

# **Evaluating Experiences and Practices of Public-Private Partnership in Korean ODA Policies**

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# Contents

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- Characteristics of ODA in Korea
- Strengths and Weaknesses of Korean ODA
- Legal Backgrounds of ODA PPP in Korea
- Limitations of PPP in Korea
- Some Cases of ODA PPP
- Implications and Suggestions

# Characteristics of ODA in Korea

- from a recipient country to a donor country
- latecomer in both ODA and ODA PPP
- low ODA/GNI ratio
- high level of academic and practical interests in development cooperation
- sharing underdevelopment experiences with recipient countries
- general political and social support for development cooperation
- long history of community level social and economic cooperation

# Strengths of ODA in Korea

- rapidly growing ODA volume
- establishment of basic legal and institutional frameworks for ODA
- strengthening cooperative relationship for development cooperation between the Korean government and the civil society
- improvement of Korean people's perception on development cooperation

# Weaknesses of ODA in Korea

- relatively low ODA/GNI ratio
- fragmented ODA executive system between grants and loans, between KOICA and EDCF, between MOFA and MOST, and more than 40 bureaucratic agencies and local government involved in ODA
- underdevelopment of evaluation system
- lack of ODA experts
- absence of solid philosophy and vision about Korean ODA
- politicization of ODA policies

# Legal backgrounds of PPP

## 1) Basic Law on International Development Cooperation:

Article 03. “strengthening cooperation relationship and mutual exchange with developing countries”

Article 04. “Sharing and expanding development experience”

Article 14. “Providing assistance to private international development cooperation agencies”

## 2) Law of KOICA:

Article 07. “Providing assistance to private agencies for development cooperation activities”

## 3) Law of EDCF:

Article 07. “Loan or investment for international development cooperation projects which are important for industrial development of developing countries and economic exchange between Korea and developing countries”

# Limitations of PPP in Korea

| State-led  | State-led ODA policy making and execution<br>Lack of the control tower  |
|--|---|
| Lack of private participation                        | Involvement of CSOs<br>Lack of participation from private enterprises<br>Lack of proper system for public-private cooperation |
| High delivery/implementation costs                   | High delivery costs for small ODA projects<br>Fragmented implementation system  |
| Low motivation for private enterprises               | Small projects<br>Low expectation for economic gains  |
| Politicization of development cooperation            | Green Aid, Korean Aid, KSP, New Village Movement, Selection of Focus Countries  |
| Anti-chaebol(or anti-business) sentiment             | Corruption and misbehavior<br>Collusion of politics and businesses  |
| Limitation of Policy Coherence for Development (PCD) | Difficulties of consistent policy making and implementation<br>Lack of consensus in ODA policy contents and directions        |

# Cases of PPP by KOICA

| Case                    | Medical Herb Business in Nepal  | Agricultural Development in Vietnam  | G-saver project in Mongolia  | Fair-trade coffee business in East Timor                                      |
|-------------------------|---|--|--|---|
| Korean Partners         | KOICA<br>Good Neighbors<br>LG   | KOICA<br>CJ  | KOICA<br>Good Neighbors<br>KAIST   | KOICA<br>YMCA<br>Kyunghee University  |
| Contents of Projects    | Production, distribution, product development, farmer education in Himalayan Medical Herb | Crop supply, transfer of agricultural technology and new village education in Vietnam    | Supply of eco-friendly heat accumulator in Mongolia                                | Production, distribution, new business, export of coffee in East Timor        |
| Problems before project | Monopoly by brokers for sales, low price  | Low productivity, unstable demand and supply, unpredictable sales                        | Serious air pollution, health problems, thermal inefficiency                       | Inefficient production and distribution, non-cooperative business environment |
| Results of project      | Better distribution network, growing income, job creation, local development              | Growing income, better productivity, job creation  | Low fuel costs, job creation, CO2 reduction  | More coffee production, more export, growing income, education                |
| impact                  | Local development, sustainability, creating value chains                                  | Local development, sustainability, creating value chains, expansion to other local areas | Local development, environmental protection, sustainability, creating value chains | Local development, sustainability, promotion of local ownership model         |

# Cases of PPP by EDCF

| Project  | Country   | Contents   |
|--|-----------|--|
| Private hydroelectric power generation project | Indonesia | Quota investment by EDCF<br>Quota investment by Korean firms<br>Guarantee by Indonesian Government                             |
| Coal thermal power generation project          | Vietnam   | EDCF loan<br>Financial advice by EXIM Bank<br>Quota investment by Korean firms<br>Long-term purchase by national power company |
| Intelligent Transportation System project      | Columbia  | Bank loan based on EXIM Bank arrangement<br>Quota investment by Korean firms<br>Domestic Contractor for the project            |
| Eurasia Tunnel Project                         | Turkey    | EDCF loan<br>Participation of MDBs such as EBRD<br>Minimum Revenue Guarantee by the Turkish government                         |

# Cases of PPP by KOTRA: OVOP CSV Cases

| Korean Company | Region                | Contents   |
|----------------|-----------------------|--|
| CJ             | Yogyakarta, Indonesia | Coconut sugar development and sales in Tous Les Jours bakeries |
| Lotte Mart     | Yogyakarta, Indonesia | Equipment support<br>Product chemical tests                    |
| Samsung        | Lombok, Indonesia     | Digital education<br>Equipment support                         |
| KEB Hanna Bank | Bali, Indonesia       | Coffee education<br>Equipment support                          |
| Daedong        | Phnum Penh, Cambodia  | Tractor support<br>Festival support                            |

# Implications: common conditions for “successful” PPP

- ★ objective measurement of key performance indicators – impact
- ★ sustainability through creating economic profits
- ★ communication and cooperation among partners
- ★ adjustment through feedbacks

# Suggestions

- ★ creative PPP for effective development cooperation from the very beginning
- ★ more case development and comparisons
- ★ social and economic incentives for private partners
- ★ long-term strategies and visions
- ★ cultural environments for PPP in development cooperation
- ★ institutionalizing PPP