

OFFICIAL DEVELOPMENT ASSISTANCE (ODA) IN KOREAN FOREIGN
POLICY: MIDDLE POWER DIPLOMACY AND DEVELOPMENT
COOPERATION

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Abstract: *South Korea's transformation from one of the poorest countries in the world in the aftermath of the Korean War to a member of the OECD Development Assistance Committee (DAC) is frequently presented as a textbook case of successful "developmental catch-up." While this narrative has been widely studied, considerably less attention has been paid to the role of official development assistance (ODA) as a deliberate instrument of Korean foreign policy. This article analyses how ODA has been integrated into South Korea's foreign policy strategy and how it functions within its broader middle-power diplomacy and "global pivotal state" ambitions.*

The article demonstrates that Korean ODA has evolved from fragmented technical assistance into a central pillar of foreign policy. The Methods section outlines a qualitative, interpretive approach based on document analysis. The Results trace the historical evolution of Korean ODA, its institutional architecture (KOICA, EDCE, the Ministry of Foreign Affairs and the Ministry of Economy and Finance), patterns of geographic and sectoral allocation, and Korea's engagement in global development governance, particularly through the 2011 Busan Partnership for Effective Development Co-operation. The Discussion highlights persistent tensions between normative commitments – such as solidarity, sustainable development and development effectiveness – and strategic objectives related to economic diplomacy, regional influence and security. The article concludes that while ODA has become integral to South Korea's foreign policy identity, its effectiveness as a middle-power tool remains constrained by domestic politics, bureaucratic fragmentation and relatively low ODA-to-GNI levels.

Keywords: *South Korea, official development assistance, middle power diplomacy, foreign policy, development cooperation*

Introduction

South Korea represents one of the most emblematic cases of transition "from aid recipient to donor" in the contemporary international development system. In the decades following the Korean War, the Republic of Korea depended heavily on foreign assistance – particularly from the United States and multilateral institutions – to stabilise its economy, rebuild infrastructure and support export-oriented industrialisation. By the early 1990s, however, net official development

assistance flows to Korea had turned negative, indicating that repayments on earlier loans exceeded new inflows and signalling the end of its era as an aid recipient. This transition was formally consolidated in 2010, when South Korea joined the OECD Development Assistance Committee (DAC).

Since DAC accession, Korea's ODA volume has expanded steadily, albeit remaining below the United Nations target of allocating 0.7 per cent of gross national income (GNI) to development assistance. According to the OECD's most recent Development Co-operation Profile, Korean ODA reached approximately 0.17 per cent of GNI in 2022, with a strong emphasis on least developed and lower-middle-income countries in Asia and Africa. Korean aid is predominantly bilateral and combines grant-based assistance with concessional loans.

Beyond aggregate volumes, however, ODA plays a more profound role in Korean foreign policy. A growing body of scholarship argues that development cooperation has become central to South Korea's middle-power diplomacy, enabling the country to project soft power, contribute to global governance and reconcile national interests with normative commitments to poverty reduction and sustainable development. Korea's hosting of the Fourth High-Level Forum on Aid Effectiveness in Busan in 2011, and the adoption of the Busan Partnership for Effective Development Co-operation, symbolised this ambition to act as a bridge between traditional donors, emerging economies and non-state actors.

More recently, Korean policymakers and analysts have framed the country's international role in terms of becoming a "global pivotal state" – one that shapes international norms and connects developed and developing worlds. Within this discourse, ODA is frequently presented as a core foreign policy instrument, alongside cultural diplomacy and multilateral engagement.

This article asks: How has official development assistance been integrated into South Korean foreign policy, and what roles does it play in Korea's middle-power strategy? It argues that Korean ODA serves three overlapping functions: identity-building, middle-power diplomacy and interest projection. To substantiate this argument, the article follows an IMRAD structure. The next section outlines the methods and analytical framework. The Results section reconstructs the evolution and contemporary configuration of Korean ODA. The Discussion evaluates the extent to which ODA has realised Korea's middle-power ambitions and identifies key tensions and constraints.

Methods and Analytical Framework

A) Research design

This study adopts a qualitative, interpretive research design. Rather than generating new quantitative measurements of aid flows, it focuses on interpreting

existing data and texts to understand how ODA is framed and utilised within South Korean foreign policy. The analysis draws on three categories of sources: official policy documents and institutional profiles produced by Korean government agencies and the OECD; academic and policy-oriented literature on Korean ODA and middle-power diplomacy; and key texts in global development governance, most notably the Busan Partnership outcome document.

These materials are treated as discursive artefacts that reveal how Korean policymakers and their international partners conceptualise ODA, what functions they assign to it, and how it is linked to broader foreign policy objectives. Particular attention is paid to recurring themes such as “shared development experience,” “bridge-builder,” “win-win cooperation,” “middle power” and “global pivotal state.”

B) Analytical framework

The analysis is informed by the literature on middle-power diplomacy and state identity in international relations. Middle powers are typically defined not only by their material capabilities, but also by behavioural patterns such as coalition-building, support for multilateral institutions and pursuit of niche leadership in global governance. South Korea fits this profile as a G20 economy and liberal democracy with significant economic capacity, yet one that retains a vivid collective memory of poverty and post-war reconstruction.

Within this framework, ODA is conceptualised as a tool of role performance, soft power projection and interest advancement. Development cooperation allows Korea to enact the identity of a responsible donor and bridge-builder, disseminate its development experience and support strategic economic and geopolitical objectives. The analysis therefore combines descriptive elements—tracing institutional evolution and allocation patterns—with interpretive inquiry into what these practices reveal about Korea’s foreign policy identity.

Results: ODA in South Korean Foreign Policy

A) From aid recipient to DAC donor

South Korea’s aid trajectory is often presented as a linear success story, yet its evolution has been more complex. While heavily dependent on external assistance in the post-war period, Korea began experimenting with outward development cooperation as its economy industrialised. The establishment of the Economic Development Cooperation Fund (EDCF) in 1987 marked a significant turning point, signalling Korea’s emerging role as a provider of concessional finance even before it had fully exited recipient status.

The creation of the Korea International Cooperation Agency (KOICA) in 1991 further professionalised Korea’s grant-based assistance and technical cooperation.

Following the Asian financial crisis of 1997–98, Korea's commitment to international development cooperation gained renewed momentum, culminating in DAC membership in 2010 and the adoption of the Framework Act on International Development Cooperation.

B) Institutional architecture

Korea's ODA system is characterized by a dual-track structure. Grant aid and technical cooperation are managed primarily by KOICA under the Ministry of Foreign Affairs, while concessional loans are administered through the EDCF under the Ministry of Economy and Finance. Coordination is formally overseen by the Committee for International Development Cooperation, chaired by the Prime Minister.

While this structure reflects an attempt to balance diplomatic and economic objectives, it has also generated bureaucratic fragmentation. Tensions between ministries over priorities and allocation patterns have been widely noted in the literature and continue to shape the character of Korean ODA.

C) Geographic and sectoral patterns

Korean ODA is geographically concentrated in Asia and Africa, with a strong emphasis on least developed and lower-middle-income countries. Asia remains the primary focus, reflecting historical ties, geographic proximity and economic interdependence, while Africa has gained prominence in recent years as Korea seeks to diversify partnerships.

Sectorally, concessional loans have prioritised economic infrastructure and productive sectors, whereas grant aid has focused on education, health, governance and capacity-building. Recent policy documents highlight growing attention to climate change, digital transformation and inclusive growth, aligning Korean ODA with the Sustainable Development Goals.

D) Global development governance and Busan

Korea's hosting of the Fourth High-Level Forum on Aid Effectiveness in Busan in 2011 represented a watershed moment in its development diplomacy. The Busan Partnership reframed the global aid agenda around development effectiveness and inclusive partnerships, enhancing Korea's visibility and credibility as a middle power in global governance.

Since then, Korea has continued to leverage Busan-related forums and the Global Partnership for Effective Development Co-operation as platforms for diplomatic engagement and norm promotion.

Discussion

A) ODA and middle-power identity

The findings confirm that ODA has become a core pillar of South Korea's middle-power diplomacy. Through aid provision, institutional leadership and norm entrepreneurship, Korea performs an identity that emphasises shared development experience, responsibility and bridge-building between North and South.

B) Norms versus interests

At the same time, persistent tensions exist between normative commitments and strategic interests. While Korean ODA rhetoric strongly endorses principles of development effectiveness and sustainability, allocation patterns and institutional practices reveal close alignment with economic diplomacy and foreign policy priorities. This duality is not unique to Korea, but it complicates claims of purely altruistic assistance.

C) Domestic constraints and future challenges

Domestic politics, bureaucratic competition and relatively low aid volumes constrain Korea's ability to fully realise its ambitions as a global pivotal state. Looking ahead, expanding engagement in green development, digital cooperation and fragile contexts will test the coherence and adaptability of Korean ODA.

Conclusion

This article has shown that official development assistance is now deeply embedded in South Korea's foreign policy identity and middle-power strategy. ODA enables Korea to project a distinctive role in global development governance while advancing national interests. However, the effectiveness of ODA as a diplomatic instrument depends on addressing domestic constraints, improving institutional coordination and aligning ambitious rhetoric with sufficient resources. As global development challenges intensify, Korea's experience offers valuable insights into how middle powers navigate the intersection of solidarity, strategy and identity.

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