reconstruction and Development ( the World Bank )
KOICA	Korea International Cooperation Agency
MOFA	Ministry of Foreign Affairs
MOFAT	Ministry of Foreign Affairs and Trade
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
WTO	World Trade Organization



## INTRODUCTION

This thesis discusses Korean foreign aid, that is, its activity in assisting other countries developing. Such foreign aid is termed “development cooperation”, “development assistance”, or even just “international cooperation”. And Korea is very familiar with it: Korea was for many years a recipient of foreign aid.

Between 1945 to 1960 Korea received \$3.1 billion. Those funds came from the US Army Administration (\$409 million), the US Economic Cooperation Administration (\$20 million), Civil Relief in Korea (\$460 million), the UN Korean Reconstruction Administration (\$120 million), the International Cooperation Administration (\$170 million) and PL480 (agricultural products worth \$203 million).<sup>1</sup>

In 1963, for the first time, Korea contributed assistance to other countries by inviting trainees from developing countries, using financial aid from USAID. In 1965 Korea launched its own, Korean-funded, project to train people from developing countries. In the 1970s Korea expanded foreign aid to developing countries for purposes of diplomacy and furthering Korea’s economic growth. I will explain this in Chapter Two. In the 1980s Korea expanded the amount of aid and diversified its aid programs. In 1991 Korea set up KOICA as a foreign aid grant agency.<sup>2</sup>

My puzzle begins here. There are many theories of foreign aid. According to the analyses of other countries’ cooperation agencies these serve several kinds of purposes such as economic development, colonialism, trade and strategic purposes, and also humanitarian activity.<sup>3</sup> My thesis focuses on the KOICA’s behavior and seeks to find out what kind of purposes KOICA has had in giving aid to developing countries. In Chapter One, I briefly discuss the history and purpose of international

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<sup>1</sup> KOICA, 1997, Annual report 1996, p50

<sup>2</sup> KOICA, 1997, Annual report 1996, p45-46

<sup>3</sup> Kim, Haksoo, 1990, Korea’s mid and long term economic cooperation plan with developing countries. KIEP, p38-78

cooperation. Chapter Two will introduce Korea's foreign aid, history of Korean aid, KOICA and KOICA's behavior. Evidence in Chapter Three will support my argument that the KOICA's activity is closely related to Korea's self-interest, economic and diplomatic; but that in its details it has a humanitarian focus.

## CHAPTER 1

### HISTORY OF INTERNATIONAL COOPERATION

Many western NGOs played a very crucial role starting from the 19<sup>th</sup> century often under Church sponsorship, to help colony and the least developed countries under the humanitarian atmosphere. The CARE(Cooperative for American Relief Everywhere) made strenuous efforts to provide aid first to war-stricken Europe, and afterward to underdeveloped countries. But the beginning of official development assistance was in the late 1940s.<sup>4</sup>

The history of international cooperation can be divided into 5 parts according to the KOICA 1996 report.

The first period (1945-1960): The system of world development and cooperation was set up and the US and USSR used foreign aid as the tool of expanding its ideology.

The second period (1960s): A wider variety of countries provided aid including Japan and Germany, and the South-North Problem emerged.

The third period (1970s): The world economy was in recession and the donation of Japan increased.

The fourth period (1980s): The South-South cooperation was necessary and global issues were adopted. A new humanitarian aid ideology to deal with Basic Human Needs was emerged and the least developed countries got the attention from the donation countries.

The fifth period (1990s): The environmental issue and sustainable development were added to the programs.<sup>5</sup>

Lumsdaine instead gave another view on the aid era. At Chapter 7 of his book titled Moral Vision in international politics, he outlined the history of aid from the Point

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<sup>4</sup> KOICA, 1997, Annual report 1996, p21

<sup>5</sup> KOICA, 1997, Annual report 1996, p22

Four speech through the 1980's.

Chapter 7 titled 'How Aid Grew' has traced a corresponding pattern – the growth and development of the institutions and programs of foreign aid throughout the aid era – and has argued that there was a steady growth in the extent to which aid practices conformed to the underlying logic of working to overcome poverty.

The Point Four program was soon joined by the Colombo Plan of the Commonwealth nations and by a reoriented World Bank and an Expanded Program of Technical Assistance at the U.N. Then throughout the sixties, more multilateral institutions were added, and the programs of the European donors became strong and substantial. In all this, a pivotal role was played by two international institutions: the World Bank and the DAC, and its parent OECD. That could not have happened, of course, without substantial U.S. support; but once the DAC was in place and operation of the World Bank well under way and receiving vigorous leadership, the course that events took was that was not shaped, and was even sometimes resisted, by the United States. If international institutions embodying agreed-upon principles were nothing different from closely held instruments of national power, it is hard to see why they would be devised. It is because they develop a certain momentum and impetus of their own that they can command broader support, and have wider influence, than purely national policies. But by the same token, a decision to invest in such institutions is a decision to hand control over to the principles and rules that the institutions embody.

These institutions were crucial. But it is incorrect to see the account given here as essentially an institutional argument. For the international institutions had, actually, very little power: dependent for most of their funding upon the choices of the individual DAC donor states, all they could do was to propose goals and principles and get a hearing for their case. Further, these institutions were effective not so much in the sense of promoting themselves as institutions, as in the sense of furthering certain ideas or forms of international interaction that were their *raison d'être*.

The DAC, especially, remained small, and is certainly not a widely discussed body. The IBRD sought to expand its own role, but also sought, under McNamara's leadership, to change standards for foreign aid and to emphasize assistance to poorer countries. Even if this was a move undertaken for institutionally strategic reasons – and there is no evidence that it was – it could not have succeeded unless the basis of support to which it appealed in donor countries was one that was founded in concern about questions of international poverty. And that is true of the aid institutions as a whole. Whether or not they

sought to enhance their own status as organizations, the crucial element was their appeal to ideas that found support and resonance in the thought of the donor countries.<sup>6</sup>

## THE PURPOSE OF INTERNATIONAL COOPERATION

I will argue that there are three purposes of Korean international cooperation.

The first is diplomatic and political. Korea occupied middle position between developed and underdeveloped countries. So it provides aid in order to minimize the political and diplomatic loss in the transitional period and to secure a solid position in the international arena. The second is economic. Trade is very important to Korea. By adopting an export drive policy, Korea achieved remarkable economic development. Promoting trade is essential for Korea to continue its development. By giving big trade partners in developing countries a priority in providing grant aid, Korea wants to maintain good relations with them. The third one is humanitarian. A closer look at KOICA's projects tells us that KOICA's activities are humanitarian. Those projects consist of building schools, hospitals, training centers and of dispatching doctors.

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<sup>6</sup> Lumsdaine, David H., 1993, *Moral vision in international politics-the foreign aid regime, 1949-1989*, Princeton: Princeton University, p 250-251

## CHAPTER 2

### KOREA AND FOREIGN AID

South Korea was one of the foreign aid recipients from the U.N. and western industrialized nations since the World War II. Starting in the late 1970's Korea achieved outstanding economic development and since then Korea began to play a role to provide other developing countries with aid. This international cooperation role was necessary for Korea to consider the status of trade surplus of four years in 1986 to 1989, successful 1988 Seoul Olympiad and joining the U.N. with North Korea. Korea recorded huge trade deficit prior to 1985 but from 1986 to 1989, Korea had an enormous trade surplus and got pressure to import more goods from the trade partners and to play a bigger role in helping developing countries. The reason is that Korea's foreign aid was relatively small comparing other donor countries and its scale of economy. And the successful 1988 Seoul Olympiad let people to see outer countries in the text of being global villager and think of responsibility for the better cooperation with developing countries. Joining the U.N. with North Korea enabled South Korea to get ready to help other countries by putting more budget into foreign aid which were used for the competition with North Korea in the world.

The history of South Korea's providing foreign aid begins in the 1960's; and with small projects of particular kinds, each was performed by the related ministry of the Korean government. In the 1960's, the Ministry of Foreign Affairs and the Ministry of Science and Technology respectively invited trainees to teach with the funds of the U.N., other International Organization and Korean government. In the 1970's, the Ministry of Labor began to invite trainees from developing countries and the Ministry of Foreign Affairs began the provision of equipment to the recipient countries.

In the 1980's, there were a lot of organizations in performing foreign aid projects.

Those were Korea Advanced Institute of Science and Technology, Korea Development Institute, the Ministry of Construction, the Ministry of Labor, the Ministry of Finance, the Ministry of Science and Technology, the Ministry of Communications, the Board of Economic Policy, and Korea Committee of UNESCO.<sup>7</sup> KOICA argues this caused inefficiency and many problems in the context of inefficient distribution of limited funds.

In order to overcome these problems, the government realized that one integrated agency needed to be established to cooperate with developing countries. As a result, a law of establishing KOICA, the Korea international cooperation agency, was passed in Jan. 1991. On April 1<sup>st</sup>, 1991, The Korean Government set up the Korea International Cooperation Agency (KOICA) to serve as the government's central provider of grant aid and technical cooperation to developing countries.<sup>8</sup>

Launching this agency enabled Korea to respond efficiently to the increasing demand from the developing countries. The former Foreign Minister Chong-Ha Yoo pointed out correctly the fact that the international demand for foreign aid is on the increase in the preface of the book of Korea's Official Development Assistance published in September 1997 saying as follows.

Nowadays, the international demand for ODA is on the increase; many developing countries still remain in poverty, a number of former socialist countries were newly added to the list of foreign assistance recipients after the collapse of the Cold War, and the new global issues such as environment, population, women in development and refugees problem have emerged as major ODA areas in recent years. Under such circumstances, the international community is increasingly calling on Korea to play a larger role in international cooperative efforts, particularly after its joining the OECD in December 1996. As a country which has achieved successful economic development in a short period with the support of the international

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<sup>7</sup> KOICA, 1997, Annual report 1996, p46

<sup>8</sup> Ministry of Foreign Affairs, Republic of Korea, 1997, Korea's Official Development Assistance, p5

community, it is important for Korea to recognize the need to return the benefits it had received in the process of economic growth by helping developing countries through ODA. <sup>9</sup>

Although the birth of this agency improved Korea's ability to provide foreign aid, many difficulties remain in performing this mission.

These include insufficient foreign aid funds, the shortage of professional personnel in the international cooperation field, low support from the citizens and insufficient information and lack of study in scholarly circles.

#### HISTORY OF KOREAN AID

According to the regulation of foreign grant operation by the Ministry of Foreign Affairs which was set in Oct. 1987, the purposes of grant-based international cooperation were as follows.

- 1<sup>st</sup>. Improvement of relationship with the 3<sup>rd</sup> world.
- 2<sup>nd</sup>. Improvement of relationship with countries with which Korea did not previously have diplomatic relations.
- 3<sup>rd</sup>. South-South cooperation and trade improvement.
- 4<sup>th</sup>. Disaster relief. <sup>10</sup>

Before the establishment of KOICA, grant aid was performed by the Ministry of Foreign Affairs and technical cooperation was carried out by several other ministries.

After its birth KOICA is responsible for most grant aid.<sup>11</sup>

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<sup>9</sup> Ministry of Foreign Affairs, Republic of Korea, 1997, Korea's Official Development Assistance, p5

<sup>10</sup> Kim, Haksoo, 1990, Korea's mid and long term economic cooperation plan with developing countries, KIEP, p79

<sup>11</sup> KOICA, 1997, Annual report 1996, p46



## ABOUT KOICA

The Korea International Cooperation Agency (KOICA) was established on April 1, 1991 by the government of Korea (ROK) in order to promote bilateral development cooperation with developing countries.<sup>12</sup> Among KOICA's activities there are Project Type Cooperation, Provision of Equipment, Development Study, Technical Training, Dispatch of Experts, Dispatch of Medical Doctors, Dispatch of Korea Overseas Volunteers and Support to NGO.<sup>13</sup>

Project Type Cooperation is a package type cooperation often concentrating on education, training, health and medical projects. The recipient country provides real estates, local cost and local manpower. Other costs are covered by the donating country.<sup>14</sup> The contents of project-type cooperation consist of education, training, health, medical services, agriculture, fishery, development plans and public administration. In 1996, KOICA had 57 project-type cooperation for 30 developing countries. The total expenditure of that cooperation projects were \$11.7 million. 87 % of the money was used for social infrastructure and services like vocational training centers, schools, hospitals in 29 countries with 46 projects. 5 % and 8 % were for the economic infrastructure and industrial production respectively. Asia and Oceania took 69.5 % of the money in project-type cooperation with 38 projects in 13 countries. Four countries in the Middle East occupied 10.3 % with 5 projects. Three African countries got 4.1 % with 3 projects. Eight South and Central American countries had 12.7 % with 9 projects and two CIS countries took 3.4 % with 2 projects.<sup>15</sup> For the list of all projects in 1996, please refer to appendix.

In 1977, Korea did, for the first time, Provision of Equipment worth \$1.1 million and

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<sup>12</sup> KOICA, 1997, Annual report 1996, p57

<sup>13</sup> KOICA, 1997, Annual report 1996, p63

<sup>14</sup> KOICA, 1997, Annual report 1996, p129

<sup>15</sup> KOICA, 1997, Annual report 1996, p131

the amount of money increased year by year. This operation is giving money or equipment to the developing countries free of charge. Also it contains provision of equipment and emergency disaster relief for humanitarian reasons.<sup>16</sup>

Development Study is sending research teams in order to set up plans for assistance projects to help developing countries. And the report made by the research teams is the source of policy making.<sup>17</sup>

Invitation of trainees is to invite policy makers and human resources of the recipient countries in order to give and share accumulated development experience and technology and to support for the recipient states to foster good quality of human resources.<sup>18</sup>

Dispatch of Experts is to dispatch experts to the development countries by the request of recipient states. As of 1996, KOICA dispatched 29 in agriculture and fishery, 19 in public administration and development plans, 18 in training and education and 8 in trade and finance, 2 in mine and construction and 1 in oceanic development.<sup>19</sup>

Dispatch of Korea Overseas Volunteers is to send volunteers to developing countries. The first 44 volunteers were sent to four countries in South East Asia in 1990. And As of 1996, KOICA sent 440 volunteers to 23 countries including Ethiopia and Paraguay.<sup>20</sup>

In 1995, \$30.5 million was expended to support Asian countries. This amount is 53.4 % of ROK's total bilateral ODA, Meanwhile, \$15.2 million was spent on Africa, US\$4.8 million on Europe, \$3.7 million on Latin America, \$1.4 million on the South Pacific.

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<sup>16</sup> KOICA, 1997, Annual report 1996, p161

<sup>17</sup> KOICA, 1997, Annual report 1996, p187

<sup>18</sup> KOICA, 1997, Annual report 1996, p201

<sup>19</sup> KOICA, 1997, Annual report 1996, p235

<sup>20</sup> KOICA, 1997, Annual report 1996, p249

Table 1 shows that KOICA's budget increased except 1998. In 1998 the IMF crisis and higher dollar value against Korean Won affected the budget decrease and as of 1997 the budget was 2.5 times than the first year 1991 budget. That means Korea is increasing the grant aid gradually.

In 1997, Korea's ODA was \$ 185.6 million and the total ODA of DAC was \$ 48,324 billion.<sup>21</sup> The portion of Korea's ODA among the entire DAC ODA is very small but the increase of amount of money is a green sign to the developing countries.

Table 1 Korea's ODA and KOICA's budget

(unit : %, US one million dollars)

	1991	1992	1993	1994	1995	1996	1997	1998
Korea's ODA (A)	\$57.48	\$76.80	\$111.56	\$140.22	\$115.99	\$159.15	*\$185.6	*\$182.7
KOICA budget (B)	\$22.80	\$29.38	\$30.45	\$38.30	\$49.23	\$53.74	\$55.47	\$38.44
B/A(%)	39.7	38.3	27.3	27.3	42.4	33.8	29.9	21.0

Source: KOICA, 1997, Annual report 1996, p61 Table I-14

KOICA, 1999, Annual report 1997, 1998 provided on the internet

[www.koica.or.kr/korean/data/stat/homepage](http://www.koica.or.kr/korean/data/stat/homepage) 98.xls, 97.xls (Oct. 25, 1999)

\*Nam, Sangwoo, 1999, Issues of Technical cooperation and action plan for the 21<sup>st</sup> century. p83

\*\*A-B means EDCF funds (the Economic Development Cooperation Fund) handled by the Ex-Im Bank for loans.

One of the characteristics of KOICA's activity is that KOICA's grant aid went to nearly all the developing countries with small amount money. (See Table 2). The reason is that Korea used the grant aid as a diplomatic tool to get support from the developing countries when Korea needed to get more votes in the international arena in order to hold Asian Games, Olympiad or in order to compete North Korea in the past. And if Korea quit to give foreign aid to the former recipient countries, it would

hurt the relationship between two countries. So KOICA continues to give foreign aid even though it is very small amount of money.

Table 2 KOICA's recipient countries and Organizations

	1991	1992	1993	1994	1995	1996	1997	1998
A	120	128	134	143	139	140	138	126
B	8	17	12	15	17	37	36	33

Source: KOICA, 1997, Annual report 1996, p86

KOICA, 1999, Annual report 1997, 1998 provided on the internet

[www.koica.or.kr/korean/data/stat/homepage](http://www.koica.or.kr/korean/data/stat/homepage) 98.xls, 97.xls (Oct. 25, 1999)

A: number of countries B: number of organizations

KOICA's expenditure consists of bilateral and multilateral programs and among KOICA's expenditure about 95% of it is bilateral programs. Table 3 shows this fact.

Table 3 KOICA's expenditure

(unit : %, Korean one million Won)

	1991	1992	1993	1994	1995	1996	*1997	*1998
A+B	17,376	23,168	24,605	30,774	37,959	43,249	52,760	53,775
A	16,731 96.3%	22,364 96.5%	23,681 96.2%	29,144 94.7%	35,970 94.8%	41,976 97.06%	50,857 96.39%	51,572 95.90%
B	645 3.7%	804 3.5%	923 3.8%	1,630 5.3 %	1,989 5.2%	1,273 2.94%	1,902 3.61%	2,203 4.10%

Source: KOICA, 1997, Annual report 1996, p89

\*KOICA, 1999, Annual report 1997, 1998 provided on the internet

[www.koica.or.kr/korean/data/stat/homepage](http://www.koica.or.kr/korean/data/stat/homepage) 98.xls, 97.xls ( Oct. 25, 1999)

A: bilateral programs B: Multilateral programs A+B : Total KOICA expenditure

When we look at the Table 4, we can see that Asia's portion has increased from 23.6% in 1991 to more than 30% after 1994. But in case of Africa, the portion has

<sup>21</sup> Nam, Sangwoo, 1999. Issues of technical cooperation for the 21<sup>st</sup> century, KOICA , p81

decreased to 8.79% in 1998 from 21.6% in 1991. Comparing these two continents shows that the Asian countries have more attention from KOICA's activities than African countries. These things will be dealt in Chapter 3 and the reasons will be answered in the same Chapter.

And the expenditure portion of CIS countries also increased. In order to explain this phenomenon, we need to think of the Korea-CIS relations. After the collapse of former Soviet Union in December 1991, Korea tied diplomatic relations with 12 CIS countries and state visits were exchanged. In CIS area there are about 500,000 Koreans. Korea opened diplomatic relations with Uzbekistan in January 1992 and the President of Uzbekistan visited Korea two times in 1992 and 1995, and the President of Korea visited Uzbekistan in June 1994. In this country there are 220,000 Koreans and Korea invested \$ 193 million as of February 1999. The trade volume is \$526 million.<sup>22</sup> And in December 1996, the President Ukraine visited Korea. Before this state visit Korea tied diplomatic relations with Ukraine in February 1992 and the trade volume is \$365million and investment is \$198 million.<sup>23</sup> One of the reasons why Korea pay more attention to this area is that Korea's attention to the former Korean who were forcefully immigrated to this area in the 1930's of Japanese occupation period.

The increase of the Middle East is due to the promise made by the Korean government in the aid conference for Palestine. In this conference Korea agreed to give \$ 2 million from 1994 to 1998.<sup>24</sup>

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<sup>22</sup> Ministry of foreign Affairs and Trade, 1999, Korea- CIS relations, internet material, [www.mofat.go.kr/web/euoup.nsf](http://www.mofat.go.kr/web/euoup.nsf) ( Oct. 20, 1999 )

<sup>23</sup> Ministry of foreign Affairs and Trade, 1999, Korea- CIS relations, internet material, [www.mofat.go.kr/web/euoup.nsf](http://www.mofat.go.kr/web/euoup.nsf) ( Oct. 20, 1999 )

<sup>24</sup> Ministry of foreign Affairs and Trade, 1999, Korea- Middle East relations, internet material [www.mofat.go.kr/web/africa.nsf](http://www.mofat.go.kr/web/africa.nsf) ( Oct. 20, 1999 )

Table 4 KOICA's expenditure by region (percentages of KOICA's aid total)

(unit : %)

	1991	1992	1993	1994	1995	1996	*1997	*1998
Asia	23.6	21.3	27.1	30.4	33.1	36.7	32.66	30.71
Middle East	4.2	4.7	5.0	8.5	7.8	6.5	8.19	13.84
Africa	21.6	18.4	16.8	13.3	12.5	10.9	8.46	8.79
Central, South America	15.5	10.1	11.9	9.3	7.3	7.6	14.09	12.18
CIS	3.5	3.9	4.5	6.0	7.3	9.1	8.20	7.78
Multi-lateral	3.7	3.5	3.8	5.3	5.2	4.1	3.61	4.10
Adm. cost	27.5	37.4	30.3	26.6	26.2	24.4	21.69	20.46
PR & others	0.5	0.7	0.7	0.6	0.6	0.7	3.1	2.14

Source: KOICA, 1997, Annual report 1996, p94

\*KOICA, 1999, Annual report 1997, 1998 provided on the internet

[www.koica.or.kr/korean/data/stat/homepage](http://www.koica.or.kr/korean/data/stat/homepage) 98.xls, 97.xls (Oct. 25, 1999)

Table 5 shows that if Vietnam is not included, the percentage is only 10.09%

In year 1998, the top 20 recipients recorded 51.74%. That means KOICA's expenditure is only used for 20 countries by consuming half amount of KOICA's total expenditure.

This shows that KOICA is concentrating its foreign aid to certain countries to do its performance effectively in order to overcome the weakness of limited budget.

Table 5 Top 20 poorest countries by World Bank

Rank	Name of countries	GNP Per capita dollars 1993	'91-'96 KOICA Exp. average	Life expectancy at birth(years) 1993	Adult Illiteracy(%)
1	Mozambique	90	0.233%	46	67
2	Tanzania	90	0.825%	52	...
3	Ethiopia	100	1.137%	48	...
4	Sierra Leone	150	0.287%	39	79
5	Viet Nam	170	4.688%	66	12
6	Burundi	180	0.177%	50	50
7	Uganda	180	0.594%	45	52
8	Nepal	190	2.030%	54	74
9	Malawi	200	0.254%	45	...
10	Chad	210	0.139%	48	70
11	Rwanda	210	0.317%	...	50
12	Bangladesh	220	1.496%	56	65
13	Madagascar	220	0.182%	57	20
14	Guinea-Bissau	240	0.180%	44	64
15	Kenya	270	0.797%	58	31
16	Mali	270	0.212%	46	68
17	Niger	270	0.711%	47	72
18	Lao PDR	280	0.219%	52	...
19	Burkina Faso	300	0.226%	47	82
20	India	300	0.077%	61	52
			14.78%		

Source: KOICA, 1997, Annual report, 1996, p99-p101

World Bank, 1995, Table 1. Basic indicators, p162

## CHAPTER 3

### ANALYSIS OF KOICA'S BEHAVIOR IN GRANT AID

I will explain three kinds of evidence related to KOICA's activities for foreign aid; diplomatic and political, big trade partners in Asian developing countries, and humanitarian projects. These suggest three different views.

#### EVIDENCE1

##### DIPLOMATIC AND POLITICAL

When we have a closer look at the KOICA's behavior, we need to think about the relationship between the Ministry of Foreign Affairs and the KOICA. These two organizations have very close relationship. KOICA is a sub-agency for the Ministry of Foreign Affairs. If we think of these two agencies as part of human being, they would be brain and body. All the aid policies are made by the Ministry of Foreign Affairs; the plans are carried out by the KOICA.

This system places priority on diplomatic factors. The reason is that all the foreign aid policies are made by the Ministry of the Foreign Affairs and the implementing agency, KOICA is under the control of the Ministry.<sup>25</sup> By knowing the nature of the Ministry of Foreign Affairs, we can point out what kind of aid projects and programs were offered to certain countries. The main mission of the Ministry is to secure national interest using political and diplomatic means. In order to accomplish these missions, the Ministry has had KOICA give aid to developing countries.

One of them is to support the President's diplomatic visits.<sup>26</sup> When the President of the Republic of Korea visits developing countries, or presidents of developing countries visit Korea, South Korea's President often promises to give aid or

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<sup>25</sup> Jang, Hyunsik, 1999, OECD/DAC member countries' aid system analysis and Korea's international cooperation, KOICA, p118

<sup>26</sup> KOICA, 1999, Plan for Grant aid projects in 1999, p4



equipment. Then the Ministry set up projects through KOICA. Let's look at the details by projects.

When the President visited Vietnam in Nov 1996, he promised to give \$ 5 million to support Korea-Vietnam technical school project and \$ 2.88 million for building up Korea and Vietnam Science and Technology Center. In September 1996, the President visited Central America. Visiting Honduras, he promised \$ 1 million for building an industrial training center. He also promised \$ 1 million for building a children's welfare center for Guatemala, \$ 1 million for rural remote area housing for teachers in Nicaragua, \$ 0.7 million for the project of water pipe line in El Salvador, and \$ 0.55 million for the construction of Korea-Peru Medical Center.

Also in case of state visits from other developing countries, the President promised to give aid. In July 1995, the President promised to give \$ 10 million to the project of Korea-China Vocational Training Center and \$ 3 million for South Africa to support South Africa's national job qualification center in December 1996. In July 1995, \$ 0.5 million for reconstruction of schools was promised to Ukraine.<sup>27</sup>

The foreign ministry also made many promises. In March 1996, the Second Korea-Vietnam Committee conference decided that South Korea provide \$ 0.5 million for the renovation of Dukpo hospital in Vietnam and in the same conference, Korea committed \$ 1.5 million to support Vietnam's Electric & Electronic Institute.

In January 1995, the Foreign Minister attended a conference on aid for the PLO, and promised to give \$ 1.7 million to build an elementary school and build new roads in Palestine. Another way the Ministry of Foreign Affairs promotes Korean foreign relations is to have KOICA invite trainees and make them have friendly impressions

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<sup>27</sup> KOICA, 1998, KOICA's report to the committee of unification, diplomacy and trade in the 198<sup>th</sup> National Assembly session in 1998. p314 'the list of promised project in 1997-99'

on Korea.

When South Africa's President Mandela visited Korea in July 1995, the government promised to invite 20 trainees each year from 1997 to 2001. The Ministry of Labor promised in November 1993 to invite 50 trainees from APEC member countries and train them every year. The Ministry of Trade promised 50 trainees every year to perform the WTO and Uruguay Round Agreements. In July 1995, the Ministry promised to train Rumanian government officials in economics.<sup>28</sup>

In the provision of equipment, there are the same processes in the invitation of trainees. The president promised \$ 2 million to Cambodia to rehabilitate the damage from the flood when the Prime Minister Hun Sen visited South Korea.

In the conference of aid for Bosnia held in Brussels in April 1996, South Korea's delegation promised to give \$ 2 million to help Bosnia.

In state talk between South Korea and El Salvador in September 1996, South Korea promised to give \$ 1 million to support El Salvador foreign ministry.<sup>29</sup>

I also look at the developing countries that received less foreign aid from KOICA.

When I look at the articles and where the equipment went, I find out the fact that even though the amount of provision of equipment was very small, the recipients were mostly the government agencies or the ministry of foreign affairs. The articles were mostly vehicles and these vehicles were being used for the official use for reception or administrative support. Also many countries received computers. Those were used for those countries' foreign affairs offices.

And all the vehicles and computers are Korea made. That is one way to give

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<sup>28</sup> KOICA, 1998, KOICA's report to the committee of unification, diplomacy and trade in the 198<sup>th</sup> National Assembly session, p315 'the list of invitation of trainee in 1997-99'

<sup>29</sup> KOICA, 1998, KOICA's report to the committee of unification, diplomacy and trade in the 198<sup>th</sup> National Assembly session, p316 'the list of provision of equipment'

recipient countries a good image of Korean Products. Most Korean agree and like this point. The brand names of the vehicles are Korean Auto Manufactures like Hyundai, Ssangyong. And the names are Sonata, Elantra, Muso, and Corus.

There are many purposes in the provision of equipment. If we look at the details by region, there is characteristic. For example, in 1997 the two recipient countries that were provided the most equipment were Cambodia and Vietnam. Cambodia received 23 dump trucks, 6 shovelers, 2 tractors 2 trailers, and auto parts worth 1.6 billion Won, to support the National Defense Ministry's road construction and social infrastructure. In the same year Vietnam received 5 vehicles and a natural disaster fund worth W 180 million to support the protocol and urgent disaster recovery. In other Asian and Pacific countries, each country received small amount of vehicles, motorcycles, computers, air conditioners for the use of protocol, crime prevention, technical training, foreign ministry and other government agencies. In African countries most of provision of equipment was given to support the countries' foreign ministries. The main articles were protocol vehicles and computers made in Korea. Also in other regions, two or three Korean-made vehicles were given for the use of foreign affairs ministries.<sup>30</sup>

Those facts suggest that the Foreign Ministry of Republic of Korea uses KOICA's provision of equipment as a tool for promoting diplomatic relationships with its counterparts. By doing so, the Ministry also wants to give good Korean brand images to the undeveloped countries.

When we look at the diplomatic and political factors, there are several contents in them.

Briefly speaking KOICA's aid to developing countries in the view of diplomatic and

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<sup>30</sup> KOICA, 1998, KOICA's report to the committee of unification, diplomacy and trade in the 198<sup>th</sup> National Assembly session in 1999. p177-195 'the list of provision of equipment in 1997-99'

political factors, they are performed on the basis of followings to support diplomatic purposes.

-in order to support state visits or summit talk promises in case of China, Vietnam...

-in order to maintain good relationship with ASEAN countries like Myanmar, Vietnam, and Laos

-in order to support overseas Korean resident area <sup>31</sup>

To support overseas Korean residents who were forcefully immigrated to Central Asia in the 1930's, Korean government gives special attention to the CIS countries and according to the Ministry of Foreign Affairs and Trade, there are about 500,000 Korean residents in CIS countries including 220,000 Koreans in Uzbekistan.

That is why Uzbekistan suddenly ranked 8<sup>th</sup> place in 1997 and 11<sup>th</sup> place in 1998 with receiving \$ 1 million in 1997 and \$ 0.7 million in 1998. <sup>32</sup>

## EVIDENCE 2

### BIG TRADE PARTNERS

The second piece of evidence concerns Korea's big trade partners in the developing countries. A KOICA's grant or activity appears to be closely related to the big trade partners in Asian developing countries. Looking at Table 6, we can see that China, Vietnam and Indonesia are shown as by far the largest recipients. KOICA's annual report 1996 says that in the period of 1991 to 1996 the first rank was given to China with the total amount of W 8.5 billion which was 4.82% of KOICA's total expenditure. Vietnam was second with W 8.3 billion or 4.68%, and Indonesia was

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<sup>31</sup> KOICA, 1999, Plan for Grant aid projects in 1999, p4

<sup>32</sup> KOICA, 1999, Annual report 1997, 1998 on the internet.

[www.koica.or.kr/korean/data/stat/homepage](http://www.koica.or.kr/korean/data/stat/homepage) 98.xls, 97.xls ( Oct. 25, 1999)

third with W 5.5 billion or 3.14%. Similar figures held for 1997 and 1998.

Table 6 Top recipients by year

	rank					%
	1	2	3	4	5	
1998	Vietnam	Palestine	Indonesia	China	Tunisia	36.2
1997	China	Vietnam	Sri Lanka	Indonesia	Cambodia	32.7
1996	China	Vietnam	Sri Lanka	Indonesia	Bangladesh	31.7
1995	China	Vietnam	Indonesia	Bangladesh	Russia	30.7
1994	Vietnam	China	Indonesia	Sudan	Sri Lanka	24.3
1993	Nepal	Indonesia	Vietnam	Philippines	Sri Lanka	24.0
1992	Indonesia	Papua New Guinea	Philippines	Thailand	Ethiopia	17.9
1991	Mongolia	Nicaragua	Philippines	Sri Lanka	Niger	20.1

Source: KOICA, 1997, Annual report 1996, p99-p111

KOICA, 1999, Annual report 1997,1998 on the internet

[www.koica.or.kr/korean/data/stat/homepage](http://www.koica.or.kr/korean/data/stat/homepage) 98.xls, 97xls (Oct. 25, 1999)

% : going to top ten recipient

Table 6 shows that the percentage of total expenditure of top 10 recipients by year increased year by year from 20.1% in 1991 to 36.2% in 1998. That means more than one third of KOICA's grant aid is going to specific countries. It is because that the aid pie is too small to satisfy all the recipient countries. So KOICA selects specific countries by adapting the various standard to magnify the use of aid money.

And the big trade partnership is one of main factors in selecting top ten recipients.

KOICA's regional emphasis is to perform its activity more effectively. In case of Asian countries it is much better conditions to carry out projects and the limit of aid money is also one reason and the Asian countries' self-reliance spirit is stronger than African countries.

Table 7 shows that almost one third of total expenditure was spent for Asian countries.

Table 7 The percentage of total expenditure of Asian & African recipients by year

	1991	1992	1993	1994	1995	1996	1997	1998
Asia %	23.6	21.3	27.1	30.4	33.1	33.6	32.7	30.7
Africa %	21.6	18.4	16.8	13.3	12.5	10.9	8.5	8.8

Source: KOICA, 1997, Annual report 1996

KOICA, 1999, Annual report 1997,1998 on the internet

[www.koica.or.kr/korean/data/stat/homepage](http://www.koica.or.kr/korean/data/stat/homepage) 98.xls, 97.xls ( Oct. 25, 1999)

I have to discuss the economic factors influencing on KOICA's expenditure to specific Asian countries. I selected China, Vietnam and Indonesia as examples. To verify my argument, I collected data related to trade, export, import and foreign direct investment including KOICA's performance with the country.

First, China.

Table 8 shows that in the period after the reopening the diplomatic ties in 1992, the trade volume sharply increased year by year and caused a trade surplus for Korea. Korea's net FDI invested in China increased dramatically year by year and as of the end of 1998 was \$ 3.9 billion net. This is the largest Korean FDI invested in any Asian country and accordingly KOICA's foreign aid attention to China is very high.

Table 8 Trade, Export ,Import and FDI with China

(unit US one million dollars )

	1991	1992	1993	1994	1995	1996	1997	1998	Outstand ing as of 1998
Korea's Export	-	2,653	5,150	6,202	9,143	11,377	13,572	11,943	
Korea's Import	-	3,724	3,928	5,462	7,401	8,538	10,116	6,483	
Trade Volume	-	6,377	9,078	11,664	16,544	19,915	23,688	18,426	
Balance	-	-1,071	1,222	740	1,742	2,839	3,456	5,460	
Rank in KOICA's Expenditu re.	13	48	9	2	1	1	1	4	
Korea's Net FDI	42	141	271	622	808	788	609	601	3,895

Source : Korea Customs Service, 1991-1998, Statistical yearbook of foreign trade,  
p171 in each year book

The Korea Federation of Banks, 1999, Overseas Direct Investment Statistics  
Yearbook, p10

The Korea Federation of Banks, 1998, Overseas Direct Investment Statistics  
Yearbook, p10

The Korea Federation of Banks, 1994, Overseas Direct Investment Statistics  
Yearbook, p26

Table 9 shows that KOICA's expenditure increased about 15 times from W 192  
million in 1991 to W 3 billion in 1996.

Table 9 KOICA's expenditure to CHINA

(unit : %, US 1,000 dollars or Korean one million Won)

	1991	1992	1993	1994	1995	1996	1997	1998
Rank	13	48	9	2	1	1	1	4
Exp	W192	W97	W382	W1,800	W3,070	W3,000	\$3,236	\$1,465
%	1.109	0.421	1.556	4.744	8.088	6.937	5.84	3.81

Source: KOICA, 1997, Annual report 1996

KOICA, 1999, Annual report 1997, 1998 on the internet

[www.koica.or.kr/korean/data/stat/homepage\\_98.xls](http://www.koica.or.kr/korean/data/stat/homepage_98.xls), 97xls ( Oct. 25, 1999)

## Second, Vietnam

When we look at the modern history between Korea and Vietnam, the relationship with Vietnam is similar with China. There was the Korean War between Korea and China and the Vietnam War where Korea dispatched its troops. The Brief history is as follows.

Korea signed trade pact with Vietnam in 1962 but after Vietnam became communist state in 1972 the diplomatic relation was broken. In 1992, the two countries reopen their diplomatic connection.

Table 10 shows that in the period after the reopening the diplomatic ties in 1992, the trade volume sharply increased year by year and it caused a trade surplus to Korea.

And Vietnam is one of the Korea's largest FDI receiving countries.

Table 10 Trade, Export, Import and FDI with Vietnam

(unit US one million dollars )

	1991	1992	1993	1994	1995	1996	1997	1998	Outstand ing as of 1998
Korea's Export	198	436	728	1,027	1,351	1,599	1,603	1,361	
Korea's Import	41	57	90	113	198	232	238	183	
Trade Volume	239	493	818	1,140	1,549	1,831	1,841	1,544	
Balance	157	379	638	914	1,153	1,367	1,365	1,178	
Rank in KOICA's Expenditu re	112	13	3	1	2	2	2	1	
Korea's Net FDI	-	16	26	89	174	95	87	47	537

Source : Korea Customs Service, 1991-1998, Statistical yearbook of foreign trade, p177 in each year book

The Korea Federation of Banks, 1999, Overseas Direct Investment Statistics Yearbook, p11

The Korea Federation of Banks, 1998, Overseas Direct Investment Statistics Yearbook, p11

The Korea Federation of Banks, 1994, Overseas Direct Investment Statistics Yearbook, p27



Table 11 shows that Vietnam is the top recipient country of KOICA's foreign aid dominating more than 8 % of KOICA's total foreign aid.

Table 11 KOICA's expenditure to VIETNAM

(unit : %, US 1,000 dollars or Korean one million Won)

	1991	1992	1993	1994	1995	1996	1997	1998
Rank	112	13	3	1	2	2	2	1
Exp	W12	W220	W806	W1,810	W2,530	W2,923	\$2,648	\$3,126
%	0.073	0.950	3.276	4.770	6.665	6.760	4.77	8.13

Source: KOICA, 1997, Annual report 1996

KOICA, 1999, Annual report 1997,1998 on the internet

[www.koica.or.kr/korean/data/stat/homepage](http://www.koica.or.kr/korean/data/stat/homepage) 98.xls, 97xls ( Oct. 25, 1999)

Third, Indonesia

Table 12 shows the trade volume sharply increased year by year and it caused a trade deficit to Korea. Why it is trade deficit while Korea recorded trade surplus in the trade with China and Vietnam. It is because of massive raw material imports from Indonesia. Korea is enjoying distance advantage importing raw materials from Indonesia. That's why Table 12 shows trade deficit. And also Korea invested a huge amount of FDI in Indonesia. Outstanding FDI as of 1998 is \$ 1.3 billion and Indonesia is one of the big trade partners for Korea. This is one reason why Indonesia was treated well in receiving foreign aid from KOICA during the past several years.

Table 12 Trade, Export, Import and FDI with Indonesia

(unit US one million dollars )

	1991	1992	1993	1994	1995	1996	1997	1998	Outstand ing as of 1998
Korea's Export	1,349	1,934	2,094	2,539	2,957	3,198	3,540	1,784	
Korea's Import	2,051	2,291	2,588	2,842	3,325	4,013	4,107	3,057	
Trade Volume	3,400	4,225	4,682	5,381	6,282	7,211	7,647	4,841	
Balance	-702	-357	-494	-303	-368	-815	-567	-1,273	
Rank in KOICA's Expenditu re	7	1	2	3	3	4	4	3	
Korea's Net FDI	170	164	59	28	121	125	150	72	1,295

Source : Korea Customs Service, 1991-1998, Statistical yearbook of foreign trade,  
p173 in each year book

The Korea Federation of Banks, 1999, Overseas Direct Investment Statistics  
Yearbook, p11

The Korea Federation of Banks, 1998, Overseas Direct Investment Statistics  
Yearbook, p11

The Korea Federation of Banks, 1994, Overseas Direct Investment Statistics  
Yearbook, p27

Table 13 KOICA's expenditure to Indonesia

(unit : %, US 1,000 dollars or Korean one million Won)

	1991	1992	1993	1994	1995	1996	1997	1998
Rank	7	1	2	3	3	4	4	3
Exp	W241	W958	W909	W1,236	W894	W1,337	W2,171	W1,525
%	1.390	4.138	3.697	3.258	2.355	3.093	3.91	3.97

Source: KOICA, 1997, Annual report 1996

KOICA, 1999, Annual report 1997, 1998 on the internet

[www.koica.or.kr/korean/data/stat/homepage 98.xls](http://www.koica.or.kr/korean/data/stat/homepage%2098.xls), 97xls ( Oct. 25, 1999)

Table 14 Korea's export and import by year

(unit : %, US one million dollars)

	1991	1992	1993	1994	1995	1996	1997	1998
Export	71,870	76,631	82,235	96,013	125,057	129,715	136,164	132,313
Import	81,524	81,775	83,800	102,348	135,118	150,339	144,616	93,281
Excess Of export/ import	-9,654	-5,143	-1,564	-6,334	-10,060	-20,623	-8,452	-39,031

Source: Korea Customs Service, 1999, Statistical Yearbook of Foreign Trade 1998, p7  
Table: Exports and Imports by year and month

Table 14 showed Korea's export and import by year. This shows that Korea recorded a trade deficit except in the year 1998. Among these trade volumes, the portion of developing countries is large.

Korea's exports to developing countries occupied 56% of its total export volume. Developing countries constituted 57% of Korea's overseas investment. Also 79% of overseas construction orders came from developing countries in 1996. Furthermore, Korea imports its major natural resources, such as crude oil and natural gas, from developing countries.<sup>33</sup>

Korea's total FDI at the end of 1998 is \$ 20.3 billion. Of this \$ 8.9 billion was for Southeast Asia, \$ 0.2 billion for Middle East, \$ 5.8 billion for North America, \$ 1 billion for Latin America, \$ 3.5 billion for Europe and \$ 0.4 billion for Africa and \$ 0.5 billion for Oceania. The FDI to China, Vietnam and Indonesia respectively was \$ 3.9 billion, \$ 0.5 billion and \$ 1.3 billion.<sup>34</sup> That means these three countries occupy 65% of Korea's FDI in Southeast Asia. And it takes 28% of Korea's total FDI to all over the countries. These three countries are very important in FDI.

<sup>33</sup> Ministry of Foreign Affairs, Republic of Korea, 1997, Korea's Official Development Assistance, Preface

<sup>34</sup> The Korea Federation of Banks, 1999, Overseas Direct Investment Statistics Yearbook, p12-27

### EVIDENCE 3

#### HUMANITARIAN PROJECTS

Despite KOICA's behavior, which is related to diplomatic and political motives to relations with big trade partners in the developing countries, the specific projects KOICA undertakes are humanitarian activities. Many projects consist of building schools, training centers, and hospitals and of dispatching doctors.

South Korea dispatched 126 doctors to 36 countries that had the worst sanitary conditions starting 1968. Now 17 doctors are serving for the needy people in the developing countries including 5 Asian countries and 6 African countries. Besides this, there are 75 volunteer doctors and nurses in the 14 countries under the 2-year contracts.

After KOICA was established, about \$ 11 million were spent for the use of supporting sanitary facilities in the developing countries from 1991 to 1998. Those facilities are 5 dispensaries in Vietnam (\$ 2 million), 5 dispensaries in Peru (\$ 1.9 million), a Maternal Center and a Chinese Medical Center in China (\$ 1.3 million), hospitals in Kazakhstan (\$ 1.2 million), hospitals in Bangladesh (\$ 1.2 million), a hospital and a dispensary in Fiji (\$ 0.7 million), a welfare center for the disabled in Bulgaria (\$ 0.5 million), a dispensary in Panama (\$ 0.5 million), a dispensary in Bolivia (\$ 0.5 million), a women's cancer center and dental clinic in Costa Rica (\$ 0.5 million), a dispensary in Uzbekistan (\$ 0.3 million), a dispensary in Rumania (\$ 0.3 million), a Skin Center in Mongolia (\$ 0.2 million).<sup>35</sup>

The amount of money spent in the developing countries by KOICA is not enough but small. However, the activity is humanitarian.

Also in the year 1999, KOICA devoted itself to areas of international conflict like Ethiopia, Bosnia, and Kosovo. KOICA gave \$ 25,000 worth of vehicles in order to

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<sup>35</sup> Yoon Haejin. 1999, The world population problem and international cooperation, KOICA, p132

support the evacuation operation of refugees in Ethiopia, and \$ 500,000 worth of equipment such as shovelers, wheelloaders and dumptrucks to Bosnia for the rehabilitation after war. For Kosovo refugees, KOICA gave 31,400 blankets, worth of \$700,000.<sup>36</sup>

Within the context of foreign aid, NGOs are participating in getting rid of poverty and promoting welfare in developing countries.<sup>37</sup> As of Oct. 1997, 42 NGOs were registered with KOICA.<sup>38</sup>

According to KOICA's survey in 1996, \$ 1.73 billion was given to developing countries by 24 Korean NGOs including World Vision Korea. Now many welfare societies, missionaries, and medical associations are participating in helping developing countries. In 1995, KOICA supported Korean NGOs with \$ 635,000 and in 1994 KOICA installed an NGO cooperation division in its agency to support NGO projects and increased the fund to support NGOs with W 600,000,000 in 1996 and W 700,000,000 in 1997. Among the total aid of NGO projects which were registered and supported by KOICA, KOICA was responsible for 18.7 % of Korean NGOs foreign aid.<sup>39</sup> And KOICA is planning to increase the amount of financial support to Korean NGOs up to 2 % of total Korea's ODA which is the average of OECD member countries.<sup>40</sup>

Official development assistance reflects the recipient countries' need and it is difficult to take care of grass roots. But the NGOs' activities focus on the grass roots, emphasizing refugees, children and Basic Human Needs. Poverty, disaster and the least developed areas are the main targets of NGO activities. Their projects are health, medical services, education, nutrition, family planning, housing, increasing income

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<sup>36</sup> KOICA, 1999, KOICA's report to the committee of unification, diplomacy and trade in the 208<sup>th</sup> National Assembly session, p528

<sup>37</sup> KOICA, 1997, Koreans in the global village – Korean NGOs' foreign aid activities, p3

<sup>38</sup> KOICA, 1997, Koreans in the global village – Korean NGOs' foreign aid activities, p4

<sup>39</sup> KOICA, 1997, Koreans in the global village – Korean NGOs' foreign aid activities, p7

<sup>40</sup> KOICA, 1997, Koreans in the global village – Korean NGOs' foreign aid activities, p295

and refugee relief. For Korea it is humanitarian activity to support these NGOs.<sup>41</sup>

As KOICA is a sub-agency belonging to the Ministry of Foreign Affairs and Trade and it is under control of the MOFAT, KOICA's activity is affected by the policy maker, the Ministry of the Foreign Affairs. However the spirit of KOICA and the outcome of its activity is humanitarian even though the KOICA's grant aid to the developing countries is so small compared to that of other donor countries.

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<sup>41</sup> KOICA, 1997, Koreans in the global village – Korean NGOs' foreign aid activities, p293

## Conclusion

For South Korea international cooperation has been very important. One reason is that Korea was one of the major recipients until the 1970s. Now it is giving aid to developing countries even though the amount of aid money is small. Due to the limited Korean foreign aid fund allocated to the developing countries, it is hard to assess how much is accomplished by this aid, but the direction is at least recommendable. After a closer look at the KOICA's behavior and the policy of the Ministry of the Foreign Affairs, I found that the KOICA's behavior or performance is affected by the Ministry, that is, many of motives in allocating aid are diplomatic and political to support the President's diplomacy with developing countries. Aid policy given to the KOICA by the Ministry of the Foreign Affairs and Trade also directs KOICA to specialize in big trade partners in the Asia. These policy directions are understandable in the view of trade and distance advantage. However, when we examine the projects in detail, all the operations are for the benefit of needy people and are humanitarian.

In some areas, as in African countries, the provision of equipment is related to support administrative or diplomatic agencies by giving vehicles of protocol or computers for the use of government and education.

The list of top recipients is not terribly important, however, because the amount of money is small compared with the yearly variation. For example, if a head of government visits Korea and the Korean government promises a one million dollar project, then the rank of the country in the list will go up to the highest level. Also the portion of KOICA's foreign aid among total aid to any given recipient country is a very small amount.

In order to use its limited money effectively, KOICA and the Foreign Ministry want to

specialize in Asian countries, focusing especially on China, Vietnam and Indonesia, which are big trade partners and have higher aid-absorbing capacities and many needy people.

In conclusion, KOICA's activities are humanitarian; however in selecting recipient countries, the diplomatic and political reasons affect policy very much. Another big factor is attention to the big trade partners. However, large needy nearby countries with trade potential also have many needy people with lots of potential for using aid in a self-reliant way. In western countries, many people have questions about foreign aid. The reason is that even though huge amount of foreign aid was given to the African countries, the reality is the same as before. So the recipient countries' willingness to overcome poverty is very essential. When the recipient countries think that the owner of the aid programs are themselves, the future will be brighter.

One more thing to note about KOICA is that KOICA emphasizes spreading Korean experience by inviting trainees. Once foreign government officials or students from the developing countries study in Korea, they will be friendly to Korea. Korea has had the same experience with its own people being trained overseas. In the past many government officials went to the States with the help of US fund and they are friendly to the American culture and policies. And from Korea's point of view, KOICA has comparative advantage in the field of human resource development. So the invitation of trainees and government officials from the developing countries to share the Korea's development experience is a good project.



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## APPENDIX

### KOICA'S PROJECT-TYPE COOPERATION BY COUNTRY

1996	Nepal	Sericulture Project in Itahari
1996-1997	Nepal	School of Health Science Project
1996	LAO PDR	Computerization of the Ministry of Foreign Affairs
1995-1996	Mongolia	Set-up Bacteriological and Toxicological Testing Laboratory for Food Products
1996	Mongolia	New Video Network Equipment at the Hural
1995-1996	Myanmar	Construction of one main building for Upgrading Facilities at Lashio College
1994-1996	Bangladesh	Construction of Korea-Bangladesh Friendship Hospital
1994-1998	Vietnam	The Korean-Vietnamese Vocational Training Project
1994-1998	Vietnam	The Project for supporting the Secondary School in Binh Dinh Province
1996	Vietnam	The Project for supporting the Primary School in Nean Province
1995-1996	Vietnam	The Project for Upgrading the Houg Khe Hospital
1995-1996	Vietnam	The Project for Upgrading of the Center for Tropical Diseases in Ho Chi Minh City
1995-1996	Vietnam	The Project for Vietnamese-Korean Friendship Clinic
1995-1996	Vietnam	The Project for Upgrading the Bac Bihn Hospital
1996-1998	Vietnam	The Project for Assisting the Establishment of A Stock Exchange
1996-1997	Vietnam	The Project for Computer Networking of the National Center for Social Science & Humanities
1994-1996	Sri Lanka	Sri Lanka-Korea Technical & Vocational Training Institute Project in Sapugskanda
1996-1998	Sri Lanka	Establishment of Automobile Laboratory of the Open University of Sri Lanka
1996-1998	Sri Lanka	Installation of Navigation Equipment on Mutiday Fishing Vessels in the Southern Province
1996-1998	Indonesia	The Project for Pozzolan and Blended Cement Manufacturing
1995-1997	China	The Establishment of Harbin Computer Technology

		Development & Training Center
1996	China	Weihai Korean-Chinese Language Training Center Project
1996-1998	China	Establishment of Shanghai Korea-Chinese Language Training Center
1996-1997	China	Construction of Heilongjiang Korea-Chinese Teacher's College
1996	China	Reconstruction of Maternity and Child-care Center in Malipo County of Yunnan Province
1995-1997	China	The Establishment of Korea-Sino Oriental Medicine Research Center
1994-1996	China	Technical Cooperation for Agricultural Census and Survey
1996-1997	China	The Comprehensive Study on the Toxic Organometallic Compounds in the Coastal Area and Urban Atmospheric Particulate Matter
1996	Thailand	On-Farm Watershed Resources Development
1995-1996	Thailand	Project Improve the Quality of Life of Welfare School Students of Sukasongkro Amnardcharoen Boarding School
1994-1996	Pakistan	Primary School Construction in Pakistan
1995	Philippines	Supply and Installation of Directional Road Signs from Mactan Island to Cebu City
1995-1996	Philippines	Development of Sericulture as a Rural Agro-based Industry
1995-1996	Fiji	Construction of Korea-Fiji Friendship Hospital in Rakiraki
1992-1997	Sudan	Korean-Sudanese Vocational Training Center Project
1994-1996	Moroc	Computer Education System Development Project for Fundamental School and Secondary Schools
1996-1998	Sudan	Auto Maintenance Training Center Project
1996-1998	Egypt	Auto Maintenance Training Center Project
1996-1998	Palestiane	Construction of Presidential Seat Building in Nablus
1995-1996	Ethiopia	Sekota Water Supply Rehabilitation and Maintenance Project
1995-1996	Kenya	Rehabilitation and Modernization Project of the Electronics & Microprocessor Laboratory in the Dept. of Electrical & Electronic Engineering of the University of Nairobi

1996	Cote d'Ivoire	Modernization of the Ministry of Foreign Affairs Project
1995-1997	Dominica	Construction of Schools in Rural Communities
1995-1996	Bolivia	Construction and Operation of a Health Center in Elon Alto City
1995-1996	Ecuador	Computerization of Ecuadorian MOFA
1995-1996	El Salvador	Improvement of Potable Water Supply System in Rural Areas
1996-1997	Uruguay	Computerization of Uruguayan MOFA
1996-1997	Panama	Constuction and Operation of Health Center in the District of Chepo
1996	Paraguay	Nembu Technical College Project
1995-1996	Paraguay	Project for Assistance of National Institute of Agricultural
1995-1996	Peru	Health Center Construction in Iquitos
1995-1996	Rumania	Construction of Murighiol Health Center
1995-1996	Uzbekistan	Korea-Uzbek Friendship Clinic <sup>42</sup>

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<sup>42</sup> KOICA, 1997, Annual report 1996, p129-144