

ROK's Aid for Trade policy towards Asia-Pacific developing partners



Jun Ho Shin, Ph.D.

Director, Policy Assessment Division,
Ministry of Strategy and Finance, ROK

Main point

Despite some issues to develop further, the ROK has recognized the importance of trade for economic development and has developed its Aid for Trade (AfT) policy based on what it is able to contribute towards Asia-Pacific countries both in terms of quality and quantity.

Outline

I. Overview

II. Key features of ROK's Official Development Assistance (ODA)

III. ROK's ODA figures

IV. ROK's Aid for Trade (AfT) performance

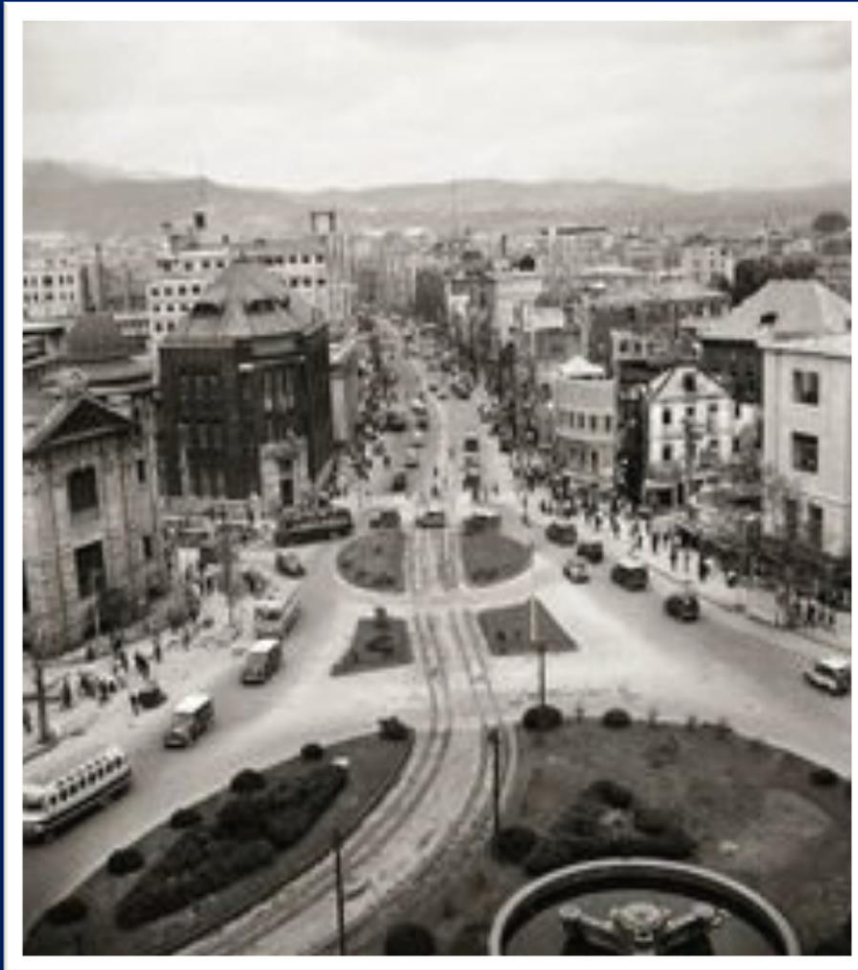
V. ROK's AfT policy

VI. Way forward

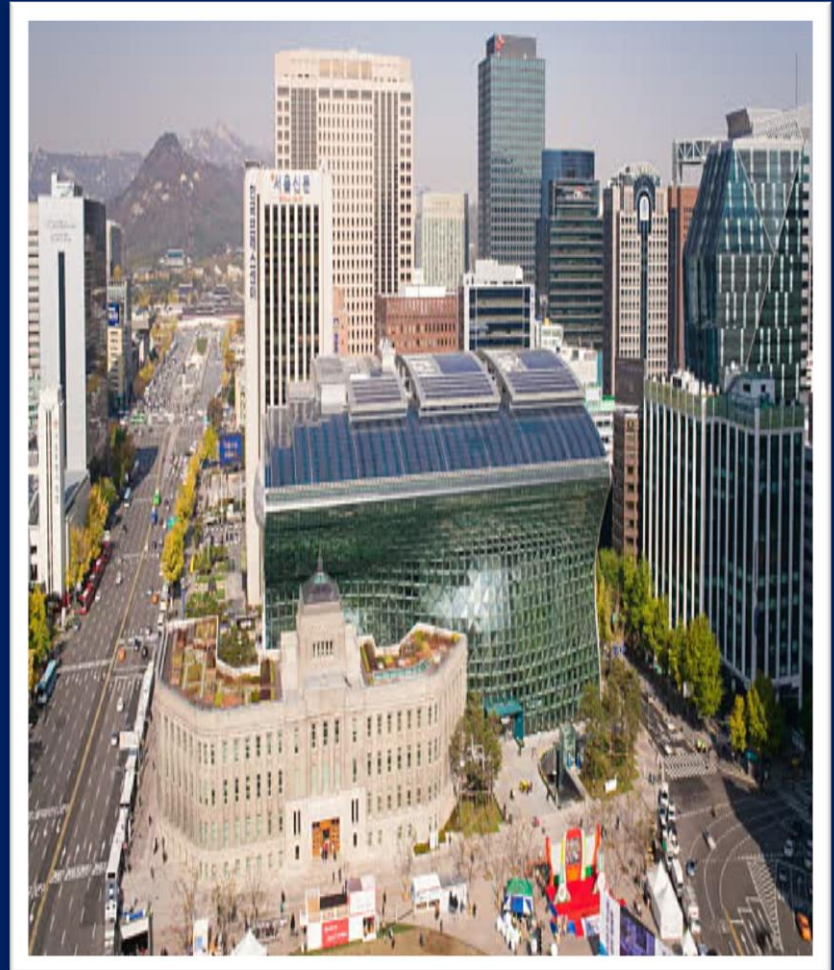
I. Overview

1. Korean conundrum?: Changes over half a century

Seoul, 1950



Seoul, 2016



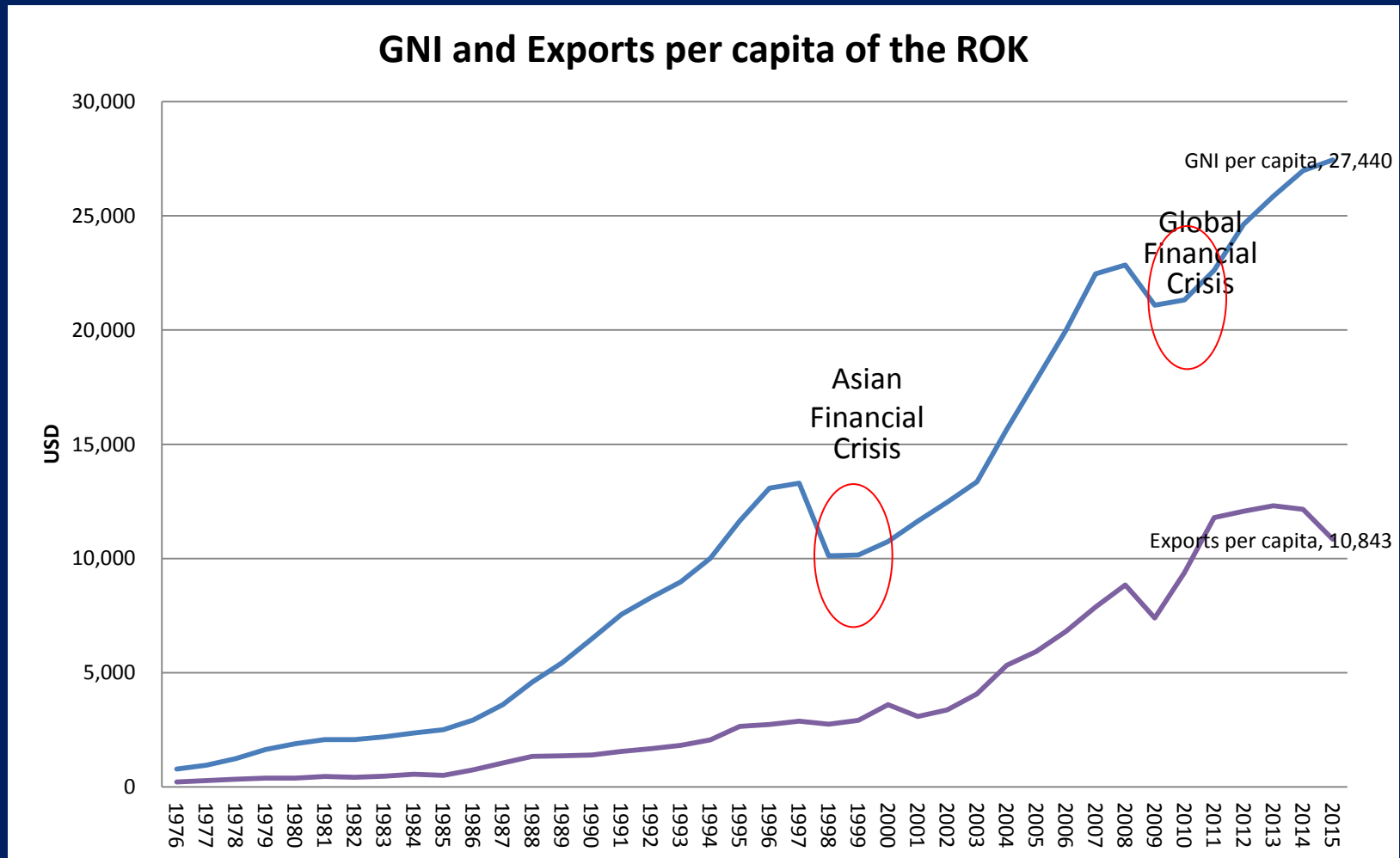
* Source: Pinterest.com and Webnode.me

2. Socio-economic performance

	1960s	2010s
Per Capita GNI (USD)	110(1962)	27,440(2015)
Merchandise Exports (USD)	32 million(1960)	527 billion (2015)
% of GDP		
Agriculture	39.4(1965)	2.3(2015)
Industry	21.3(1965)	38.0(2015)
Services	39.3(1965)	59.7(2015)
Life Expectancy	55.3(1960)	82.4(2014)
Enrollment Rate(%)		
High Schools	48.8(1980)	93.5(2015)
Univ./Colleges	11.4(1980)	68.1(2015)

* Source: KOSIS and WB data

3. Rapid growth in GDP and exports *per capita*



* Source: WB

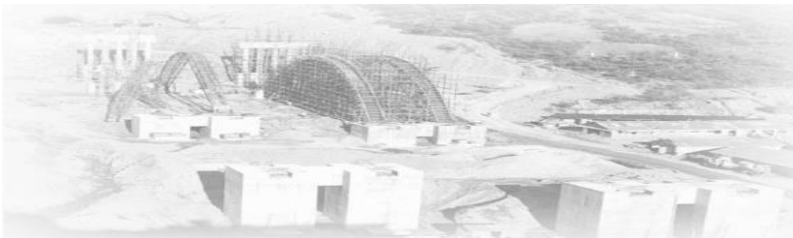
II. Key features of ROK's ODA

1. Transformation from an aid recipient to an aid donor
2. The fast growing ODA by volume
3. Possibilities of South-South Cooperation

1. Transformation from an aid recipient to a donor

Recipient (1945-mid1980s)

- One of the poorest countries in the world
 - GNI per capita USD 110 (1962)
- Received and borrowed 13 Billion USD from the world community



Donor (late1980s-present)

- 11th largest economy, 6th largest trade volume
 - GNI per capita USD 27,440 (2015)
- Establishing Economic Development Cooperation Fund (EDCF) in 1987 and Korea International Cooperation Agency (KOICA) in 1991
- Joining OECD Development Assistance Committee (DAC) in 2010



2. Fast growing ODA by volume

- In absolute terms, still a small amount (2014)



OECD DAC 115billion dollars
vs.



2.4billion dollars

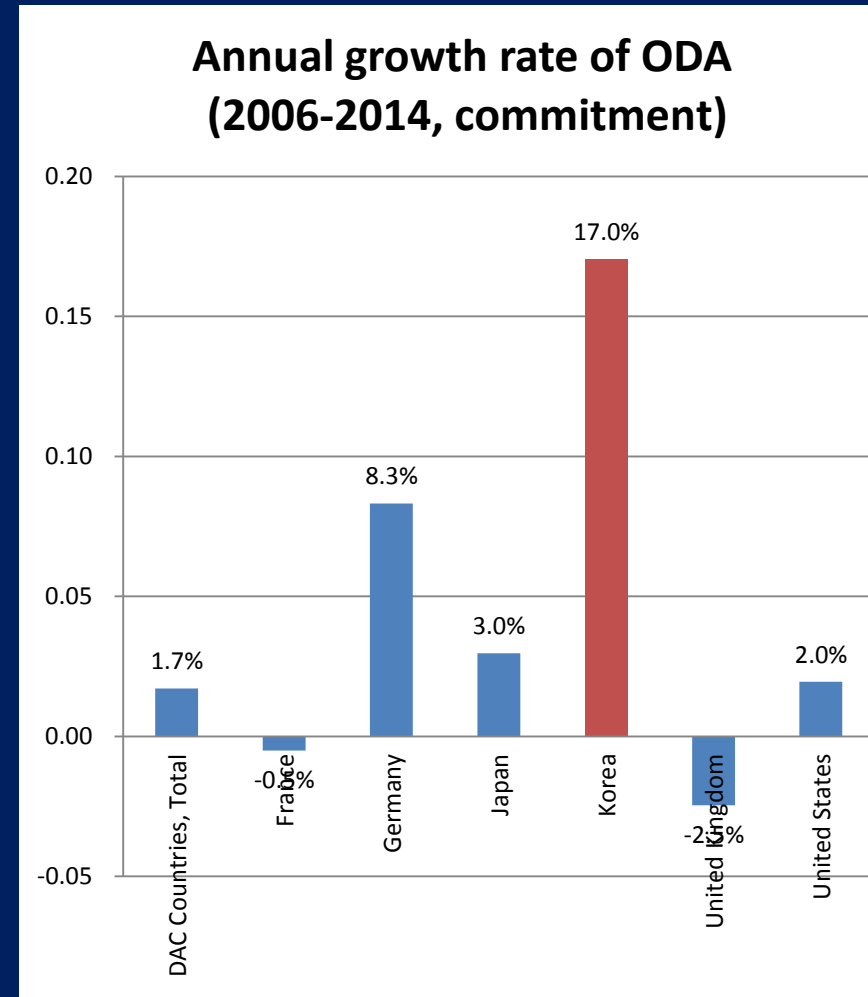
- Despite two global financial crises, the fastest pace of ODA growth



OECD DAC: 1.7% vs.



17.0%



* Source: OECD

3. Possibilities of South-South Cooperation



Facing some difficulties in applying existing development models

Global Financial Crisis

Increasing demand for a new model



Highlighted Asian development models
(esp. ROK)

(i) Encouraging developing countries

- Colonial experience and a civil war
- Accomplished industrialization and democratization in one generation

(ii) High Applicability

- Started from a very basic level of infrastructure

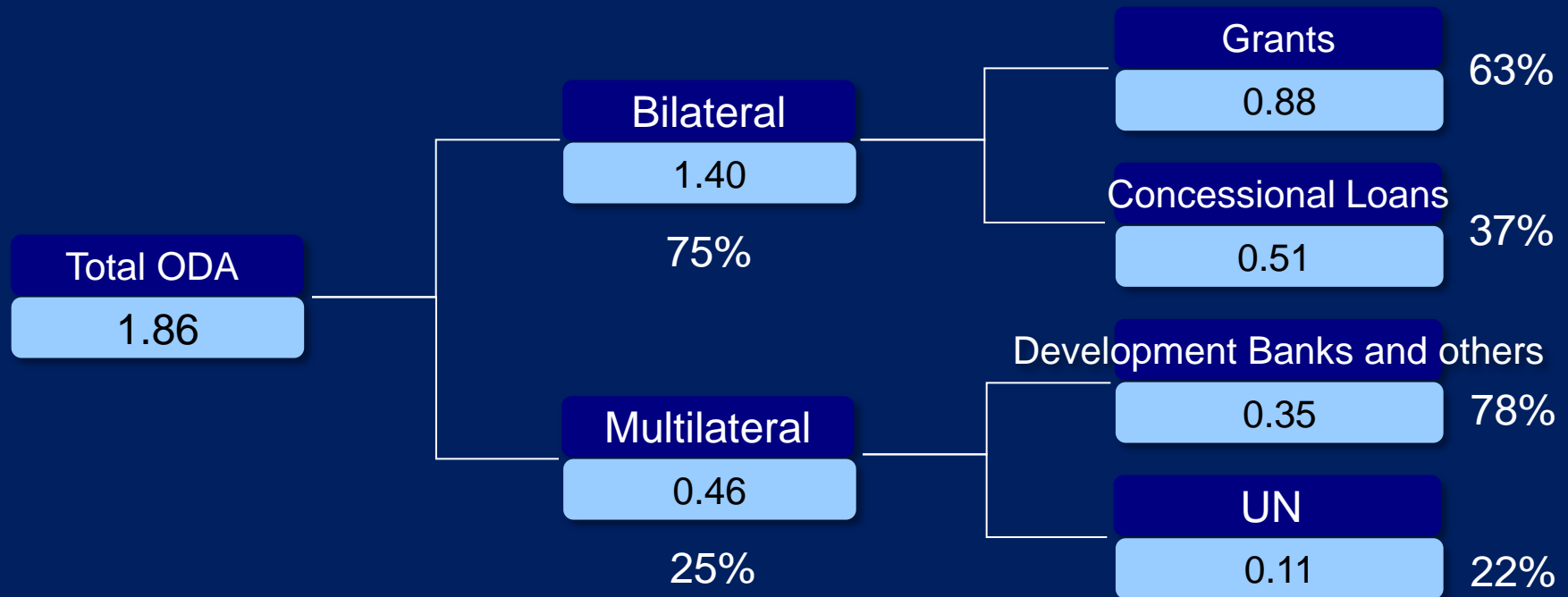
(iii) Good will

- Deep understanding about recipient countries' situations

III. ROK's overall ODA figures

1. ODA composition (2014, net disbursement, USD Billion)

- Bilateral: Grants(63%) > Loans(37%)
- Multilateral: Development banks(78%)> UN(22%)

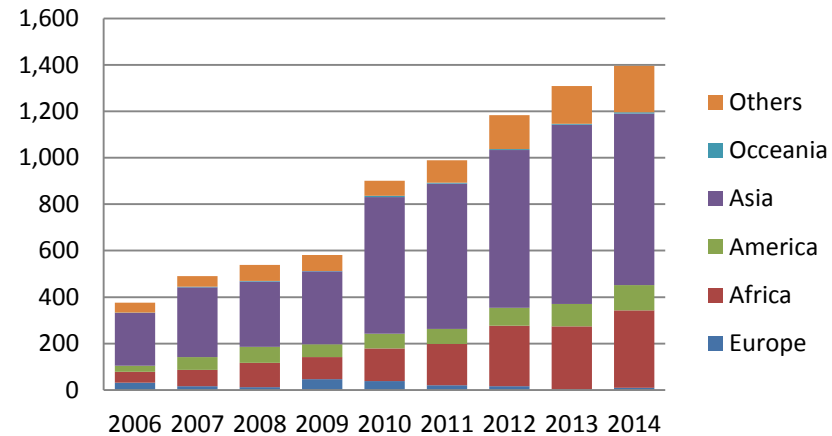


* Source : ROK government

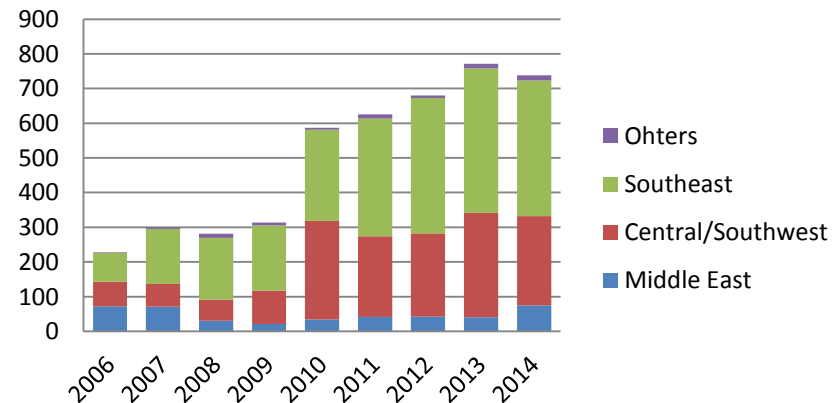
2. Regional distribution

- Having mainly focused on Asia and having diversified to Africa and America
- In Asia, mostly going to Southeast and Central/Southwest Asia

Regional Distribution
(net disbursement)

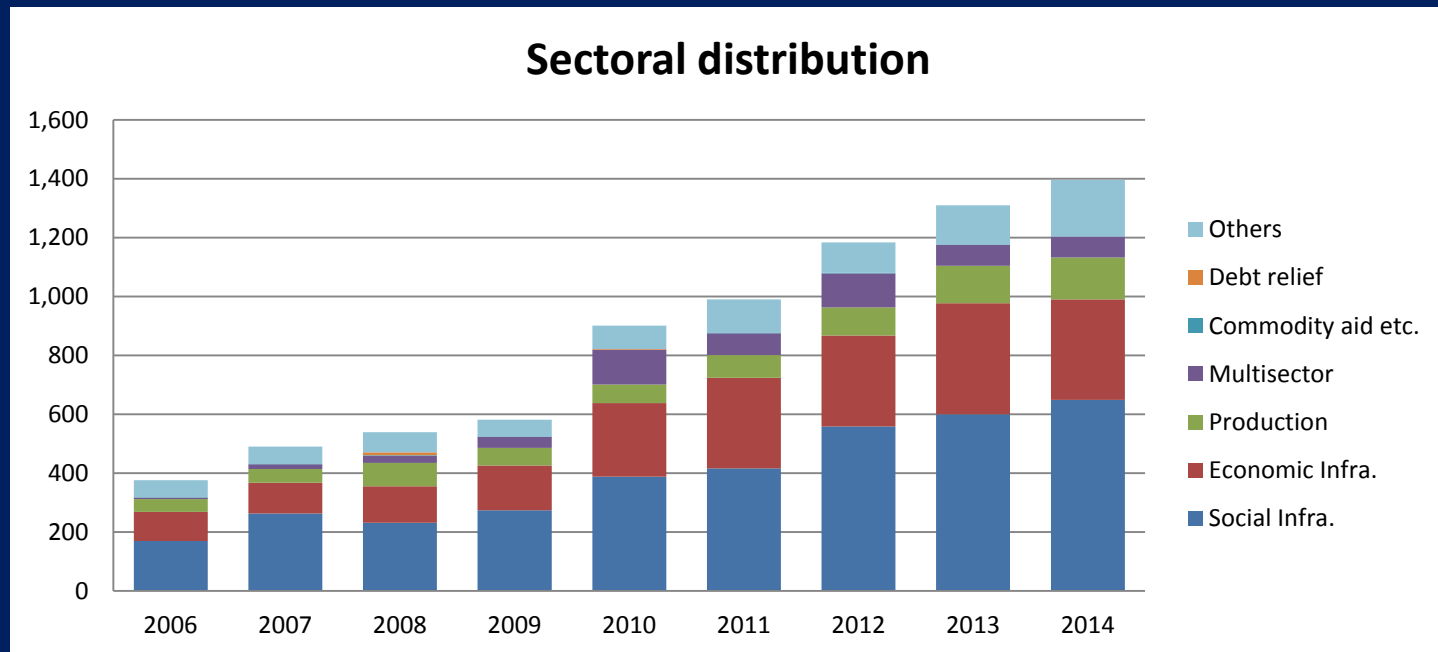


ODA distribution in Asia



3. Sectoral distribution

- Social infra 46%, Economic infra 24%, Production 10% (2014)
- (Loans) Mainly on economic infra(e.g. transportation, energy)
- (Grants) Mainly on social infra(e.g. education, sanitation)



* Source : ROK government

IV. ROK's AfT performance

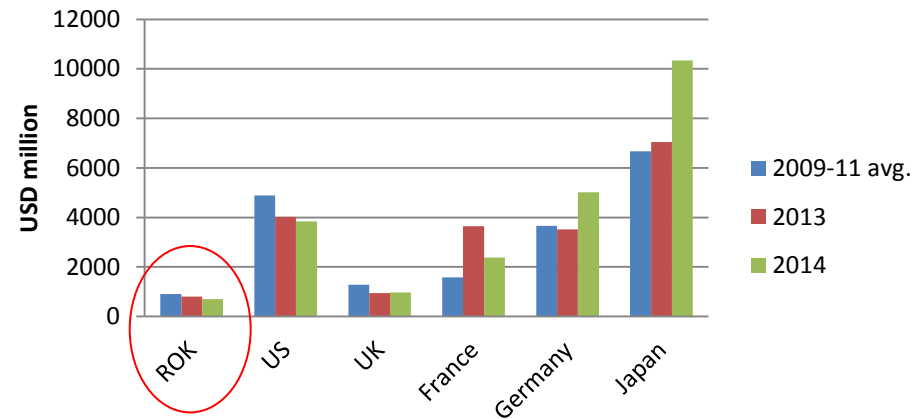
1. ROK's readiness for Aid for Trade

- Global Aid for Trade Review (2007)
- Aid for Trade at a Glance (2009)
- Seoul Development Consensus (2010)
- Donor Questionnaire on AfT (2011)
- OECD-DAC Peer Review (2012)
- Aid for Trade at a Glance (2015)

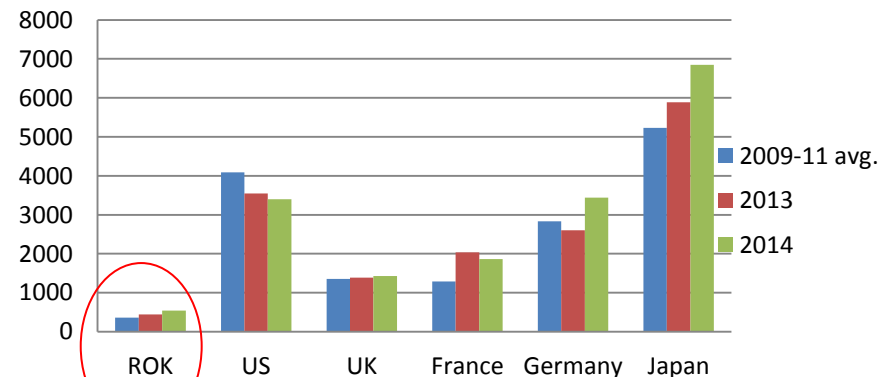
2. International comparisons

- In absolute terms, it is still small
- Despite the economic recession, ROK's AfT has been increasingly implemented till 2014

AfT commitments
(2013 constant)

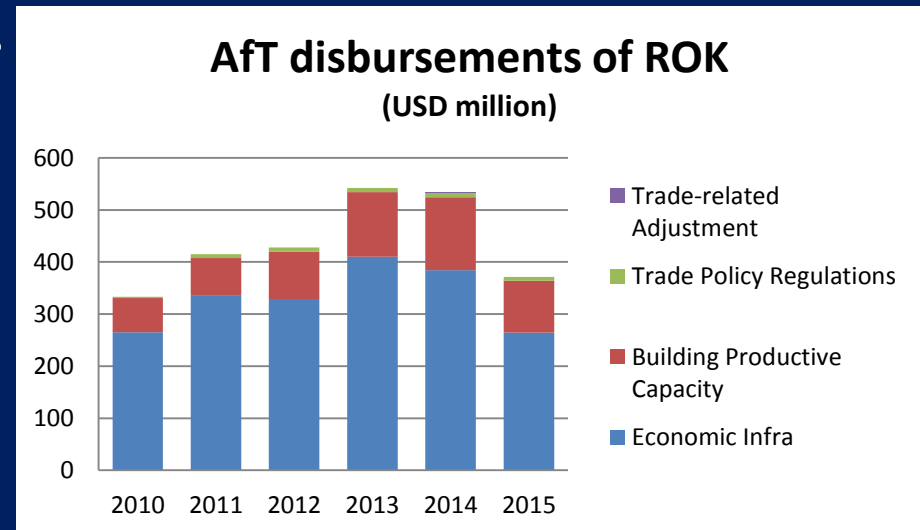
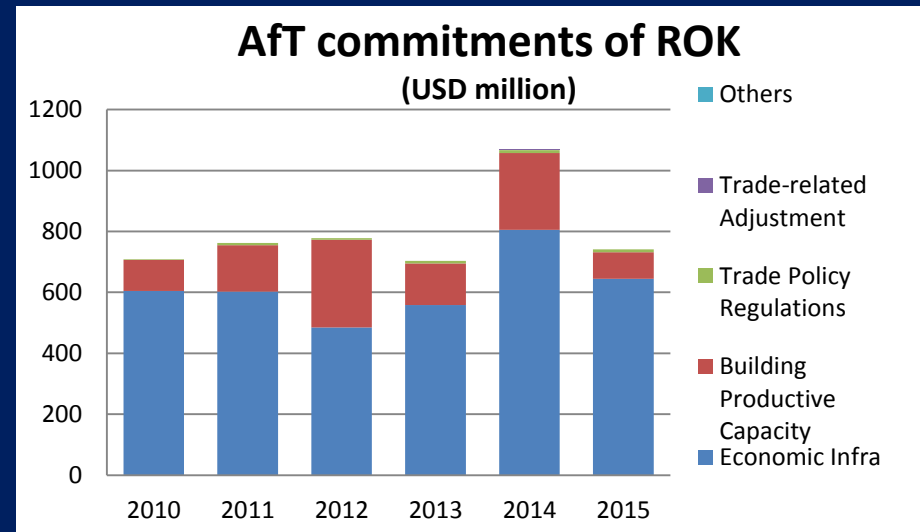


AfT disbursements
(2013 constant)



3. ROK's sectoral distributions in AfT

- ROK's AfT has been peaked in 2014
- Economic infrastructure > Building productive capacity > Trade policy and regulations



* Source: ROK government

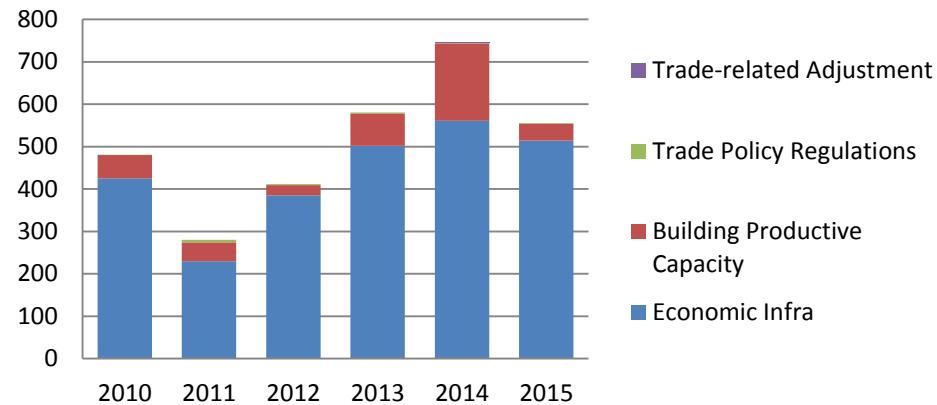
4. ROK's AfT in Asia-Pacific region

- Showing similar pattern in volume and composition

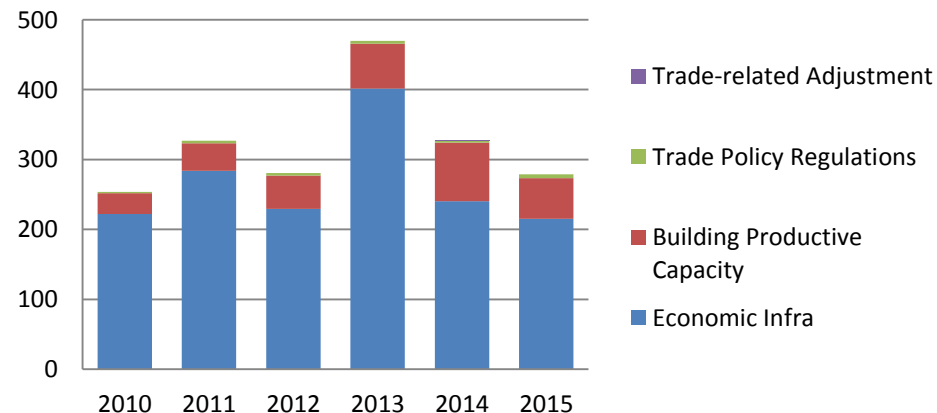
* Top 5 partners (commitment):
Bangladesh, Myanmar, Viet Nam,
Philippines, and Pakistan

* Top 5 partners (disbursement):
Bangladesh, Viet Nam, Sri Lanka,
Philippines, and Indonesia

AfT commitments for Asia and the Pacific
(USD millions)



AfT disbursements for Asia and the Pacific



* Source: ROK government

V. ROK's AfT policy

1. Vision

Supporting partner countries'
poverty reduction & sustainable development

ODA
programs

Economic infrastructure/
Building productive capacity/Trade policy etc.

Strategy

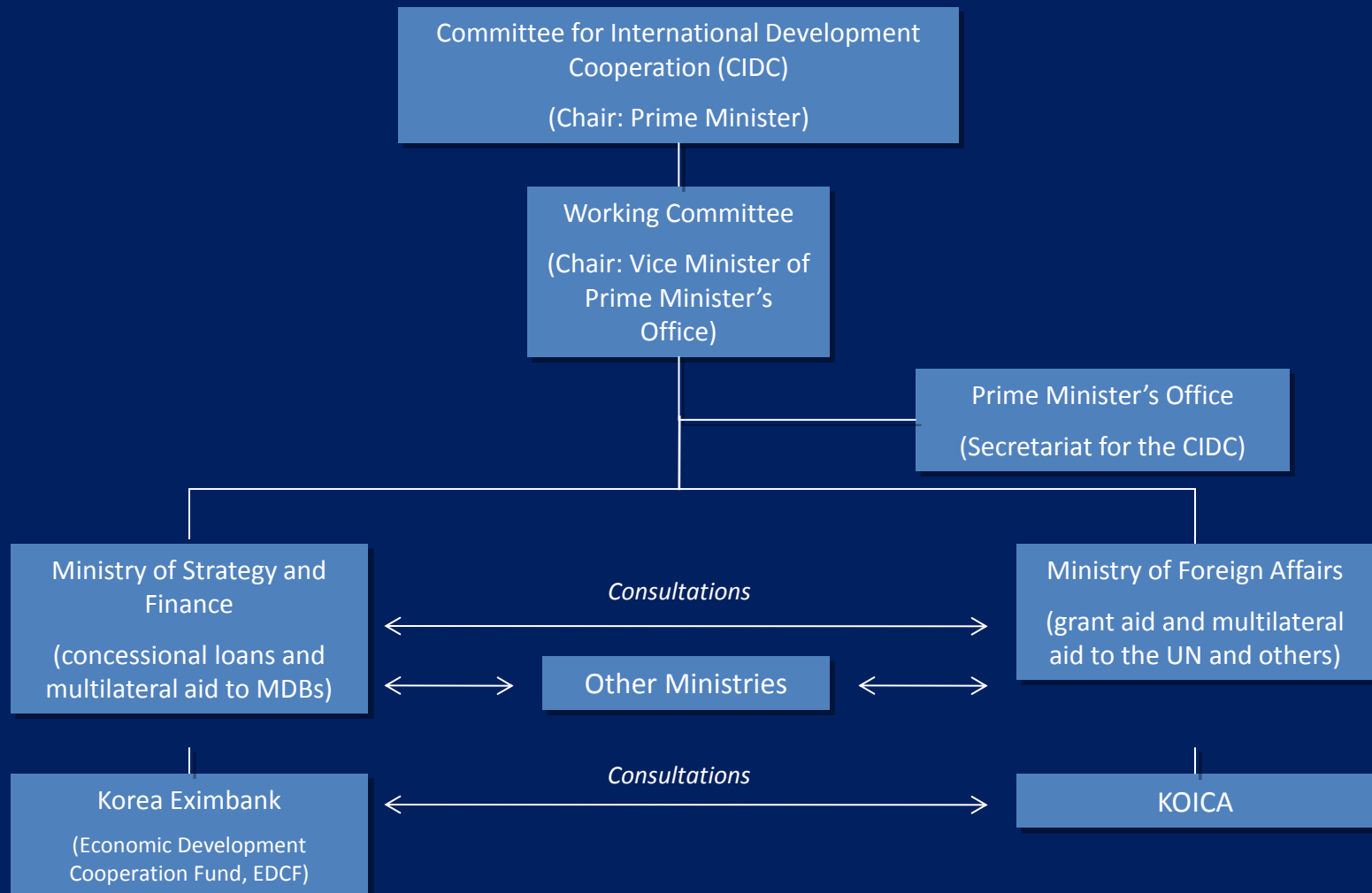
Selection &
concentration

Field & results
based
approach

Participation &
cooperation
with NGOs and
int'l organizations

Analyzing ROK's related experiences and identifying some competent areas

2. Policy Coordination



3. Strategy

1) Establishing Country Partnership Strategies (CPS) for its 24 priority partners*

* Criteria : Income levels, Economic relations, Regional distribution, etc.

- 11 Countries in Asia-Pacific region: Bangladesh*, Cambodia*, Indonesia, Lao PDR*, Mongolia, Myanmar*, Nepal*, Pakistan, Philippines, Sri Lanka, and Viet Nam

* 5 Least Developed Countries (LDC)

3. Strategy

2) Accumulating and analyzing evidence relating to ROK's trade experiences

i) Trade Policy/Regulations/Adjustment

- WTO membership
- FTA roadmap and negotiation strategy
- Free Economic Zone
- Training Trade Professionals
- Establishing agencies to support exports, etc.

(e.g. Korea Trade-Investment Promotion Agency (KOTRA),
Korea Int'l Traders' Association (KITA))

3. Strategy

ii) Building productive capacity

- Green growth
- ICT R&D system
- Agricultural cooperative system
- Reforestation
- Fisheries development, etc.

3. Strategy

iii) Economic Infrastructure

- Fiscal policy management
- Establishment of an economic planning agency
- Improvement of power energy Infrastructure
- National land development
- Industrial complex development, etc.

Some cases

Cases 1: Economic infrastructure

Greater Mekong Sub-region (GMS) Southern coastal Corridor



- One of ADB's GMS corridor programs
- Region: Cambodia and Viet Nam
- Total amount : EDCF 250 million USD
 - * Co-financing with ADB (82 million USD), AusAid (34million USD)
- Cross-border project
- Adopting ADB safeguard policy

Case 2: Trade policy/regulations and adjustment

Policy consultation with Myanmar on establishing Myanmar Trade-Investment Promotion Agency (MYANTRA) ('16)

- * Assisting with a master plan for establishing the agency and following capacity building workshops in Korea and Myanmar

Case 3: Building Productive Capacity

Industrial development and export promotion policy for Uzbekistan ('05)

- * Establishing the Navoi Free Industrial Economic Zone (2009)

VI. Way forward

1. Independent policy guidelines on AfT
2. Focusing more on LDCs
3. Ensuring policy coherence on AfT
as a cross cutting issue

Thank you

For questions and comments:
ssss99@mosf.go.kr