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**A Critical Analysis on Korean Agricultural Official Development Assistance  
(ODA)**

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## Contents

List of Tables	iv
List of Figures	iv
List of Appendices	iv
List of Acronyms	v
Abstract	vi
<b>Chapter I. Introduction</b>	<b>I</b>
1.1 Contextual Background, Research Objectives and Questions	I
1.2 Research Method	4
1.3 Contribution and Limitation	5
1.4 Structure of the Paper	5
<b>Chapter 2. Analytical Framework</b>	<b>6</b>
2.1 Introduction	6
2.2 Donor Interest Model	6
2.3 Recipient Need Model	9
<b>Chapter 3. The overview of Korean agricultural ODA</b>	<b>11</b>
3.1 Introduction	11
3.2 The Brief History of Korean Agricultural ODA	11
3.3 The Trend of Korean Agricultural ODA	13
3.4 Korean Agricultural ODA by Implementing Organization	15
- Ministry of Agriculture, Food and Rural Affairs	15
(MAFRA)	
- Economic Development Cooperation Fund (EDCF)	17
- Korea International Cooperation Agency (KOICA)	19
<b>Chapter 4. Analysis of Korean agricultural ODA</b>	<b>21</b>
4.1 Introduction	21
4.2 Donor Interest and Korean Agricultural ODA	22
- The Increase of Korean Agricultural ODA and its Private	
Flows due to Korea's Insecure Food Supply	22
- Main Partner Countries for Korean Agricultural ODA and	
Korea's National Economic Interest	25
4.3 Recipient Need and Korean Agricultural ODA	29
<b>Chapter 5. Conclusion</b>	<b>35</b>
References	37
Appendices	42

## List of Tables

<b>Table I-1</b>	Percent of Agriculture and Rural Development allocable aid by Korea and DAC member countries	3
<b>Table 3-1</b>	The total amount of Korean ODA for agriculture, forestry and fishing, 2006-10	13
<b>Table 3-2</b>	The share of bilateral aid of Korea on agriculture, forestry and fishing during 2005-2013	14
<b>Table 3-3</b>	The share of Korean ODA on agriculture by sub-sector	14
<b>Table 3-4</b>	The ODA volume and ratio of ED CF for agriculture, forestry and fishing	18
<b>Table 3-5</b>	Total expenditure of Agricultural credit assistance by sector	19
<b>Table 3-6</b>	KOICA's contribution to Agriculture, forestry and fishing ODA contribution	19
<b>Table 4-1</b>	Agricultural related indicators of Korea, Republic of during 2005-15	24
<b>Table 4-2</b>	The status of overseas agricultural expansion	24
<b>Table 4-3</b>	Several Indicators of Korean main partner countries for agricultural ODA	26
<b>Table 4-4</b>	Several Indicators of Korean main partner countries for agricultural ODA related to recipient need	29
<b>Table 4-5</b>	The score of Korea as per the indicators of maximizing efficiency dimension	33

## List of Figures

<b>Figure I-1</b>	Development Flows and the Agricultural Share, 1995-2014	2
<b>Figure I-2</b>	South Korea's ODA net expenditure for agriculture	3
<b>Figure 3-1</b>	The history of Korean ODA	12
<b>Figure 3-2</b>	Korean agricultural ODA by continent	15
<b>Figure 3-3</b>	The scale of agricultural ODA by MAFRA	16
<b>Figure 3-4</b>	EDCF ODA contribution by sector	18
<b>Figure 4-1</b>	FAO Food Price Index in nominal and real terms	22
<b>Figure 4-2</b>	FAO food price index	23
<b>Figure 4-3</b>	The trend of foreign investment of Korea on agriculture, forestry and fishing	25
<b>Figure 4-4</b>	The current status of overseas agricultural development	27
<b>Figure 4-5</b>	The status of agricultural imports of Korea in 2015	28
<b>Figure 4-6</b>	Comparison of Demands and Supports of Korea Agricultural ODA	31
<b>Figure 4-7</b>	Sub-sectoral breakdown of aid to Agriculture and rural development by DAC member countries	32
<b>Figure 4-8</b>	Multilateral ODA to Agriculture and Rural development	33

## List of Appendices

<b>Appendix I</b>	KOICA agricultural ODA contribution by Creditor Reporting System (CRS) code	42
<b>Appendix 2</b>	CRS code of Agricultural sectors by DAC	44

## List of Acronyms

AVRDC	Asia Vegetable Research and Development Center
CIDC	The Committee for International Development Cooperation
CPS	Country Partnership Strategy
CRS	Creditor Reporting System
DAC	Development assistant Committee
DESA	UN Department of Economic and Social Affairs
EDCF	Economic Development Cooperation Fund
FAO	Food and Agricultural Organization
FDI	Foreign Direct Investment
Framework Act	Framework Act on International Development Cooperation
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GNI	Gross National Income
HDI	Human Development Index
IFAD	International Fund for Agricultural Development
KIEP	Korea Institute for International Economic Policy
KOICA	Korea International Cooperation Agency
KREI	Korea Rural Economic Institute
KRC	Korea Rural Community Corporation
LDCs	Least Development Countries
MAFRA	Ministry of Agriculture, Food and Rural Affairs
MDGs	Millennium Development Goals
MOFA	Ministry of Foreign Affairs
MOSF	Ministry of Strategy and Finance
MOU	Memorandum of Understanding
NGOs	Non-Government Organizations
ODA	Official Development Assistance
ODI	Overseas Development Institute
OECD	Organization for Economic Co-operation and Development
PQLI	Physical Quality of Life Index
SDGs	Sustainable Development Goals
UNDP	United Nations Development Programme
UN	United Nations
UN Comtrade	Nations Commodity Trade Statistics
UNEP	United Nations Environment Program
USDA	US Department of Agriculture
US	The United States
WFP	World Food Programme

## **Abstract**

Despite vast research on Korea's Official Development Assistance (ODA), little is known about Korean agricultural ODA. However, considering the more influential global status of Korean ODA after its entrance to Organization for Economic Co-operation and Development (OECD) in 1996 and rising importance of agricultural issues, the research on Korean agricultural ODA based on the theoretical framework and factual data set is important and research worthy. Therefore, throughout this research paper, I study Korean agricultural ODA by applying the theoretical framework of donor interest and recipient need model, using secondary data analysis. Through these theoretical reviews and data analysis, this research paper aims to see if Korean agricultural ODA gears towards a certain type of theoretical model. To this end, this research paper sets a time frame from 2005 when Korean agricultural ODA started getting significant attention domestically and internationally up to the current date with a target of sixteen main partner countries for Korean agricultural ODA. As a result, I came to a conclusion that Korean agricultural ODA features the characters for both models but it leans more towards donor interest model than recipient need model, demonstrating agricultural ODA trend changes with relation to its national interests such as their need for solving domestic food security issues and expanding overseas agricultural markets. Moreover, the research paper recovers that most of Korea's commitment on agricultural ODA has been focused on specific countries and cooperative areas mostly coupled with its economic interest. Therefore, the result implies the need for Korean agricultural ODA to incorporate recipient needs more considering the ultimate goals of ODA that are economic development and social welfare of developing countries.

## **Relevance to Development Studies**

In spite of Korea's relatively short ODA history and less volume of financial commitment than other ODA forerunner countries such as Northern Europe and the U.S, their contribution to ODA is becoming underlined because of its rapid economic growth within a short period of time and its unique transitive experience from recipient to donor within half a century. In particular, Korea's contribution to agricultural field has taken up a significant portion of its total ODA commitment and it has received a lot of positive attention from developing countries mainly due to its distinctive historical trajectory and the important contribution of agricultural sector towards their economic success. Therefore, studying Korean agricultural ODA and its implications for recipient countries will enrich the discussion on the study of Korean ODA and by extension, foreign aid that is a core part of development studies.

## **Keywords**

Official Development Assistance (ODA), Korea, Agricultural ODA, Agricultural field, Donor Interest, Recipient Need, Ministry of Agriculture, Food, and Rural Affairs (MAFRA), Korean International Cooperation Agency (KOICA), Economic Development Cooperation Fund (EDCF)

## Chapter I. Introduction

### I.1 Contextual Background, Research Objectives and Questions

The main purpose of this research is to examine the limitations of Korean agricultural related Official Development Assistance (ODA) and to investigate what suggestions can be made for a better implementation of the projects. The financial resources that are used in international development cooperation field can be divided into four parts (OECD n.d.); ODA, other official flows, private flows and grants by private agencies and Non-Government Organizations (NGOs). Among those, ODA is defined as “government aid, including state and local governments or by their executive agencies, designed to promote the economic development and social welfare of developing countries” (OECD n.d.). Moreover, to be recognized as ODA, it has to be concessional in character with a grant element at least 25 per cent (ibid).

Among the various development sectors in ODA, agricultural and rural development has been recognized by international society as a core pillar of economic development and social welfare of developing countries<sup>1</sup>. In fact, they started to acknowledge the importance of agriculture and rural development notably since early 2000's. In 2000, United Nations (UN) initiated Millennium Development Goals (MDGs) to halve the poor population in the globe living with less than 1.25\$ per day. To accomplish this goal, UN underscored that the agriculture and rural development sector needs to be prioritized than other sectors of ODA considering the fact that nearly 70 to 80 percents of people in developing countries live in rural areas relying on agriculture for their subsistence.<sup>2</sup> According to the World Bank's report in 2016, “Indeed, 80 percent of the worldwide poor live in rural areas; 64 percent work in agriculture” (2016:5) and “poverty headcount ratios are more than three times higher among rural residents than among urban dwellers: 18.2 percent versus 5.5 percent” (ibid. 6).

The report of Food and Agricultural Organization (FAO) on government expenditure on agriculture (2017b) highlights that “between 2001 and 2015, governments allocated a low (less than 2 %) and progressively declining share of their central government expenditures to agriculture” (ibid). Especially, “in developing regions, the sector received only 1.9% of total central government budget” despite its significant contribution to Gross Domestic Product (GDP) (7.1% in 2015) (ibid). What is worse is that, as seen in Figure I-1, the agriculture share in development flows has significantly declined from 1996 before the food crisis 2007-08 broke out. Trinity College Dublin's report (2010) points out that this declining development interest in agriculture has been labeled as “agricultural aid fatigue” (ibid). They see this agriculture aid fatigue is a result of “high failure rate of agricultural project, the inherent risk of agriculture and high transaction costs involved in agricultural and rural development projects” (ibid). However, the report highlights the importance of agricultural aid stating that agricultural ODA will not only combat poverty by bringing more income to poor but it will also provide “a sustainable basis for the health, education, and social safety net programmes that donors wish to put in place” (ibid). Multilateral institution's reports also reveal that if GDP in agriculture increases by 1 per cent, it is 5 times more efficient to target poverty than the increase in other sectors. Especially, if agricultural production increases by 10 per cent, it will lead to a 7 per cent reduction of poverty in Africa and more than 5 per cent in Asia (IFAD, UNEP<sup>3</sup> 2013). Also the rising importance of natural resource management and environment further justifies why agricultural

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<sup>1</sup> The most widely accepted definition of a developing country is one that has low levels of industrialization and fares poorly on the Human Development Index (HDI). A low HDI score means that the citizens of a particular country have lower life expectancy, lower educational attainment, lower per capita incomes, and higher fertility rates than found in other countries. Most countries in Africa, Central Europe, Eastern Europe, Asia, South America, and Central America are generally regarded as developing (Amber Pariona 2017). The list of developing countries can be found at [www.un.org/en/development/desa/policy/wesp/wesp\\_current/2012country\\_class.pdf](http://www.un.org/en/development/desa/policy/wesp/wesp_current/2012country_class.pdf)

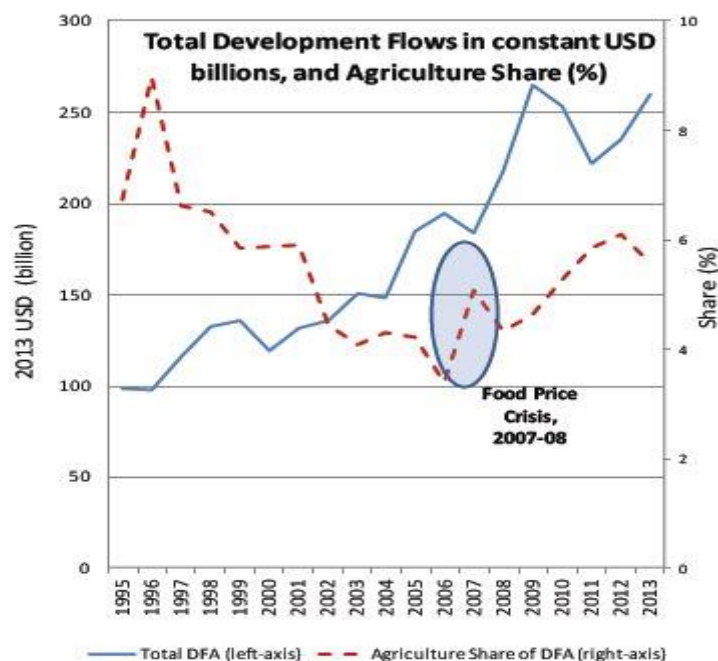
<sup>2</sup> The emphasis on agriculture is also incorporated in MDG goal 1 and 8 as follows;

- MDG goal 1 - To alleviate poverty and famine by putting efforts on agricultural and rural development
- MDG goal 8 - To handle global issues such as food security and environmentally sustainable growth in cooperation with international organizations as well as recipient countries (UN 2000)

<sup>3</sup> International Fund for Agricultural Development (IFAD), United Nations Environment Program (UNEP)

development is imperative for international society.

Figure I-I. Development Flows and the Agricultural Share, 1995-2014



Source: FAO, 2016

Against this background, South Korea’s (hereafter referred to as ‘Korea’) contribution to agricultural aid has been put under the spotlight. This is because, among the donor countries that implement agricultural ODA projects, the history of Korean agricultural ODA is somewhat different from other Development Assistant Committee (DAC) member countries.<sup>4</sup> Korea is the only country that turned into aid donor country from the recipient country within only half a century. To specify, it received ODA in the 1950s after the civil war and became a member of DAC, the international donor club in 2010 (Official website of Korean ODA; ODA Korea n.d.). In this regard, unlike other donor countries, it can be expected that Korea can bridge an experience gap between recipient countries and donor countries because Korea can understand the difficult situation which recipient countries may now face and provide necessary know-how knowledge for developing countries. Indeed, the current economic and social situation of recipient countries is similar to how Korea was in between the 1960s and 1980s (Kim 2015). Moreover, Korea’s development experience on agriculture and rural development between the 1950s and 1970s can be used to facilitate the agricultural development of recipient countries.

In fact, as shown in Figure I-2, the net expenditure of Korean agricultural ODA shows a noticeable increase in 2007, 2012, and 2014 and especially, in 2012 despite its fluctuating pattern throughout the years. According to ODA Korea official website (2015), it shows that the financial contribution to agriculture, forestry, fishing has been on the upward trend since 2010 (5.4 percent in 2010 and 6.9 percent in 2015) and they have taken up the biggest share in production sector of Korean ODA.<sup>5</sup> As shown in Table I, Korea’s percent of agricultural and rural development allocable aid has not significantly lagged behind the average of DAC member countries and it was

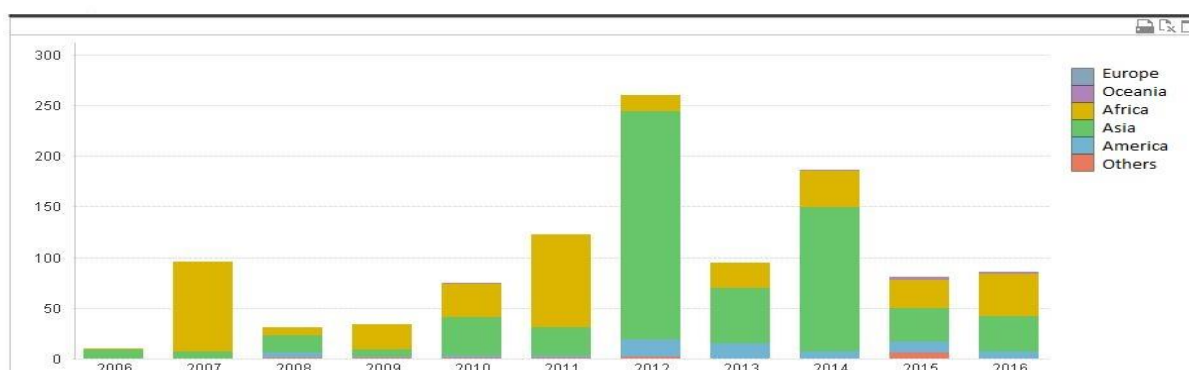
<sup>4</sup> The list of DAC members can be found at <http://www.oecd.org/dac/dacmembers.htm> (OECD n.d.).

<sup>5</sup> The production sectors include Agriculture, Forestry, Fishing; Industry, Mining, Construction; Trade Policies and regulations; Tourism (ODA Korea 2015).



even almost two per cent higher than the average of DAC countries during 2012-2013 (OECD 2015).

**Figure I-2. South Korea's ODA net expenditure for agriculture (unit: US\$ million)**



Source: Economic Development Cooperation Fund (EDCF) statistics (2016)

**Table I-I. Percent of Agriculture and Rural Development allocable aid by Korea and DAC member countries**

Country	% of Sector allocable aid		
	2008-09	2010-11	2012-13
Korea	3.4	7.5	11.3
Total DAC countries	7.5	8.3	8.4

Source: OECD 2015

However, despite this rising trend, there has been constant criticism and doubt around the efficiency of Korean agricultural ODA and its contribution to recipient countries (ODA watch<sup>6</sup> 2009, Marx and Soares 2013). Firstly, it is suspected that Korea uses agricultural ODA for furthering their national interests (ODA watch 2009, 2013, Rob Folley 2011). A Brookings institution report pointed out that national interest refers to “what a nation feels to be necessary to its security and wellbeing (...)” (as cited in Dinesh n.d.). Similarly, Dinesh argues that “national interests can be defined as the claims, objectives, goals (...) which a nation always tries to preserve, protect (...)” (ibid). In this regard, Korean agricultural ODA has been alleged that it uses ODA as a means of securing its production base overseas; or meeting its food security (John Berthelsen 2011, Lee S. & Muller A.R. 2012). In fact, some evidence shows that the precarious agricultural situation of Korea, in terms of agricultural labor force and food prices moves along with its trend of agricultural ODA patterns and private sector involvement in Korean agricultural ODA projects. Secondly, it is suspected that Korean agricultural ODA is mainly driven by Korea's economic interest (ODA watch 2009, 2013, Rob Folley 2011). Particularly, it is alleged that Korean agricultural ODA has been heavily concentrated on specific countries and areas (ibid) - such as building agricultural infrastructure and productivity increase where Korea can benefit significantly from the economic outcomes of the projects. Moreover, it has been constantly reported that this economically lopsided Korean agricultural ODA has disregarded negative social and environmental impacts of its projects on recipient countries (ibid). However, so far, very little research has been conducted to investigate the problems of Korean agricultural ODA in development studies and it has mostly been based on anecdotal evidence. Therefore, examining the limitations of Korean agricultural ODA on a theoretical percept and rigorous factual basis is imperative and worth researching. I, thus, pose three main research questions and sub-questions as follows;

<sup>6</sup> ODA watch is a “participatory civil society organization where international development cooperation professionals (steering committee), staffs in development field, workers and young people interested in this field make joint efforts” (ODA watch official website n.d.).

- How has national interest affected Korean agricultural ODA?
  - What has been the trend of Korean agricultural ODA?
  - What are the main reasons for Korean agricultural ODA trend changes in relation to Korea's national interest?
- Has Korean agricultural ODA been concentrated on specific countries and areas?
  - What has caused Korean agricultural ODA's concentration on specific countries and areas?
- What suggestions can be made for a better implementation of Korean agricultural ODA projects?

The first question is posed to find out whether there have been any distinct patterns in Korean agricultural ODA in relation to its national interest and what the main causes for these different patterns are. Subsequently, the second question is posed to examine whether Korean agricultural ODA has been concentrated on any particular countries and cooperation areas in connection with its economic interests. Lastly, although this research paper cannot draw a big claim on the suggestions for Korean agricultural ODA projects, the third question is presented to answer what can be done for a better implementation of Korean agricultural projects based on precedent questions and answers in the research paper.

## **I.2 Research Method**

Considering my research objectives and questions, the most feasible research method is secondary data analysis. Secondary data analysis signifies “analysis of data collected by someone else, in the broadest sense” (Boslaugh 2007: ix) and it includes “any data that are examined to answer a research question other than the question(s) for which the data were initially collected” (Vartanian 2010:3). Crossman (2016) says that secondary data offers the wide “breath of data available” (ibid). It is because the collection of secondary data is normally conducted by federal government or multinational institutions in a large and national scale that one individual researcher cannot collect otherwise. The secondary data is also “longitudinal” (ibid) meaning it provides information on the same object over the broad span of the time. Therefore, researchers can track the trends and changes of the certain object based on their purposes of research. Lastly, “the data collection process often maintains a level of expertise and professionalism that may not be present with individual researchers or small research project” (ibid). Therefore, Crossman (ibid) highlights that experts and professionals’ expertise and experiences may be integrated in the data collection process in cases where small research projects cannot reach the same level otherwise. Lastly, the data can be trusted because it has been peer-reviewed, authorized and ready for the analysis for research. In this respect, secondary data analysis will provide substantial evidence to answer my research questions which are stretched over the various dimensions of society and the broad span of the time requiring certain level of expertise on collecting the data.

The use of secondary data analysis for my research can be explained into two; the research period and the scope of the research objects. As far as the period is concerned, I analyze the period from 2005 up to present times. The main reason for choosing 2005 for the starting point of data analysis is because this is when international community started to acknowledge the importance of agriculture and agriculture related ODA. Korea also joined DAC as a donor country in 2010. As for the research scope of the research objects, I consider it from both donor and recipient perspectives. Firstly, as for the recipient side, I target 16 countries where Korean agricultural ODA retains fair partner relationship. Secondly, as for the donor side, I only choose to focus on three major Korean agricultural ODA implementing organizations that are; Korea International Cooperation Agency (KOICA), Economic Development Cooperation Fund (EDCF) and Ministry of Agriculture, Food and Rural Affairs (MAFRA) considering their volume of contribution to Korean agricultural ODA.

Within this limited set of research period and scope, I analyze Korean agricultural ODA with several variables derived from the theoretical framework of donor interest and recipient models which shall be indicated in chapter 2. As for the donor interest part, I look into the total and rural population, GDP and its growth rate, agricultural land, Foreign Direct Investment (FDI) flows and the amount of agricultural trade volume. As for the recipient

need perspective, I research poverty rate, mortality rate, income distribution, current account balance, world quality of life index and food security. Lastly, for the secondary data sources, I use statistics and indicators from both international and national organizations. As for the international data, I use validated data from reputable multilateral institutions such as UN, FAO, United Nations Commodity Trade Statistics (UN Comtrade), OECD, World Bank Data and Asia Development Bank. As for the national data, I only consider the data from major organizations for Korean agricultural ODA such as EDCE, KOICA and MAFRA indicated above including ODA Korea statistics, Korean research institutes and corporation.

### **I.3 Contribution and Limitation**

The limitations of Korean ODA have been researched by many scholars and institutions (Marx and Soares 2013, Rob Folley 2011, ODA watch 2009, 2013). However, Korean agricultural ODA has hardly been researched under a rigorous theoretical framework and factual data set. Therefore, this research paper will provide innovative ways on evaluating Korean agricultural ODA and will enrich the discussion on Korean agricultural ODA, especially, by analyzing its limitations and provide possible suggestions. However, since this research is based on literature review and secondary data collection, the data may not provide in-depth information on certain aspects of Korean agricultural ODA. However, this will be complemented by the broad data resources of the reputable international and domestic organizations that are used in this paper. Lastly, the main argument of this research paper will be further reinforced if the ample data sources such as interviews and participatory research methods can be added.

### **I.4 Structure of the paper**

Aside from this introductory chapter, this research paper is comprised of four more chapters. In chapter two, I discuss analytical framework of donor interest and recipient need model to discuss the limitations and possible suggestions for Korean agricultural ODA. In chapter three, I engage with the overall trend of Korean agricultural ODA based on the analytical framework. In chapter four, I investigate Korean agricultural ODA in earnest based on the two models established in the theoretical framework. In the last chapter, I review my overall discussion and reach conclusions.

## **Chapter 2 Analytical Framework**

## 2.1 Introduction

Korea enacted the Framework Act on International Development Cooperation (Framework Act) which came into force in 2010 (ODA Korea n.d.) This Framework Act identifies five basic principles as follows;

(1) reduce poverty in developing countries (2) improve the human rights of woman and children, and achieve gender equality (3) realize sustainable development and humanitarianism (4) promote cooperative economic relations with developing partners (5) pursue peace and prosperity in the international community (ODA Korea n.d.)

As seen above, Korean ODA seems to consider humanitarian purposes as important objectives alongside their economic relations with developing partners. However, Korean ODA has been criticized for its pursuit of national interests through ODA (Marx and Soares 2013). Similarly, Korean agricultural ODA is under the same investigation for using ODA for state benefits by securing production base overseas and exporting its agricultural inputs and infrastructure to foreign countries (ODA watch 2009). In this regard, I choose 'donor interest' and 'recipient need model' as a theoretical model of foreign aid critique. The scholars of donor interest model consider ODA as projects driven by donor countries' political and economic interests. On the contrary, the researchers of recipient need model believe ODA is primarily rooted in humanitarian concerns helping recipient countries to combat poverty and promote public goods. Therefore, these two theoretical approaches can provide a rigorous analytical lens to identify underlying motives of foreign aid (McKinlay and Little 1977; Maizel and Nissanke 1984; McGillivray 2003). Most of all, these can be used as a tool to examine the limitations of Korean agricultural ODA, its corresponding implications and ways for the improvement.

Soh (2010) argues that although "individuals might have altruistic mind in providing aid, foreign aid provided by state, especially ODA is a political decision particularly because governments use public funds" (ibid. 193). In this regard, Soh (ibid) mentions that the difficulties of making decision on ODA spending is mainly because government has to think from two angles; one is domestic interest and another is the altruistic objective to help developing countries. What is more, the decision on ODA allocation is even harder as it involves multilayered communication among the different stakeholders within the state or between the countries. In this view, Mckinlay and Little (1977) posit the need for a systematic analytical view of foreign aid from a long time ago, from the aspects of "humanitarian needs of the recipient" and "foreign policy interest of donors"(ibid. 58). In relation to this, Maizels and Nissanke (1984), McGillivray (2003) contend that there are two main basic orientations through which donors pursue their international development relations (as cited in Petermann 2012). "It can either declare adherence to 'donor interest' (...) emphasizing egoistic power-political and/or economic benefits (...), or it can prioritize the idea of 'recipient need' (...) to promote the welfare and advance the wellbeing of Southern nations" (ibid. 97). Petermann (ibid) says although a dichotomy of 'donor interest' and 'recipient need' is somewhat artificial, it is still useful to identify the trends in aid politics. Maizels and Nissanke (1984) also posit that this theoretical framework is important to assert whether the aid is donor-centered rather than development oriented by shedding light on foreign aid policies and their actual implementation.

Likewise, Korean agricultural ODA can be explained by the above two analytical models - donor interest and recipient need. In particular, I use both models to show which model Korean agricultural ODA is leaning towards. The two theoretical models will then be used to help understand the embedded motivations and possible limitations of Korean agricultural ODA and even propose ways for improvement accordingly.

## 2-2 Donor Interest Model

Maizels and Nissanke (1984) highlight "donor interest model assumes that all aid serves only donor interests, defined to cover political security, investment and trade interests" (ibid. 879). After the success of the Marshall plan in bringing about Western Europe economic recovery, foreign aid has received positive attention and is considered as an important means of facilitating economic development of poor countries (as cited in Maizels and Nissanke 1984). However, foreign aid has been criticized by others who say that ODA in some cases serves the

interests of donors. Indeed, donor countries have indicated that they incorporated their own national interests in the aid—whether it is to retain their hegemony, make political or military alliances as opposed to certain regime, or simply promote their economic trade (ibid). In this light, the donor interest model is in line with the realistic approach which believes that foreign aid mainly serves donors' interests. The realistic approach can be explained into two; classical and neo-realistic aspects.

Firstly, classical realists consider foreign aid to be a part of political diplomacy and as a means to achieve its political purposes. During the cold war, aid was normally used for the political purpose of making alliances for their respective countries, the United States (US) and Soviet Union. The representative classical realist is Hans Morgenthau (1962). He considers foreign aid as 'nature of bribes' (ibid. 302) highlighting that aid is the act of paying money and services from one government to another for a political advantage disguised by the purpose of economic development and military assistance. He claims that both donors and recipients will not get what they expect because foreign aid is not inherently based on the true meaning of development for recipient countries. In this light, he labels aid as 'prestige aid' (ibid. 303) in which the real purpose of aid is concealed by the ulterior motives such as economic development and military aid. Particularly, the phrase, "the airline operating with foreign personnel and at a loss but under the flag of the recipient countries" (ibid. 303) used in his argument clearly shows his stance on foreign aid.

Hans Morgenthau's (1962) views on foreign aid are partly reflected in neo-realism. However, neo-realists focus more on the strategic assistance of donors which is used to extend the opportunities for trade and investment to the recipient countries. Tuman, Emmert and Sterken (2001) especially have proved the linkage between foreign aid and donor's interest on economy through a research on Japanese aid towards Latin America. From a neo-realist point of view, they argue that "Japan uses ODA as an instrument to maximize its economic interests" (as cited in Tuman et al 2001:89). More importantly, they contend that Japan enjoys the freedom in focusing its economic development policy on "export promotion, industrial competitiveness, and on securing supplies of raw materials from the recipient countries" (ibid. 89) due to the security pre-arrangements that had already been made by the US in the postwar period. For this reason, Japanese aid is likely to be concentrated on larger countries in terms of population where Japanese firms can secure their markets (as cited in ibid). Hence, a number of studies note the increase of private sector inflows in Japanese aid and its relations to Japanese domestic export and FDI. Especially, in relation to Latin America, it is suspected that the Japanese aid strategically looks for countries that possess raw materials required in Japan (ibid). Tuman, Emmer and Sterken (2001) also argue that the increase of Japanese ODA is likely to be coupled with structural adjustment periods imposed by the US aid on market-oriented reform in Latin America after debt crisis in 1982. As such, Tuman, Emmer and Sterken's research (ibid) helps to understand how economic ties have been generated between donor and recipient through donors' interest.

The above stated argument shows how donors' political and economic interests are embedded and concealed in foreign aid. In this view, McKinlay and Little (as cited in Maizels and Nissanke 1984) point out three exclusive categories that donors may have in recipient countries that are; (1) political and security interests (2) donor investment interests (3) donor trade interests (ibid. 883). Firstly, the political and security interests are manifested as "the existence of a defense treaty or some looser form of political or military associations" (ibid 884) adding that they are also expressed as "the aggregate value of arms transfer" (ibid. 884). Donor's political and security interest was before explained as colonial relationship or a tactical alliance during the cold war. Secondly, "donor investment interests would be in promoting economic growth or in alleviating economic difficulties" (ibid. 884). Therefore, foreign aid is also likely to be put in developing countries where donor countries have substantial investment interests. In this light, the donor interests are presented here as a form of giving external subsidies to continue reaping the profits of FDI of donor countries and they are interpreted here as "the relative magnitude of private direct investment" (ibid. 884). In this regard, Maizels and Nissanke (1984) mention that "the number of subsidy and affiliated companies of its transnational companies" are also can be used to show donor's interest in investment. Lastly, foreign aid is assumed to be associated with trade such as "markets for its exports or as sources of its imports" (ibid. 884) and this association between aid and trade mainly aims to secure profitability of donor countries through export and to ensure adequacy by sourcing major supplies from recipient countries. However, as the economic linkage is becoming stronger, ODA is also likely to be economically tied. Petermann (2012) argues that 'tied aid' is also connected to the donor's interests from a realistic point of view. Moreover, he posits (ibid) that tied aid is not only interpreted in economic terms, such as a trade strategy to gain markets for exports, but it

is a political gesture to stabilize or extend its leverage over the recipient countries.

Donor's interest in relation to tied aid can also be interpreted through a neo-liberal point of view. Petermann (2012) argues that tied aid was given consideration with a notion that such 'direct commercial gain' (ibid. 126) or a direct market linkage will somehow enhance 'sub-state groups' (ibid.126) in donor and recipient countries. Therefore, Peterman (ibid) posits it might have brought the 'commercial liberalism' (ibid. 126) into the politics of aid after the post-cold war. The difference between neorealist and neo-liberal approaches is "unlike neorealist authors, proponents of liberal approaches assert that states are not always and not necessarily the most important actors in the international arena" (ibid 127). Therefore, from the neo-liberal point of view, the role of nation-states is still important but it can be often restricted by "sub-state agents as well as transnational forces" (ibid 127) and by "the interest of lobbies, NGOs and various other stakeholders" (ibid 127). In a similar sense, Clapp and Fuchs (2009) point out that the liberalization movement was supported by an activist lobby of global corporations including their efforts to influence the public debate through framing policy issues and social norms. In relation to this, Petermann claims that "certainly, FDI is primarily a matter of private actors' decision-making, but nation-states have offered direct political support for companies and business associations" (2012: 128) for their domestic interest. Huntington also says, from the neo-liberal perspective, "the national interest in foreign aid arises from a multiplicity of sources" (as cited in ibid. 127). In conclusion, it can be argued that neo-liberalism is still aligned to donor interest but on the neo-liberal aspect, the donor's interests are getting more complicated and arising from different layers of sub-state groups.

However, Antrobus (as cited in Petermann 2012) sees that tying aid may infringe the efforts of recipients to build their own capacity. Moreover, Petermann (ibid) sees it may infringe on recipient sovereignty because donor countries can threaten the recipient countries, who did not comply with donors' requests, to withdraw their ODA. In this regard, Huntington (as cited in ibid) contends that it is hard for recipient countries to reject commercial aid policies, such as tying aid that may require opening of the economy and minimizing the role of government, if they are related to their economic benefits (as cited in ibid). McMichael (2011) says that during the 1980s, the development was influenced by liberalization leading to privatization and market-centered development. However, the trend of liberalization in development caused negative effects such as economic dependency of recipient countries, exploitation by the global corporations, social inequity and environmental harms mainly due to corporations' pursuit for short-term profits. In this regard, Moravcsik says "this aid-related commerce may have decisive long-term impact on distribution of wealth and power (as cited in Petermann 2012:127). Similarly, Maizels and Nissanke argue "if industrial countries are successful in securing the supply of primary products and natural resources from developing countries, the latter remain dependent and have to face the possibility of deteriorating terms of trade" (1984: 884).

The above stated argument is also aligned to neo-Marxists view on foreign aid. Neo-Marxists consider ODA as an instrument for donor countries to exploit and dominate recipients for their economic interest. Teresa Hayter (as cited in Gilles Carbonnier 2010) contends that aid serves the interests for Western nations and multinational corporations by allowing them to extract natural resources of developing nations. She says "ODA is a mechanism through which leaders of Western nations lay their hands on and appropriate resource of developing nations" (ibid) and rising China's policy for foreign aid can be under the same critique to those Western countries strategic use for foreign aid policy (ibid). This also has been represented as donor countries' selective ODA allocation and the expansion of the control over the economic assets, such as real estate, in developing countries (Peterman 2012). In this respect, Robert Wood (as cited in ibid) argues that, foreign aid would further exacerbate the unequal circulation of capital and would hinder the development process of recipient countries. Hence, this will make aid recipient countries remain dependent on donor countries within the capitalist oriented economy. Soh (2010) also adds that since neo-Marxists regard donors as privileged, the conditionality imposed on recipient countries will continue to be legitimized.

Overall, donor's interest model can be argued from three primary viewpoints that are; realism, neo-liberalism and neo-Marxism. From the perspective of realism, the state is the main agent pursuing national interest in the international arena. Therefore, realists assert that the state is pursuing their political and economic interests through foreign aid. From the neo-liberal point of view, the agent of pursuing interest can be extended to global corporations or diverse sub-state actors. Therefore, the interests are becoming diverse and they are rising from

multilayered sub-state actors. The interest is also mainly focused on economic interest such as trade. Lastly, for neo-Marxist, they see that the economic ties between donors and recipients, driven by donor's interest will lead economic dependency of recipient countries and unequal distribution of economic assets between countries. Therefore, this research paper will see whether Korean agricultural ODA is indeed falling under the donor interest model which mainly considers the economic perspective. After that, the research will investigate how multilayered sub-state actors, mainly global corporations are involved in its agricultural ODA policies and implementations. Lastly, this research paper will also analyze Korean agricultural ODA from the neo-Marxist point of view by looking at Korea's selective ODA allocation and the proportion of economic assets of developing countries, such as real estate that Korean government or Korean global corporations have invested in through Korean agricultural ODA policies and implementation.

### 2.3 Recipient Need Model

The recipient need model is presented to see whether Korean agricultural ODA is subject to recipient need model. In this regard, recipient need model is connected to an idealistic approach of seeing foreign aid. Lumsdaine posits "economic foreign aid cannot be explained simply on the basis of donor states' political and economic interests, and humanitarian concern in the donor countries has formed the main basis of support for aid" (1993:3). In this view, he reviews the changes of aid during the sixties, seventies and eighties by providing evidence that aid is based on humanitarian and egalitarian ideas – and "less useful to donors for any particularistic purposes" (ibid.47). As a proof, he says during said period, aid became multilateral – with the multilateral share of aid increased from 6 per cent to 30 per cent by mid 70s while preventing donor's influence in recipient countries. Moreover, aid had become less tied – was not restricted to purchase goods and services in donor countries – being increased in the grant element and more directed toward the poorest countries (ibid). Overall, Lumsdaine (1993) argues, "real bases of support lay in humanitarian and egalitarian concern in the donor countries (...) usually combined with an internationalism (...) providing all states with a chance to make progress toward a better life" (ibid. 69). Idealists argue that "foreign aid as an instrument states use to cooperate in addressing the problems caused by interdependence and globalization" (Sohn et al 2011:48). Therefore, they focus on economic, social and political improvement of people in recipient countries to combat poverty and promote public good.

Maizels and Nissanke highlight that "the need of a developing country for outside assistance can relate to shortfalls either in its domestic resources, or in its foreign exchange availabilities, or – more usually- in both" (1984:882). Especially, they present several indicators to evaluate whether certain ODA can be recognized as the recipient model. Firstly, the most common indicator that can explain domestic shortfalls is GDP. However, GDP does not show 'population below poverty line' (ibid. 882). Alternatively, they use 'Physical Quality of Life Index (PQLI)'<sup>7</sup> to compensate for the limitations that GDP has in exposing the situation of recipient countries. The growth of GDP is also used to determine whether slow GDP growing countries attract more foreign aid than fast growing countries (ibid). With regards to foreign exchange shortfalls, they use the 'balance of payments current account to GDP' (ibid 882).

Kostadinova (2009:5) puts "the recipient characteristics model best fits into the idealism paradigm of international relations, which has a positive outlook on the motivations of state actors and individuals". Thus, he argues donor countries consider economic, social and political concerns in developing countries when planning their ODA projects. 'Recipient needs' can be discussed in various ways – such as "income and poverty levels, infant mortality, population, and levels of human and political development, the basic" (ibid. 5). The basic premise of 'recipient needs' model is that donors' financial assistance is assumed to be in the countries that are lacking in these elements than the countries that are better off, especially, in economic terms (ibid). Therefore, Kostadinova (2009:5) posits "higher infant mortality levels, lower incomes, lower PQLI and lower life expectancy" are likely to be associated to

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<sup>7</sup> The Physical Quality of Life Index (PQLI) is an attempt to create a practical measure of social distribution that will avoid the limitations of the GNP, that will minimize cultural and developmental ethnocentricity, and that will be internationally comparable. It uses three indicators: literacy, infant mortality, and life expectancy at age one. Each is placed on a fixed I-100 scale (Morris D. 1978).

donors' financial support.<sup>8</sup> Kostadinova (2009) also uses GDP and annual percentage change in GDP to capture recipients' economic need.

Chandrasekhar (as cited in Harrigan and Wang 2011) also argues that foreign aid is “ultimately a moral problem” (ibid 1283) saying foreign aid will bring positive impact on human beings who are struggling against hunger, poverty, disease and ignorance. Rawls say “the ethical rationale for granting ODA has traditionally has been seen in the improvement of global distributive justice” (as cited in Petermann 2012:138). Especially, on the recipient need's perspective, it is argued that 'grassroots' (ibid 139) level of development is considered as a minimum condition for social inclusion and political participation. Therefore, tackling poverty at the local level must be met before linkages with other sectors. Moreover, the expansion of economic and political entitlements of target groups will also bring national empowerment to recipient countries (as cited in Petermann 2012). Elliott says “everybody agrees that it is best to grow from the bottom up; the question is how to build the systems and deliver the micro investment that makes this possible” (as cited in ibid 139). The bottom up approach was proposed as a result of the limitations of macro-economic development that expected the 'trickle down' (ibid 139) effects on target group in the 1970s. Moreover, top-down aid has also been criticized for which it further promotes elite groups' interest in 'distributive battles' while exacerbating 'social inequality' (ibid 139).

Besides, from a recipient needs perspective, untied aid is also regarded as an important prerequisite for achieving the recipients' long-term development. Petermann (2012:142) says “the politics of untying aid bear a striking resemblance to the economic and political objectives of basic needs approaches in international development”. Browne (as cited in ibid) says lowering tied aid quantitatively helps recipient countries to save on domestic earnings and enhance foreign exchange liquidity, which can be used to support local projects and programs. Qualitatively, untying aid will contribute to 'local entitlements' and 'long-term empowerment' (ibid 142) that will make Least Developed Countries (LDCs) more competitive in export markets. Moreover, the proponents of 'recipient needs' model think that untied aid will revitalize the local economy by sourcing goods and services from local supplies promoting local business.

Overall, recipient need model is based on an idealistic approach of seeing foreign aid. This approach assumes that foreign aid is given with a humanitarian purpose in mind and foreign aid is designed to contribute to recipient countries' political, social and economic needs. Therefore, in this research paper, I also use recipient model approach to see whether Korean ODA agriculture is based on humanitarian aid as indicated its framework act in 2010.

## **Chapter 3. The Overview of Korean Agricultural ODA**

### **3.1 Introduction**

This chapter is assigned to scrutinize the overall trend of Korean agricultural ODA based on the theoretical models proposed in chapter 2. Reviewing Korean ODA is an imperative research step for the later full-scale analysis on

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<sup>8</sup> There are also other opinions. According to Ali and Isse (Kostadinova 2009), they say that foreign development assistance is mainly driven by the needs of the recipient countries citizens rather than their government. Other findings also show that donor countries tend to react to the changes of recipients apart from their needs. For example, Carey (as cited in ibid. 11) asserts “the changes in the recipient country's democracy score, indicating that increased democratization leads to higher levels of foreign assistance from the European Union”.



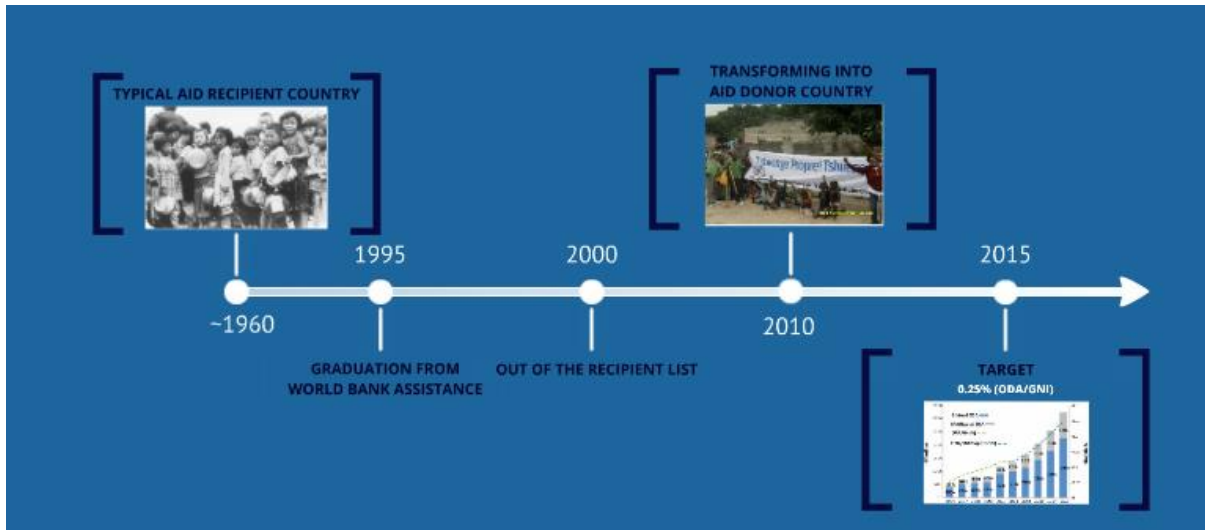
Korean agricultural ODA. Firstly, this chapter provides the brief history of Korean agricultural ODA specifically, on when and how it started as well as their major implementing organizations. Secondly, this chapter offers the information on the changes of the volume of Korean agricultural ODA, the major partner countries and primary cooperatives areas of Korean agricultural ODA from 2005 up to current date by three major ODA implementing organizations, namely, MAFRA, EDCE, and KOICA.

### 3.2 The Brief History of Korean Agricultural ODA

It can be argued that unlike other OECD/DAC countries, Korea received substantial help from foreign aid for its economic development. The overall amount of foreign aid that Korea had received was 13,976 million US dollars until 1999 and it was mainly from US and Japan. Noticeably, the share of agricultural aid accounted for 42 per cent of total aid until 1960. In the 1970s, Korea achieved food self sufficiency through an increased yield of rice and this partially contributed to its later industrial development. Therefore, it can be argued that a firm basis of agriculture and rural development considerably contributed to Korea's economic achievement (Korea Institute for International Economic Policy; KIEP 2012). For this reason, Korea's development experience in the agricultural sector has received favorable attention from developing countries and Korea also recognized agricultural sector as an important cooperation field for Korean ODA.

It was after the end of 1970s when Korea expanded its aid using its own financial resources (ODA Korea n.d.). This is mainly due to Korea's improved economic status after the 1970s and the rising expectation from the international community corresponding to Korea's economic achievement. The Korean ODA was further bolstered when two ODA implementing agencies - The Export-Import Bank of Korea (EDCF) in 1976 and Korea International Cooperation Agency (KOICA) in 1991 were founded under the two Ministries (ibid) - Ministry of Strategy and Finance (MOSF) and Ministry of Foreign Affairs (MOFA), respectively. EDCF is mainly in charge of disbursing concessional loans and it made a loan contract with Nigeria for the first time in 1989. On the other hand, KOICA was come out of the efforts for integrating fragmented Korean ODA and it is primarily taking care of grant aid. Upon joining OECD in 1996, Korea's global positioning was strengthened and their participation in OECD became a springboard for Korea's mutual cooperation aid with ODA forerunner countries. Hence, annual ODA expenditure was over US\$ 100 million dollars for the first time in 1996 (Kim 2014). As seen in Figure3-I, the 2000's is especially the major transition period for Korean ODA. As a proof, the absolute disbursement of Korean ODA has increased and their legal and institutional frameworks have been outlined. Notably, The Committee for International Development Cooperation (CIDC) was established in 2006 to complement the fragmentation Korea's ODA system and for better cooperation between different parties. In 2010, Korea officially obtained the donor country status in the international community after it joined in the DAC (ibid) and it has endeavored to meet the target value of 0.25 per cent of ODA to Gross National Income (GNI) since then.

Figure 3-I. The history of Korean ODA



Source: Kang 2014

Korean agricultural ODA began in 1973 with paying voluntary contributions to Asia Vegetable Research and Development Center (AVRDC)<sup>9</sup> (ODA watch 2009). Similar to the trend of Korean ODA, Korean agricultural ODA began in earnest after the two main agencies for international cooperation and development were established (as cited in *ibid*). There were also noticeable changes after the 2000s' in Korean agricultural ODA. For instance, KOICA specified the seven main support areas<sup>10</sup> in 2007 and agriculture and rural development were chosen as one of the key areas (KOICA 2006). They increased their volume and scale of ODA support in agriculture and rural development ever since. MAFRA has also conducted small scale ODA projects since 2006 focusing on invitational workshops, sending experts and conducting technological consulting for developing countries. Since 2011, ODA by MAFRA became diversified along with its significant increase in its budget for ODA. Especially, in 2011, the overseas agricultural development cooperation law was enacted and it became a major legal platform for overseas agricultural cooperation projects for MAFRA (Korea Rural Economic Institute; KREI 2012).

The concessional loans have been managed by EDCF under the MOSF. Therefore, the content of the projects are different from grant aid and it has focused on building infrastructure in developing countries. After 1991, EDCF has supported large scale projects such as transportation, development of water resources and energy industries. Especially, building transportation facilities and transportation related projects accounted for 37 per cent of its overall concessional loans whereas agricultural ODA only took up 4 per cent of its ODA between 2005 and 2011 (KIEP 2012). Likewise, the share of agricultural ODA had remained at 3.3 per cent after its establishment in 1987 until 2001 and it has stayed at around 6 per cent after 2001. ODA watch (2009) considers this low volume of aid for agriculture by EDCF is because recipient countries prefer the support for infrastructure building that has many economic ripple effects and it is the same for EDCF's stance on ODA policy.

KOICA's primary objectives for agriculture and rural development are comprised of three; increase agricultural productivity, enhance market accessibility and improve living environment and incomes (ODA watch 2009). Apart

<sup>9</sup> Founded in 1971, as the Asian Vegetable Research and Development Center (AVRDC) with a focus on tropical Asia, today the work of the World Vegetable Center spans the globe. Headquartered in Taiwan, with regional bases in West and Central Africa, Eastern and Southern Africa, East and Southeast Asia, South Asia, West and Central Asia and Oceania, the Center has 44 international scientists and 300 national scientists and support staff dedicated to the mission of alleviating poverty and malnutrition through the increased production and consumption of nutritious, health-promoting vegetables (Official website of AVRDC n.d.)

<sup>10</sup> 7 support areas are education, public health, public administration, agriculture& fishery & forestry, Industrial energy, Multi-sector/cross-cutting (environment, gender equality, Information and communications technology; ICT, human right) and climate change (KOICA 2006).

from these objectives, KOICA announced four development strategies for agriculture and rural development. They are; support agricultural policies and regulatory systems, support for modernization and productivity increase in rural areas, help farmers with incomes, develop human resources, apply and disseminate Korea's agricultural development model. Notably, through its objectives and strategies, KOICA tries to meet its targets for agriculture and rural development such as reducing a gap between urban and rural areas, increasing productivity and improving HDI (ibid). KOICA's contribution to agricultural ODA is higher than that of ECDF and it has increased steadily since 2006. Especially, in 2008, the volume of ODA by KOICA for agricultural development increased by 101.2 per cent more than the previous year and the number of projects and partner countries for agriculture has also been increasing since 2006 (ibid). As such, the organizations and total amount of support for Korean ODA for agriculture, forestry and fishing during 2006-10 can be demonstrated as Table 3-1. Among those, I will only focus on KOICA, EDCF and MAFRA for this research paper as they account for the most of amount of support. Moreover, it is also equally important to delve into the policies and the contribution of each organization to agricultural ODA as three Korean agricultural implementing organizations can have different methods for forming their agricultural ODA policies and they also may have different features when conducting agricultural ODA.

**Table 3-1. The total amount of Korean ODA for agriculture, forestry and fishing, 2006-10**

Unit: USD million

Organization	Total Amount of Support*	Ratio
KOICA	116.36	51.23
EDCF	91.231	40.17
MAFRA (formerly entitled 'Ministry of Agriculture and Forestry')	7.795(1,398)	3.43
Korea Forest Service	5.514	2.43
Ministry of Interior	3.117	1.37
The province of Gyeong Sanngbukdo	1.963	0.86
Ministry of Knowledge Economy	0.45*	0.20
Rural Development Administration	0.328	0.14
The province of Gangwondo	0.175	0.08
The province of Gyeonggi	0.163	0.07
The province of Chungbuk	0.041	0.02
<b>Total</b>	<b>228.1</b>	<b>100</b>

\*on a basis of provisional agreement

Source: Korea Rural Economic Institute (KREI) 2012:27

### 3-3 The Trend of Korean Agricultural ODA<sup>11</sup>

The share of bilateral aid of Korea for agriculture, forestry and fishing has fluctuated during 2005-13 but it has shown noticeable increase in 2007 and 2012 according to EDCF statistics on bilateral aid by sector as shown in Table 3-2. The ratio of the said field to total ODA also shows a noticeable increase in 2007 and 2012 being recorded at 10.2 and 15.3 per cent respectively.

**Table 3-2. The share of bilateral aid of Korea on agriculture, forestry and fishing during 2005-2013**

Unit: USD million

Year	Agriculture,	Total ODA	Ratio
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<sup>11</sup> The information on this chapter is mainly from the reports of research institutes, KREI and KIEP as well as the reports, press release and websites from relevant organizations.

	forestry and fishing	support	
2005	41.29	657.79	6.2%
2006	11.80	675.49	1.7%
2007	107.60	1,053.27	10.2%
2008	48.93	1,454.96	3.3%
2009	38.98	1,449.41	2.6%
2010	91.70	1,809.59	5.0%
2011	128.81	1,623.63	7.9%
2012	268.73	1,752.99	15.3%
2013	115.99	2,238.20	5.1%
<b>Total</b>	853.83	12,715.33	6.7%

Source: Own elaborations, EDCF 2015a

Agricultural sector can be divided into many sub-categories<sup>12</sup>. During 2006-2010, the expenditure of Korean agricultural ODA has been extensively involved with livestock (48 USD million), agricultural development (42 USD million), agricultural water resources (21 USD million) and agricultural inputs (20 USD million) in sequence. Noticeably, 90 per cent of budget for agricultural development was spent on Angola's agricultural modernization project by EDCF implemented since 2006 (KREI 2012). Referring to Korean agricultural ODA by sub-sector during 2009-2013 in Table 3-3, it shows that Korean agricultural ODA has focused on two main sub-sectors; agricultural development and agricultural water resources which account for 161.22 and 329.63 million US dollars of total share respectively and they were followed by agricultural education and training recorded at 25.04 million US dollars.<sup>13</sup> Agricultural development and agricultural education and training sector demonstrate meaningful upturn in 2011 while agricultural water resources shows noticeable increase in 2012.

**Table 3-3. The share of Korean ODA on agriculture by sub-sector**

Unit: USD million

Category	2009	2010	2011	2012	2013	Total
<b>Agriculture</b>	<b>34.88</b>	<b>75.76</b>	<b>122.94</b>	<b>260.04</b>	<b>94.85</b>	<b>588.47</b>
Agricultural policy and administrative management	1.64	0.39	0.75	1.45	2.44	6.67
Agricultural development	2.84	29.05	<b>44.55</b>	27.35	57.43	<b>161.22</b>
Agricultural land resources		7.61	0.09		6.00	13.7
Agricultural water resources	25.98	25.94	51.11	<b>217.83</b>	8.77	<b>329.63</b>
Agricultural inputs	0.14	0.18	2.26	0.44	5.09	8.11
Food crop production	0.58	0.30	1.40	2.91	3.10	8.29
Industrial crops/export crop	0.26	0.29	-	0.50	1.26	2.31
Livestock	0.92	4.17	1.43	1.32	1.80	9.64
Agricultural extension	0.32	2.66	3.50	3.59	1.54	11.61
Agricultural education/training	1.83	3.03	<b>13.32</b>	3.66	3.20	<b>25.04</b>
Agricultural research	-	0.25	1.04	0.42	1.91	3.62

<sup>12</sup> This research paper follows the DAC category for agricultural ODA.

<sup>13</sup> Agricultural development means "integrated projects and farm development" (DAC n.d.). Especially, agricultural development is defined as "the process that creates the conditions for the fulfillment of agricultural potential" (Juan R. de Laiglesia 2006:10) including "the accumulation of knowledge and availability of technology as well as the allocation of inputs and outputs" (ibid). Agricultural water resources include irrigation, reservoirs, hydraulic structures, ground water exploitation for agricultural use (DAC n.d.). As for the whole categorization of agriculture by DAC, refer to Appendix 2.

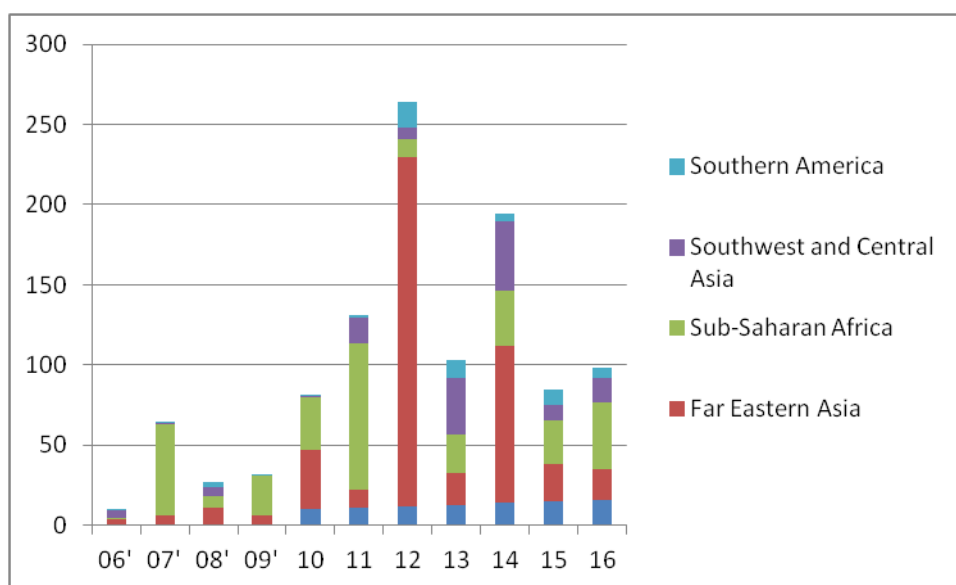
Agricultural services	-	-	0.12	0.03	0.47	0.62
Plant and post-harvest protection and pest control	0.08	-	-	-	0.27	0.35
Agricultural financial services	0.10	0.05	0.06	-	0.09	0.3
Agricultural co-operatives	0.08	1.77	-	0.26	0.21	2.32
Livestock/veterinary services	0.11	0.08	3.31	0.29	1.28	5.07

Source: EDCF 2015a:45

As for Korean agricultural ODA by continent, it has been highly concentrated in Asia and Africa, especially, African continent in 2007 and Asian continent in 2012 as shown in Figure 3-2. KREI report (2012) shows that Korean agricultural ODA had been geared towards Far eastern and sub-Saharan countries during 2006-2010 and they take up almost 34.5 per cent and 46.1 per cent of aggregate percent of Korean agricultural ODA during 2006-2010, followed by Southwestern and Central Asia that accounts for 8.8 per cent during the same period. According to Figure 3-2, Sub-Saharan Africa accounts for the most of Korea agricultural ODA in 2007 and 2011. However, in 2012, its volume of ODA share was mostly put in Far Eastern Asia.

Figure 3-2. Korean agricultural ODA by continent

Unit: USD million



Source: Own elaborations, EDCF Statistics 2016

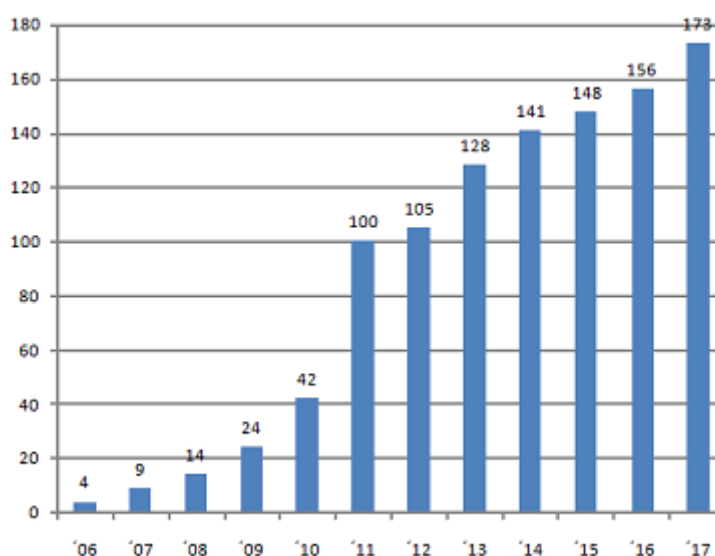
### 3-4 Korean Agricultural ODA by Implementing Organization

#### Ministry of Agriculture, Food and Rural Affairs (MAFRA)

According to MAFRA's press release in 2017, the financial scale of ODA projects by MAFRA has increased since 2006 but more significantly since 2011 – it has doubled in 2011 than 2010 as seen in Figure 3-3. The purposes of MAFRA's for ODA are divided into two; firstly, they aim to tackle extreme poverty and hunger in developing countries through agriculture and rural development and to promote the national image of Korea and its status. Secondly, they try to foster positive vibes for pioneering overseas market based on mutual cooperation between

developing countries and Korea's livestock and food industries (MAFRA's official website n.d.). Therefore, this shows that the part of MAFRA's agricultural ODA aim is also related to the national economic interest of Korea. The category of Korean ODA by MAFRA is mainly three; the first is planning and cooperation projects. These are medium and long-term planning projects that support human and material resources to offer substantive contributions to developing countries' agriculture and rural development (KREI 2012). Material support includes building infrastructure and providing agro-materials. Human resource support encompasses technical support, consulting and educational trainings. The second is cooperative projects with multilateral institutions of agriculture and rural development such as FAO, IFAD, and World Food Programme (WFP). The scope of agricultural cooperation has also been extended to forerunner countries of agricultural ODA and private sector. The third is consulting projects. The consulting projects aim to contribute to capacity building and food security in developing countries based on Korea's experience on agricultural development. In 2012, the category of Korean ODA by MAFRA has been reduced into two; planning projects, cooperative projects with multilateral institutions and consulting project has been incorporated in planning and cooperative projects (ibid).

**Figure 3-3. The scale of agricultural ODA by MAFRA (ODA budget)**  
Unit: USD million



Source: MAFRA press release 2017:2

According to Korean agricultural ODA report during 2006-2011(KREI 2012), it reveals that MAFRA's ODA has been focused on technical education & trainings as well as integrated rural development. It firstly supported production facilities in 2008 and water resources in 2011. The main partners of MAFRA's ODA were mainly in East Asia region and for Sub-Saharan countries (including Mozambique) since 2009 – The report (ibid) indicates that the contribution to Sub-Saharan countries shows drastic increase especially during 2009-10 (0.12 to 1.03 million dollars). In fact, MAFRA designated 8 major partner countries for agriculture in 2011; Philippines, Indonesia, Cambodia, Mongolia, Ethiopia, Democratic Republic of the Congo (DR Congo), Vietnam and Ghana (8) and has established Country Partnership Strategy (CPS) for each nation (ibid).

As such, the agricultural ODA contribution by MAFRA had been concentrated in East Asia, Southern and Central Asia and Sub-Saharan Africa in sequence during 2006-2011 - MAFRA started its ODA project in Sub-Saharan Africa only after 2009. The drastic increase in ODA trend in 2011 is because MAFRA's investment in post-harvest in East Asia (accounts for 1.26 million US dollars) and water resources in Sub-Saharan Africa (1.22 million US dollars) (KREI 2012). Therefore, we can draw the conclusion as such; The ODA contribution of MAFRA has increased steadily from 2006. It was initially focused on technological education & trainings as well as integrated

rural development. However, it became diversified to post-harvest and water resources when the volume of ODA has increased from 2011. As for the region, it was mainly geared towards East Asia but the volume of contribution to Sub-Saharan Africa has increased significantly since 2009 (ibid).

As stated in the purposes of ODA by MAFRA, MAFRA also pursues ODA for Korea's own agricultural development and agricultural related industries (ODA watch 2009). Indeed, MAFRA indicated their objective of international cooperation for agriculture as developing systemic cooperation with developing countries, securing a supply base for food and developing a platform for agricultural cooperation between global north and south (MAFRA official website n.d). The objective of MAFRA is also reflected in their main strategies for agricultural aid in 2014. It aims to solve difficulties of Korean agricultural companies that are keen to expand their business into overseas and build public-private partnership. Their target is to secure a sufficient quantity of food from overseas. In this view, MAFRA exemplifies the cases of Myanmar and Vietnam for this symbiotic relationship. To specify, MAFRA indicates that in 2013, the Korean agricultural enterprises exported 400 combines (agricultural machinery) while pursuing agricultural ODA and overseas agricultural development. MAFRA has also promoted Korean vegetable breed such as radish and chili in Vietnam (ibid).

### **Economic Development Cooperation Fund (EDCF)**

Korea's credit assistance has been led by the Korea's export-import bank and they operate the EDCF. EDCF was initiated in 1987 with the aim of assisting industrialization and economic development of developing countries and to promote economic exchanges between Korea and other developing countries (KREI 2012). It has supported building social and economic infrastructure and gives concessional loans in developing countries. As stated earlier, the share of agriculture, forestry and fishing has been less significant in EDCF projects. It first provided loans to Chinese Ministry of agriculture for agriculture machinery in 1996. The reason for a little share for agriculture, forestry and fishing is because the Korea export-import bank, through EDCF, tends to invest on the field that is expected to bring high rate of return such as investing in social and economic infrastructure that can guarantee many economic ripple effects. However, since 2006, the investment on the agriculture, forestry and fishing project has been steadily increased as a result of a rise in food security issues. Hence, the investment on building infrastructure on the said field has also been increased. Especially, EDCF is expected to continue developing water resources for multi purposes such as dams and reservoirs which can secure water for agricultural uses (ibid).

Referring to the operational principles of EDCF, it shows that the main principle of EDCF is to operate limited financial resources efficiently to contribute both to Korea and developing countries' development (EDCF report 2015b). On the recipient countries side, EDCF is expected to contribute to their economic development and social welfare based on developing countries' priority in economic development plan. On Korea's side, it is expected Korea to expand overseas market and trade volume (ibid). As such, it shows that the purpose of EDCF is on both sides; fulfilling recipient's economic need and Korea's economic interests, providing concessional loans. As for the major partner countries of EDCF, it follows the standard of CIDC of Korea. They consider 24 major partner countries for ODA as set in 2015.<sup>14</sup> The EDCF's report (2015b) reveals that the major partner countries were selected after considering their demand for aid and potentiality for economic and diplomatic corporative relationship with Korea.

As seen in Table 3-4, the total ratio of agriculture, forestry and fishing in total EDCF budget during 2005-2015 is not so much significant and the average ratio of the said field during 2005-2015 is indicated as 7.6 per cent. However, it is noteworthy that it shows meaningful ratio in 2005, 2007 and 2012 indicated 11, 10.2 and 19.4 per cent each. Especially, it shows a great increase in 2012 which was almost 4 times bigger than the ratio in 2011.

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<sup>14</sup> The 24 major partner countries of Korea (as of 2015) (ODA watch 2015)

- Asia(11): Nepal, Laos, Mongolia, Bangladesh, Vietnam, Sri Lanka, Indonesia, Cambodia, Pakistan, the Philippines, Myanmar
- Africa(7): Ghana, Rwanda, Mozambique, Ethiopia, Uganda, Tanzania, Senegal
- Central and South America: Bolivia, Colombia, Paraguay, Peru
- Middle East, CIS (2): Uzbekistan, Azerbaijan

**Table 3-4. The ODA volume and ratio of EDCF for agriculture, forestry and fishing**

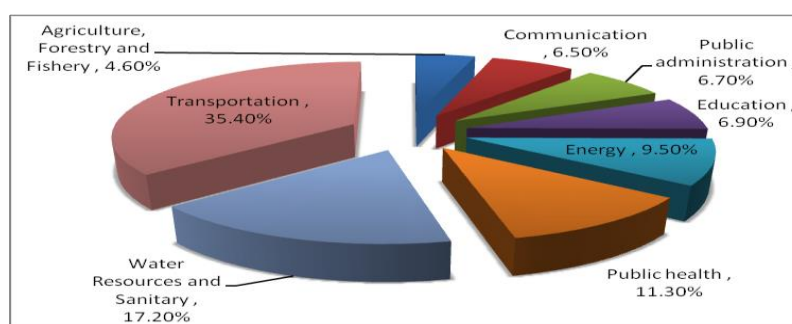
Unit: KRW Million

Year	Agriculture, forestry and fishing	Total ODA	Ratio (%)
2005	33,119	298,770	11
2006	-	363,643	-
2007	65,609	640,955	10.2
2008	-	970,033	-
2009	25,800	1,177,594	2.1
2010	21,123	1,242,303	1.7
2011	59,767	1,089,122	5.4
2012	248,485	1,277,942	19.4
2013	-	1,412,416	-
2014	54,985	1,515,076	3.6
2015	-	439,439	-
<b>Total</b>	508,888	10,427,293	
<b>Average</b>	72,698.29	947,935.7	7.6

Source: EDCF statistics 2015c

The ODA contribution by EDCF is more obvious when comparing agricultural sector with other sectors. As shown in Figure 3-4, the most of EDCF budget has been concentrated on transportation and water resources & sanitary while agricultural related sector only takes up for 4.60 per cent as of 2014. As for the allocation by country, almost 45.4 per cent of EDCF ODA has highly been focused on top five countries such as Vietnam, Bangladesh, Philippines, Cambodia and Sri Lanka in sequence as of 2015. Among those, Vietnam is positioned as top in the priority list and the volume is more than double than Bangladesh which is the second top in the priority list of EDCF ODA contribution by recipient country (EDCF report 2015b). According to KIEP's (2012) research on agricultural ODA by sub-sectors, it shows that the fund by EDCF has been focused on agricultural development and livestock fields. This shows the concentration of EDCF agricultural ODA contribution on specific countries and support areas.

**Figure 3-4. EDCF ODA contribution by sector (aggregated in 2014)**



Source: Own elaborations, EDCF report 2015b

**Table 3-5. Total expenditure of Agricultural credit assistance by sector**

Unit: USD million

Sector	2005	2006	2007	2008	2009	2010	Total
Agricultural policies and administrative management		-	-	-	-	-	-
Agricultural development	-	10.07	7.15	6.76	5.18	2.3	31.46



Water for agricultural use	-	-	-	-	-	-	
Agricultural materials	6.41	5.89	5.79	5.43	0.43	-	23.95
Livestock	-	-	-	16.23	12.25	13.75	<b>42.23</b>
Agricultural research	-	-	-		-	-	

Source: as cited in KIEP 2012:121

### Korea International Cooperation Agency (KOICA)

KOICA is implementing ODA for agriculture, forestry and fishing under the three objectives that are; (1) Improving productivity (2) Strengthening market accessibility (3) Improving living environment and enhancing incomes (ODA watch 2009). KOICA underlines productivity improvement as its first objective with a thought that enhanced productivity and capability for product, management and research are needed to solve the problems of poverty and food shortage in many developing countries. Besides, KOICA tries to improve market accessibility of developing countries by focusing on value-added products and their commercialization to make developing countries more resilient in the global market. Lastly, KOICA has invested on improving living environment and infrastructure as well as off-farm activities to enhance farmers' incomes. The grant aid by KOICA has increased steadily since 2006. Especially, during 2009-10 and after 2012, the volume of contribution to agriculture, forestry and fishing had been over 10 per cent of total ratio. Considering the rising trend of Korean grant aid over the years, this demonstrates significant increase of the ratio on agriculture, forestry and fishing field (KIEP 2012). According to Table 3-6 below, the share of the said field to total aid shows a significant increase in between 2007-8 and 2011-12 rose by 3.2 and 3.3 per cent respectively.

**Table 3-6. KOICA's contribution to Agriculture, forestry and fishing ODA contribution**

Unit: USD million

Year	Agriculture, forestry and fishing	Total	Ratio
2005	10.32	210.01	4.9 %
2006	9.22	193.48	4.7%
2007	15.13	270.21	<b>5.6%</b>
2008	24.25	275.23	<b>8.8%</b>
2009	31.14	279.25	11%
2010	47.61	454.15	10.4%
2011	39.18	408.05	<b>9.6%</b>
2012	57.94	445.97	<b>12.9%</b>
2013	66.05	477.58	13.8%
2014	80.98	551.30	14.6%
2015	82.89	563.25	14.7%
<b>Total</b>	464.75	4,128.53	11.2%

Source: KOICA statistics 2015

Most of form of KOICA aid had been conducted as a project aid during 2005-11 as it accounts for 57 percent of total aid. It is followed by dispatching volunteers (16%) and inviting trainees (13%) (KIEP 2012). Project type interventions encompass building infrastructure, providing materials and investment related to technical cooperation (ibid). Referring to KOICA agricultural ODA contribution by sub-sectors classified by DAC during 2005-2015, most of KOICA agricultural ODA contribution has been focused on agricultural development, agricultural water resources, agro-industries, agricultural education/trainings and food crop production. Especially, comparing agriculture to rural development, it appears that KOICA put a greater emphasis on rural development

than agriculture if we look at the volume of contribution made by KOICA in the different sub-sectors (See Appendix I). As for the recipient countries, most of KOICA's contribution to agriculture, forestry and fishing field has been concentrated in Asia. KOICA statistics during 2005-2011 show that more than a half of their agricultural ODA has been devoted to Asian countries. It is noteworthy that their contribution to Africa has also increased at a high rate. For instance, during 2005-2011 the ODA contribution to African countries accounts for 28.1 per cent and that was the second highest ratio after the Asian region. During 1991-2010, most of KOICA agricultural ODA has been invested in Philippines, China, Laos, Cambodia, Tanzania, and Indonesia in sequence. Especially, contribution to Philippines is significant as it accounts for double the amount than that of China during the same period (KREI 2012).

In conclusion, Korean agricultural ODA seems to be much focused on Asia and Sub-Saharan Africa with an emphasis on agricultural water resources, agricultural development and agricultural education and trainings especially in 2007 and 2012 - except for MAFRA which shows a noticeable increase after 2011. However, considering the purposes, objectives and strategies of Korean agricultural ODA which consider both humanitarian and economic aspects, it is suspected that the selected countries for agricultural ODA and its concentrated fields lean more towards Korea's economic interest than humanitarian purposes. Therefore, in the next chapter, I will analyze how the main partner countries of Korean agricultural ODA were selected and how Korean agricultural ODA has been concentrated on specific fields based on the analytical framework discussed in chapter 2.

## **Chapter 4. Analysis of Korean agricultural ODA**

### **4.I Introduction**

Kim and Park (2007) argue that agricultural ODA has been implemented in a way to respond to the needs for international society such as combating poverty and resolving hunger. However, they also say it is highly related to

domestic agricultural policies and the diplomatic strategies of ODA implementing nations over the different periods. In this regard, it can be argued that ODA is multi-dimensional as it involves humanitarian, political and economic aspects. As for the humanitarian aspect, it is related to the goals of international society. Since the 21<sup>st</sup> century, the goals have been focused on combating poverty and hunger in developing countries and it has been spoken out as global plans and declarations such as MDGs (2000) and Johannesburg declaration on sustainable development (2002)<sup>15</sup> (ibid). To accomplish these goals, the importance of agriculture and rural development has been accentuated. It is not only because of the high poor population rate in the rural areas or the number of people working in agricultural industry in developing countries, but it is also because ever-growing global population to feed – It is projected to reach 9.7 billion by 2050 (UN Department of Economic and Social Affairs; DESA 2015) – and becoming aggregated environmental issues which seek for sustainable farming methods.

On the economic aspect, agricultural ODA is mainly aimed to ensure that the global food supply remains stable. According to US Department of Agriculture (USDA), the world grain production has fallen by 2 per cent between 2006 and 2007. On the other hand, during the same period, the world consumption has risen by 1.2 per cent (as cited in Kim & Park 2007). Likewise, the world grain production is getting reduced whereas the demands for consumption are increasing. Deepak Ray (2013) also explains that due to the rising number of the middle class, who will likely demand more dairy and meat, and biofuel, we are in need to elevate agricultural production by 60 to 110 per cent until 2050 (ibid). However, he argues, considering the current rate of production improvements, the rate of yield will increase only by 38 to 67 per cent by 2050 (ibid). Korea is also not exceptional in these issues and for Korea to secure sustainable supply base is becoming an urgent issue. Kim and Park (2007) underline the importance of securing food supplies in overseas countries through ODA putting Korea's low food self sufficiency and spiking prices in recent agricultural products import into account. Especially, they cite the recent growing trend of Korean FDI to Vietnam, China, Central Asia and South America based on livestock and horticulture industries arguing that Korea needs to produce its agricultural products using relatively cheap labor and ground rent in overseas. They believe this economic strategy will also be helpful for resource abundant but low income countries saying this strategy will bring win-win effects to both countries. Lastly, on the international political and diplomatic aspect, Kim and Park (ibid) also consider helping developing countries will be beneficial for Korea to reflect their opinions and stance into global agricultural trade negotiations such as Free Trade Agreement (FTA). Therefore, they say, Korea needs to strategically use agricultural ODA to reap diplomatic benefits. The report by Rural Research Institute in Korea Rural Community Corporation (KRC) (2014) similarly reveals that ODA can be divided mainly into two; Idealistic and realistic model. Idealistic model is normative and humanitarian; and donor country distributes its ODA depending on the initial purpose of ODA such as combating poverty and economic development of recipient countries. On the other hand, the realistic model is political and strategic; and donor country disburses its ODA considering realistic variations such as political alliance, export and direct investment.

Considering the above argument, it can be asserted that the economic and diplomatic aspects of seeing Korean agricultural ODA are related to 'Donor's interest' as discussed in the theoretical framework. In this respect, in this analysis part, I will discuss how Korea's agricultural ODA relates specifically to Korea's national interests especially, their economic interest on securing food supply base and enhancing agricultural trade with their partner countries for agricultural ODA.

## 4.2 Donor Interest and Korean Agricultural ODA

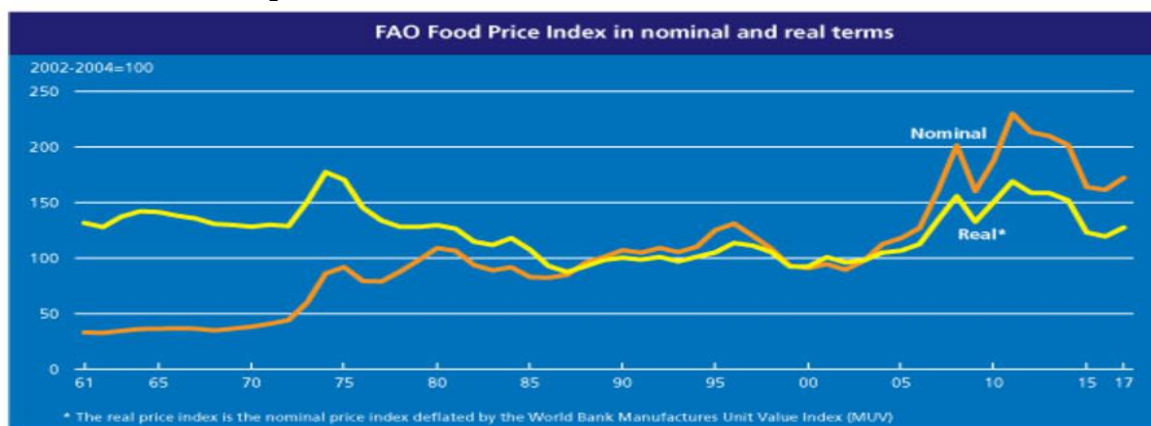
### The Increase of Korean Agricultural ODA and its Private Flows due to Korea's Insecure Food Supply

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<sup>15</sup> The Johannesburg declaration is a more general statement than the Rio Declaration in terms of the political commitment of parties. The agreement focuses in particular on the worldwide conditions of people that pose severe threats to sustainable development. This covers: Hunger, malnutrition, foreign occupation, armed conflict (...) HIV/AIDS, malaria and tuberculosis (Danish Architecture Centers and Centre and Cities 2014).

Korean agricultural ODA has shown a noticeable increase in 2007 and 2012, especially in the Sub-Saharan region in 2007 and Asian region in 2012. These increases are aligned to its agricultural ODA policies. To specify, MARFA and KOICA started to recognize the importance of agricultural sector and included it as one of their main cooperation areas in 2007 and MARFA established their legal framework for overseas agricultural development cooperation that came into force in 2012. It is noteworthy that Korea's trend of putting emphasis on agricultural sector is overlapped with two major global food crises. United Nations (UN) report reveals that "beginning in 2006, international prices for basic agricultural commodities rose to levels not experienced in nearly three decades" (2011:62). For example, corn, wheat and soybean prices rose to the record level in later 2006. Especially, the price of cooking oil - made by soybeans and other plants - soared and rice prices had doubled by early 2008 resulting in devastated effects for poor countries (as cited in *ibid*). "In many countries, the prices of most food staples remain volatile and are still at least 50 per cent above the average for the period 2000-04" (*ibid*.62) during the similar period. However, this volatility of food prices has not ameliorated and the prices rose again in 2011 breaking the high record set in 2008 (*ibid*). What is worse, the rising food price has developed into social crisis such as food riots and protests in Africa, Asia, the Middle East, Latin America and the Caribbean (*ibid*). The World Bank report puts "the food crisis pushed 130 million to 155 million people into poverty in 2008, while the poverty challenges posed by higher food prices have returned" (as cited in *ibid* 63). Likewise, Park (2014) mentions the price of grains seemed stabilized after the food crisis of 2007-8 but it again shot up in 2011 and 2012. He sees the main reasons for this cause are mainly because the rising food demands of newly industrialized countries such as South Korea, Singapore, Hong Kong and Taiwan and the request for biofuel as an alternative source of fossil fuel. Furthermore, the increasing trend of agricultural products price is expected to continue because of climate change, shortage of water resources, desertification and the great variability of food supplies caused by export restrictions on certain grains of major food export countries (*ibid*). The Figure 11 and 12 of global food price index by FAO demonstrates the continuous growth of food prices after 2000, notably during 2007-8 and 2010-11 as mentioned in the above. During each period, the global food prices rose by almost 40 points showing relatively significant changes in comparison to the other periods up until 2016.

Figure 4-I. FAO Food Price Index in nominal and real terms<sup>16</sup>



Source: FAO 2017a

Figure 4-2. FAO food price index<sup>17</sup>

<sup>16</sup> Nominal prices or values refer to the economic value expressed in fixed money terms. Real prices or values adjust the nominal value to account for inflation, or changes in the general price level over time (Perspectives official website n.d.)

<sup>17</sup> Food Price Index: Consist of the average of 5 commodity group price indices mentioned above, weighted with the average exports shares of each of the groups for 2002-2004; in total 73 price quotations considered by FAO commodity specialists as representing the international prices of the food commodities are included in the overall index. Each sub-index is a weighted average of the price relatives of the commodities included in the group. With the base period price consisting of the average for the years 2002-2004 (FAO 2017a)

<b>FAO food price index</b>						
	<b>Food Price Index <sup>1</sup></b>	<b>Meat <sup>2</sup></b>	<b>Dairy <sup>3</sup></b>	<b>Cereals <sup>4</sup></b>	<b>Vegetable Oils <sup>5</sup></b>	<b>Sugar <sup>6</sup></b>
2000	<b>91.1</b>	96.5	95.3	85.8	69.5	116.1
2001	<b>94.6</b>	100.1	105.5	86.8	67.2	122.6
2002	<b>89.6</b>	89.9	80.9	93.7	87.4	97.8
2003	<b>97.7</b>	95.9	95.6	99.2	100.6	100.6
2004	<b>112.7</b>	114.2	123.5	107.1	111.9	101.7
2005	<b>118.0</b>	123.7	135.2	101.3	102.7	140.3
2006	<b>127.2</b>	120.9	129.7	118.9	112.7	209.6
2007	<b>161.4</b>	130.8	219.1	163.4	172.0	143.0
2008	<b>201.4</b>	160.7	223.1	232.1	227.1	181.6
2009	<b>160.3</b>	141.3	148.6	170.2	152.8	257.3
2010	<b>188.0</b>	158.3	206.6	179.2	197.4	302.0
2011	<b>229.9</b>	183.3	229.5	240.9	254.5	368.9
2012	<b>213.3</b>	182.0	193.6	236.1	223.9	305.7
2013	<b>209.8</b>	184.1	242.7	219.3	193.0	251.0
2014	<b>201.8</b>	198.3	224.1	191.9	181.1	241.2
2015	<b>164.0</b>	168.1	160.3	162.4	147.0	190.7
2016	<b>161.5</b>	156.2	153.8	146.9	163.8	256.0

Source: FAO 2017a

Along with the rising trend of food prices, Korea's agricultural situation has become noticeably precarious after 2000. The labor force for agriculture, forestry and fishing in Korea has decreased. As indicated in Table I2, between 2005 and 2015, the labor force of the said field fell by almost 3 per cent. This change is noteworthy considering the significantly low share of agriculture, forestry and fishing labor force in total employed labor. Hence, agriculture growth of output turned negative during 2010-12 and again in 2015 and it only accounts for around 2.5 percent of total GDP of Korea on average during 2007-2015. The deteriorating agricultural situation of Korea has been further aggravated by global food price rises between 2007-8 and 2011-12. Food prices of Korea have increased largely in 2009 and 2011 risen by 7.5 and 8.1, respectively. Referring to another report on Korean agriculture, it says "Korea's food security has significantly worsened since 2006" (as cited in John Berthelsen 2011) and "the overall food security index declined from a peak of 100.9 in 2006 to its lowest level of 95.2 in 2008" (ibid). In this respect, Park (2014) says that Korea is importing over 90 per cent of corn, wheat and bean from overseas and Korea is now the 6<sup>th</sup> largest country that shows great food dependency. Korea imports 80 per cent of its grain from major grain producing countries such as US and Australia and it is dependent 40 percent of grain supplies on four global grain corporations<sup>18</sup>.

**Table 4-I. Agricultural related indicators of Korea, Republic of during 2005-15**

<b>Item</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Agriculture, forestry, and fishing labor force	7.9	7.6	7.3	7.1	7.0	6.5	6.3	6.1	6.0	5.6	5.1

<sup>18</sup>Cargill, Archer Daniels Midland, Louis Dreyfus, Bunge (Park 2014)

Percent of total employed labor											
Agriculture, value added (% of GDP)	Not available	Not available	2.7	2.5	2.6	2.5	2.5	2.5	2.3	2.3	2.3
Agriculture growth of output Annual change, percent	1.4	1.6	4.1	5.6	3.2	-4.3	-2.0	-0.9	3.1	3.6	-1.5
Food price index annual change, percent	3.1	0.4	2.4	4.7	7.5	6.6	8.1	4.0	0.9	0.3	1.7

Source: Own elaborations, Asia Development Bank 2016, World Bank 2015

These global food crises and Korea's precarious agricultural situation coincided the periods when MAFRA scaled up their ODA projects and extended their partnerships to private sector since 2009. As a proof, during 2009-15, MAFRA supported the establishment of pilot sites for fostering vegetable cultivation technology development as well as the contract farming in Vietnam. Korean agricultural companies bought all of its supplies and have expanded its trade ever since (MAFRA official website n.d.). According to MAFRA's report on overseas agricultural expansion (as cited in Park 2014), total 125 Korean agricultural companies have expanded their business in 25 countries as of 2013 and have secured 264 tons of grains by exploiting 66.3 thousand hectares in developing countries. As shown in Table 4-2, the volume of overseas supplies has increased alarmingly from 424 tons in 2010 to 13,976 tons in 2013. The number of enterprises which extended business abroad has also increased by almost four times and development areas by nearly three times during 2009-13. Moreover, grain reserve also has noticeably increased during 2009-11.

**Table 4-2. The status of overseas agricultural expansion**

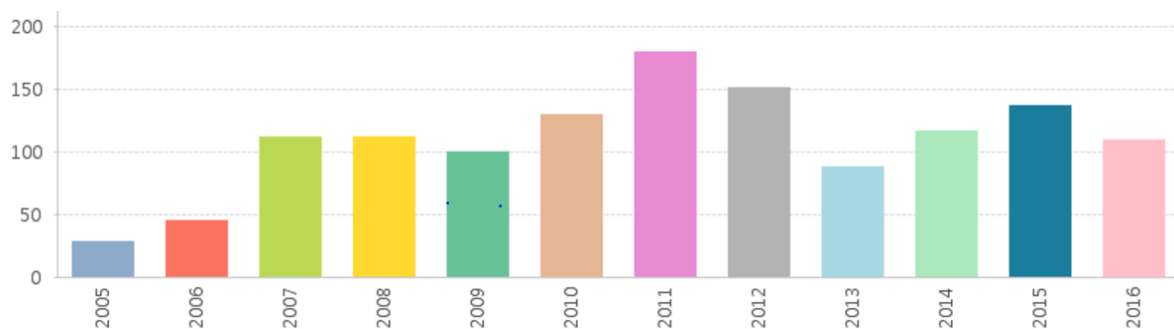
Item	2009	2010	2011	2012	2013
The number of enterprises which extended business abroad (a grand total)	35	68	85	106	125
Development areas (thousand ha)	18.8	26.9	42.3	64.4	66.3
Grain reserve (thousand ton)	24.7	107.7	170.7	218.2	264.4
Imported grains (ton)	Not available	424	796	10,539	13,976

Source: Park 2014:22

As such, it is noteworthy that the increasing trend of Korean agricultural ODA in 2007 and 2011 and the precarious food situation of Korea during the similar period, such as declining labor force and rising food prices are highly related to the Korean FDI patterns for agriculture and their agricultural trade volume with other developing countries. As a poof, the gross investment of foreign investment increased more than two times between 2006 and 2007; 45 US million dollars to 112 US million dollars. It again soared to 130 US million dollars in 2011 that is almost by 30 US million dollars more than the previous year as shown in Figure 4-3. Similarly, according to John Berthelsen's report (2011), around 2011 Korean government "bought more than 325,999

hectares in Mongolia as part of its efforts to develop an overseas food base to produce more food resources” (ibid). In relation to this, Samsung, Korean conglomerate, issued a 16 paged report on food security entitled ‘new food strategies in the age of global food crises’ arguing that “it is necessary to secure foreign bases for food production through overseas agricultural development providing comprehensive support for domestic firms striving to build food production bases abroad” (ibid). Therefore, this shows that Korea’s unstable food supply is associated with increasing trend of Korean agricultural ODA and private inflows.

**Figure 4-3. The trend of foreign investment of Korea on agriculture, forestry and fishing**  
Unit: US million dollars



Source: EDCF 2016

#### Main Partner Countries for Korean Agricultural ODA and Korea’s National Economic Interest

KREI (2016) mentions that against the background of Sustainable Development Goals (SDGs) established by UN in 2015 and the second domestic international development cooperation basic plan for 2016-2020, Korea is also in need of designating main partner countries and key cooperative areas of Korean agricultural ODA. In this regard, KREI (ibid) selected 16 countries according to their main ODA partners of Korea chosen by CIDC, especially countries for which Korea established CPS for agricultural development. They also take into account the major countries for Korea’s overseas agricultural expansion as well as the countries, which signed the bilateral Memorandum of Understanding (MOU) with MARFA. The 16 countries are; Laos, Vietnam, Indonesia, Cambodia, Philippines, Mongolia, Myanmar, Azerbaijan, Uzbekistan, Ethiopia, Mozambique, Uganda, Colombia, Paraguay, Bolivia and Peru (ibid).<sup>19</sup> On the basis of 16 main partner countries suggested by KREI (2016), I analyze Korean agricultural ODA and see whether it is more geared towards donor’s interest or recipient’s need. To summarize, from donor’s interest point of view, they view ODA is likely to be focused on countries that have a large population, labor force and high in GDP growth – countries that have possibility of market scalability – and have close trade relationship with donor countries (Maizels and Nissanke 1984).

Referring to Table 4-3, 10 countries out of 16 - Vietnam, Indonesia, Philippines, Myanmar, Uzbekistan, Ethiopia, Mozambique, Uganda, Colombia, Peru - have large population being ranked within the top 50 population list (out of 217 countries). Moreover, most of Korean agricultural ODA partner countries were ranked within the top 100 list except for Laos, Mongolia and Paraguay - they are also ranked close to top 100. Among the selected partner countries, Indonesia, Philippines, Vietnam and Ethiopia are outstanding in terms of population being ranked close to top 10 or above. Especially, Indonesia has the largest number of population among the Korean agricultural ODA main partner countries and their absolute number of population is also two times bigger than Philippines - the second largest population country among the selected countries. As for the percentage of rural population of total population that is associated with the agricultural labor force, 9 countries out of 16 - Laos, Vietnam,

<sup>19</sup> Asia (7), Middle East and Commonwealth of Independent States (CIS) (2), Africa (3) and Central and South America (4)

Indonesia, Cambodia, Philippines, Myanmar, Ethiopia, Mozambique, Uganda - have the same or the above per cent of rural population than the world average (46%) as of 2015. Especially, Cambodia, Ethiopia and Uganda have considerable portions of rural populations, making up for almost 80 per cent or above. It is worth noting that, the countries that have a low per cent of rural population are also included in the Korean ODA agriculture based main partner countries list such as Peru, Colombia, Mongolia and Uzbekistan that hold only around 20 to 30 per cent of rural population.<sup>20</sup> Nonetheless, even the countries that have low rural populations have other factors that attract donor's interest. For instance, In terms of GDP growth, 14 countries out of 16 including Peru, Colombia, Mongolia and Uzbekistan show fast GDP growth by exceeding average of 2.7 per cent - except for Mongolia and Azerbaijan. Some of the countries' GDP growth is noteworthy showing over 7 or above. Especially, Ethiopia has the fastest GDP growth being marked at 9.6.

With regard to GDP rank, most of the countries are ranked within top 100 except for Mongolia and Mozambique and even the country that has the high GDP such as Indonesia is also included in the Korea's main partner countries for agricultural ODA. Lastly, in regards to agricultural land, 8 countries out of 16 - Philippines, Mongolia, Azerbaijan, Uzbekistan, Mozambique, Uganda, Colombia, Paraguay - show the above average rate and the other countries reached around the average except for Laos, Myanmar and Peru. Among those, Mongolia has the highest rate of agricultural land recorded as 72.7 per cent followed by Uganda as 71.9. In conclusion, the data has shown that Korea's main partner countries for agricultural ODA are falling under at least more than one of the criteria set to analyze the linkages between ODA contribution and donor's economic interest. Therefore, it can be argued that Korean agricultural ODA is likely to be linked with national economic interest by putting most of their ODA contribution on the countries that have possibility to expand their agricultural market and secure food resources.

**Table 4-3. Several Indicators of Korean main partner countries for agricultural ODA**

Items	Population ranking (out of 217, as of 2015)	The number of population (thousand, as of 2015)	Rural population (% of total population) (Average: 46)	GDP growth (as of 2015) (Average: 2.7)	GDP ranking (as of 2015) (out of 199)	Agricultural land (% of land area) (as of 2014) (average:37)
Laos	104	6,802	61	7.4	124	10.3
Vietnam	14	91,713	66	6.7	47	35.1
Indonesia	4	257,564	46	4.8	16	31.5
Cambodia	70	15,578	79	7.0	109	30.9
Philippines	12	100,699	56	5.9	38	41.7
Mongolia	137	2,959	28	2.4	126	72.7
Myanmar	25	53,897	66	7.3	72	19.4
Azerbaijan	90	9,649	45	1.1	78	57.7
Uzbekistan	43	31,299	30	8.0	69	62.9
Ethiopia	13	99,391	81	9.6	73	36.3
Mozambique	47	27,978	68	6.6	113	63.5
Uganda	35	39,032	84	5.1	98	71.9
Colombia	28	48,229	24	3.1	39	40.5
Paraguay	105	6,639	40	3.0	99	55.1
Bolivia	83	10,725	31	4.8	94	34.8
Peru	42	31,377	21	3.3	48	19

Source: Own elaborations, World Bank data 2014, 2015

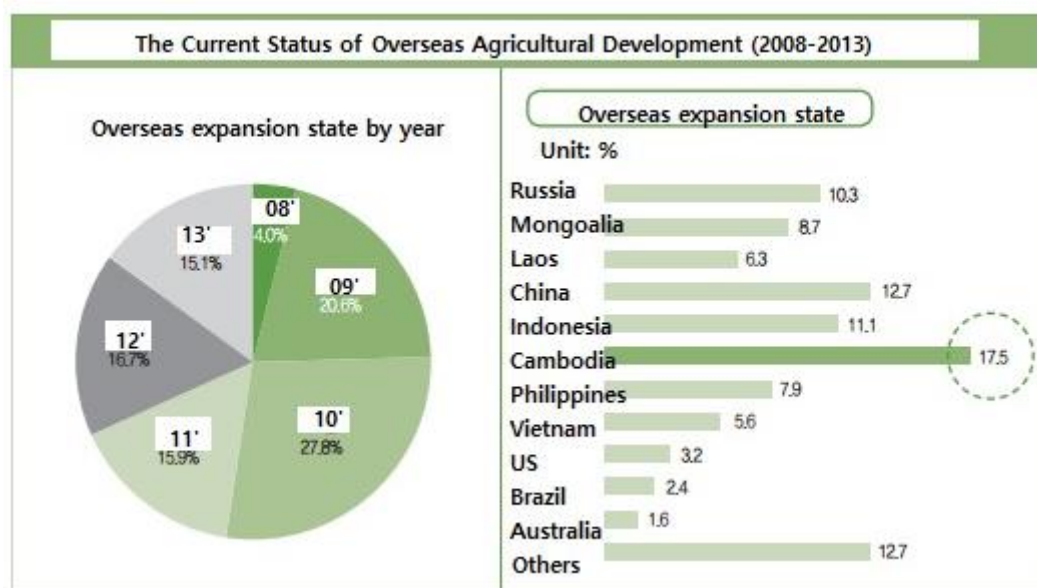
Korea's main partner countries for agricultural ODA are also aligned to the current status of overseas agricultural

<sup>20</sup> As for the reference, the rural population of Korea only accounts for 18 per cent as of 2015 (World Bank Data 2015).



development of Korea. Research Institute of Agriculture and Life Sciences report (2011) states that overseas agricultural development by definition is a way to secure food supply to tackle global food crisis and the major strategy of it is to build infrastructure to support the national private sector to extend its business abroad. According to the Rural Research Institute in KRC (2014), it highlights that after the food crisis in 2008, Korea was in need of securing their agricultural supplies from overseas and this is when Korea conducted overseas agricultural development in earnest. As a proof, up to 2013, total 125 overseas agricultural development projects were implemented and the percent of overseas expansion state has increased since 2008. Especially, during 2008-09, the number of projects had drastically increased by 5 times from 5 to 25.<sup>21</sup> The percent of overseas expansion state has also noticeably increased during 2008-09 from 4 to 20.6 per cent and this increasing trend has been continued until 2010. As shown in Figure 4-4, most of Korean agricultural overseas agricultural development was focused is Cambodia which takes up 17.5 per cent of total overseas expansion state rate followed by China which accounts for 12.7 per cent. It is worth noticing that in 6 countries out of 11 that most Korean overseas agricultural development contributions have been extensively concentrated – Mongolia, Laos, Indonesia, Cambodia, Philippines, and Vietnam – were also included in Korea’s major partners for agricultural ODA. Especially, China was also one of the countries that Korean agricultural ODA had been disbursed during 1991-2010 by KOICA (see page 20). The rural research institute of KRC (ibid) says, since the necessity of securing overseas grain resources has been constantly posited, the overseas expansion will likely continue.

Figure 4-4. The current status of overseas agricultural development



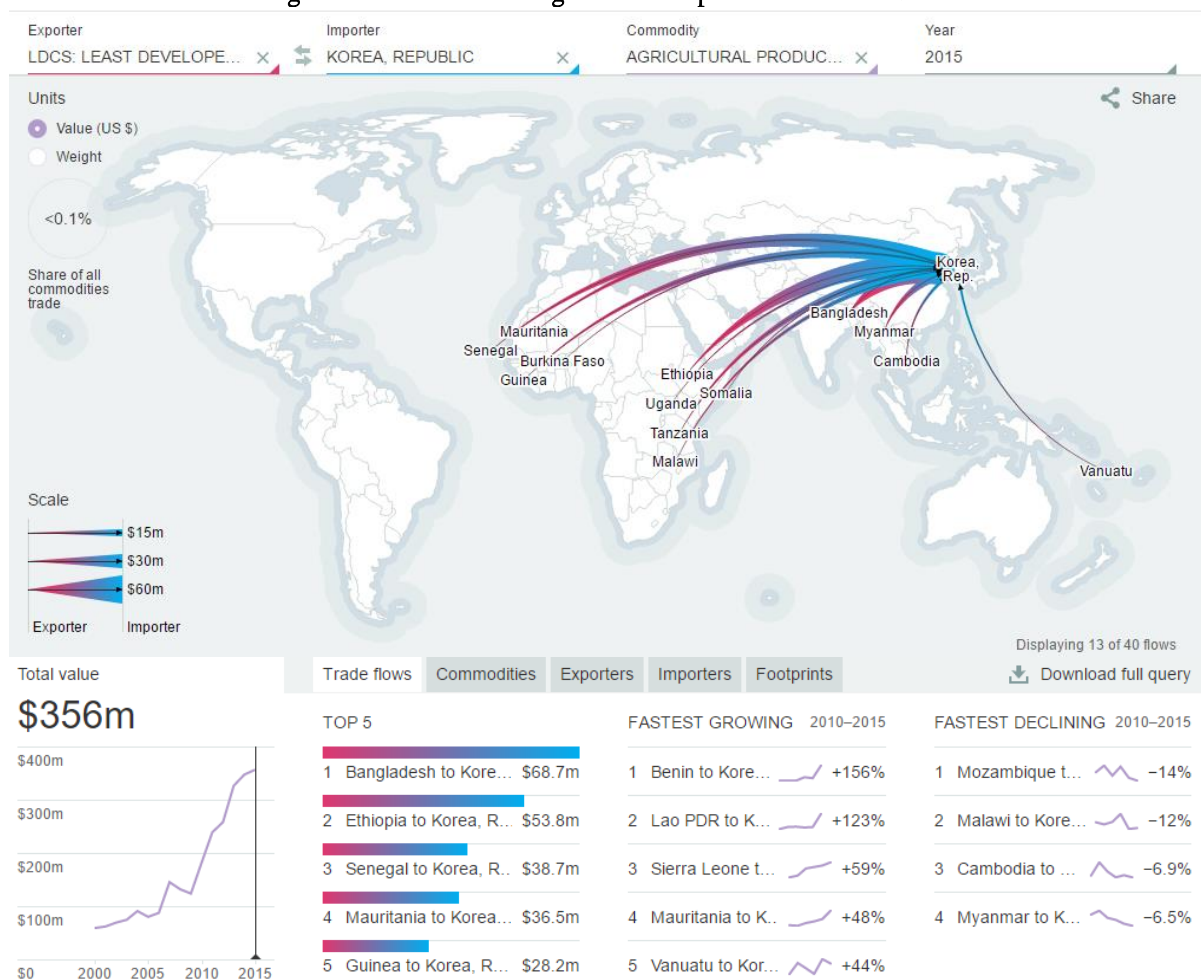
Source: KRC 2014:27

What is more, the total import value of agricultural products in Korea has steadily increased after 2000 and it peaked at 27.7 US billion dollars in 2011, which is the highest since 2000. This shows that the increasing trend of Korean agricultural import is related to the similar increasing trend of Korean agricultural ODA. The major exporters of agricultural products of Korea are large countries such as US, China, Australia, Brazil and Russia. However, it is important to note that the volume of imports from LDCs to Korea has also increased significantly. As seen in Figure 4-5, Ethiopia is positioned as the second largest exporter of agricultural products of Korea, making up 53.8 US million dollars among LDCs. Laos is also recognized as the second fastest growing country which exported its agricultural products to Korea during 2010-15 and the volume of trade between Korea and

<sup>21</sup> The number of overseas agricultural development projects  
2008: 5, 2009: 25, 2010: 35, 2011: 20, 2012: 21, 2013: 19 (Rural Research Institute of KRC 2014).

Ethiopia has also increased by 123 per cent. During the same period the volume of export of Philippines and Vietnam to Korea has also increased by 8.2 and 5 per cent respectively. Above mentioned countries - Laos, Ethiopia, Vietnam, Philippines and Indonesia - are included as the main partner countries for Korean agricultural ODA. Therefore, this shows that although above mentioned five countries are not yet Korea's major partners for agricultural trade, Korea's agricultural trade interest is moving towards these countries showing close linkage between Korean agricultural ODA projects and trade. In this respect, United Nations Development Programme (UNDP) report reveals that "many relatively wealthier countries receive far higher levels of development cooperation, which indicates that donors provide aid for a variety of reasons not necessarily related to poverty reduction and economic growth" (2011:162). It also posits that "FDI and aid flows are heavily concentrated in certain countries" (ibid 161) saying "there is a shift from aid to FDI as an economy moves to a higher per capita income level" (ibid 161). This shows that Korean agricultural ODA has focused on countries that demonstrate relatively fast economic growth and have a substantial agricultural market.

Figure 4-5. The status of agricultural imports of Korea in 2015



Source: Nations Commodity Trade Statistics (UN Comtrade) 2015

### 4.3 Recipient Need and Korean Agricultural ODA

According to the recipient model, Mazel and Nissanke (1984) highlight that ODA is aimed to help developing countries to fill the shortage of domestic resources and foreign exchange availability. They say the shortage of domestic resources cannot be explained simply by GDP. Instead, they use quality of life index and other indicators that are related to human, political development as well as equal income distribution. The scholars of recipient model also posit that countries that have slow GDP growth rate will attract more ODA than other countries.

However, as seen in the above, Korean agricultural ODA seems to be concentrated on the countries that have relatively fast GDP growth rate. Similarly, as seen in Table 4-4, 9 countries out of 16 - Vietnam, Indonesia, Cambodia, Mongolia, Azerbaijan, Colombia, Paraguay, Bolivia, Peru - demonstrate high performance in poverty headcount ratio according to the data updated in 2015 which are better than the average ratio of 10.7 as of 2013. The ratio of two other countries –Laos, Philippines - also stayed around the average being marked at 16.72 and 13.11 individually. Especially, the poverty headcount ratio of Mongolia and Azerbaijan are significantly low than other countries accounting only for 0.22 and 0.49 respectively. The mortality rate of 10 countries out of 16 - Vietnam, Indonesia, Cambodia, Philippines, Mongolia, Azerbaijan, Colombia, Paraguay, Bolivia, Peru - is also relatively lower than the world average that is 31.7 as of 2015. Therefore, it shows that the assumption which the scholars of recipient model posit - the countries that have high poverty headcount and mortality rate attract more ODA – cannot be applied to the cases of Korean agricultural ODA.

However, Korean agricultural ODA supports countries that are poor in other socio-economic development and foreign exchange shortage as assumed in recipient model. For example, comparing to poverty headcount ratio and mortality rate, the partner countries' inequality is still very high. Even the countries that demonstrate low poverty headcount ratio have relatively high inequality or it is even worse than the countries that have higher poverty headcount ratio. Similarly, their World Quality of Life Index is also lower as most of Korean agricultural ODA partner countries were ranked under 50th out of 111 countries. Moreover, their current account balance is also recorded as negative except for Philippines and some countries that have no data available as of 2015. Moreover, it is worth noticing that even the countries that have low poverty headcount ratio such as Vietnam, Azerbaijan and Paraguay, representatively, are marked at a low level of World quality of life index. This aversely shows that their social dimension and foreign exchange abilities have not yet significantly improved than their economic achievement considering the determinants of quality of life index to their growing rate of GDP. Moreover, most of Korean agricultural ODA partner countries' food security far lags behind the 100 that are required for favorable condition for food security. Especially, the scores for food security of Laos and Mozambique are significantly low comparing to other member countries.

**Table 4-4. Several Indicators of Korean main partner countries for agricultural ODA related to recipient need**

Items	Poverty headcount ratio, at \$1.90 a day (2011 PPP) (% of population) (updated in 2015) (average: 10.7 as of 2013)	Mortality rate, Infant (per 1,000 live births) (as of 2015) (average: 31.7)	Current account balance (% of GDP) (as of 2015)	Inequality (GINI coefficient 1981-2014) (as of 2015) The worst score: 63.38	Food security (as of 2016) (weighted total of all category scores) (0-100 where 100=most favorable)	World quality of life index <sup>22</sup> Score(rank out of 111 countries) as of 2005 (scale on a scale from 1 to 10)
Laos	16.72	51	-18.3	37.89	32.7	No data available
Vietnam	3.06	17	0.5	37.59	57.1	6.080(61)
Indonesia	8.25	23	-2.0	39.47	50.6	5.814(71)
Cambodia	2.17	25	No data available	53.50	39.8	No data available
Philippines	13.11	22	2.5	43.04	49.5	6.403(44)
Mongolia	0.22	19	-8.1	32.04	No data available	No data available
Myanmar	No data available	40	-6.3	No data available	46.5	No data available

<sup>22</sup> Determinants of quality of life

(1) Material wellbeing: GDP per person, at ppp in \$ (2) Health: Life expectancy at birth, years (3) Political stability and security: Political stability and security ratings (4) Family life: divorce rate (per 1,000 population) (5) Community life: Dummy variable taking value 1 if country has either high rate of church attendance or trade-union membership; zero otherwise (6) Climate and geography: Latitude, to distinguish between warmer and colder climes (7) Job security: unemployment rate, % (8) Political freedom: average of indices of political and civil liberties (9) Gender equality: ratio of average male and female earnings, latest available data (The Economist Intelligence Unit 2005)

Azerbaijan	0.49	28	-0.4	31.79	57.1	5.377(86)
Uzbekistan	66.79	34	No data available	35.27	49.8	4.767(106)
Ethiopia	33.54	41	No data available	33.17	34.7	No data available
Mozambique	68.74	57	-39.4	45.58	29.4	No data available
Uganda	34.64	38	-8.5	41.01	44.2	4.879(101)
Colombia	5.68	14	-6.5	53.50	61.0	6.176(54)
Paraguay	2.77	18	-1.7	51.67	54.2	5.756(74)
Bolivia	6.81	31	-5.6	48.40	51.6	5.492(82)
Peru	3.13	13	-4.9	44.14	57.7	6.216(53)

Source: Own elaborations, World Bank data 2015, The Economist Intelligence Unit 2005, 2016

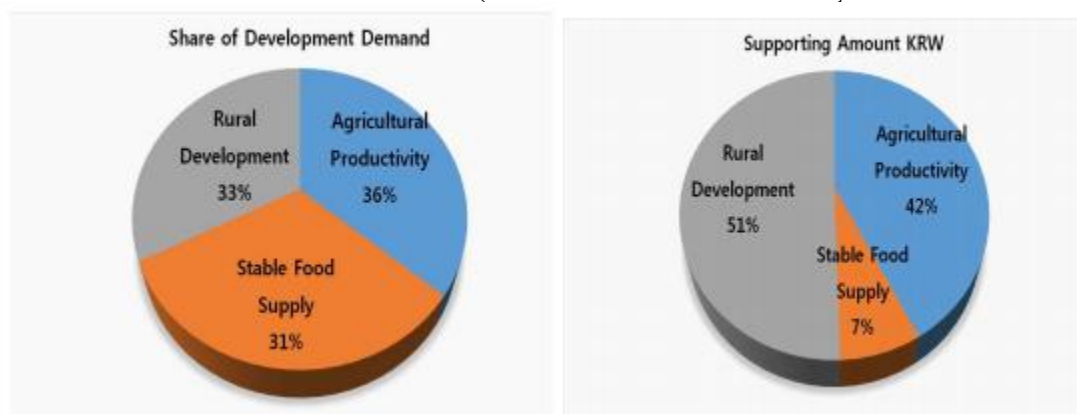
This result adversely shows that Korean agriculture ODA needs to focus on foreign exchange abilities and social dimensions such as inequality, food security and quality of life to solve unequal development in partner countries that are skewed towards economic development. In this regard, Overseas Development Institute (ODI) report reveals that there are three distinct policy objectives of agricultural ODA. Firstly, the objective is related to economic aspect such as “agricultural production and, especially, productivity of land and labour” (2012:4). Therefore, some donors position agriculture under the purpose of economic growth and measure its ODA results in economic terms, “including value addition and market growth” (ibid 4). Secondly, the objective of agricultural ODA is linked to “socio-economic development as a means to improve livelihoods and promote greater equity” (ibid 4). Therefore, the results of agricultural ODA are also measured by “living standards surveys and various measures of empowerment and access to resources” and not only by agricultural production (ibid 4). Lastly, the objective of ODA is also coupled with “the provision of assistance designed to reduce the high levels of risk and vulnerability facing rural populations in marginal regions, not exclusive to emergency food aid” including climatic changes and conflict conditions (ibid 4). In this regard, UNDP’s report on ODA (2011) mentions that the standard for effective ODA is different depending on the purposes of ODA as stated above. Therefore, while the economic growth can be the primary objective for some of ODA projects, it is not the main goal at all for other ODA projects (ibid).

The support of Korean agricultural ODA, however, appears to be heavily focused on economic development. As discussed above, Korean agricultural ODA disbursement has been concentrated in certain cooperative areas such as rural development, agricultural development and agricultural water resources, which contribute directly to the economic development of recipient countries (see Appendix I). The direct example that reflects the economic aspect of Korean agricultural ODA is the expansion rate of overseas agricultural infrastructure construction. Referring to KRC (as cited in Public News 2013), Korea has been exporting their advanced agricultural technologies to developing countries through building breakwaters, agricultural dams and an irrigation canals. Their record of winning overseas infrastructure contracts up until 2013 has reached 52.6 billion won (approximately 47 million US dollars). It is worth noticing that most of the countries where the most of Korea’s agricultural infrastructure projects are conducted largely overlap with Korea’s main partner countries for agricultural ODA. To specify, most of agricultural infrastructure projects were based on Indonesia, Philippines and Laos that account for 31.8 billion won (approximately 28.5 million US dollars) of total record of 52.6 billion won followed by Africa, India and Central Asia and South America. Moreover, they have also been fostering a collective farm, fish farming and refurbishing housing facilities under the objective of rural development for developing countries, especially in Myanmar and Cote d’Ivoire (as cited in ibid). In this regard, UNDP’s report (2011) reveals that “The form of development aid is more closely correlated with economic growth in recipient countries in the short run” (ibid 170) and Clemens, Radelet and Bhavnani also found that “this type of so called short-term impact aid causes growth on average (...) although the impact on economic growth is even greater in those countries that have stronger institutions and better health” (as cited in ibid 170).

Moreover, as shown earlier in Table 4-4, for Korea’s agricultural ODA main partner countries, socio-economic development including equal income distribution and their resilience to external shocks such as climate changes

and political turbulence seem to be greater needs other than economic development. In relation to this, another report shows that Korean agricultural ODA can be divided into three; agricultural technology development, productivity enhancement through building agricultural infrastructure, agricultural product distribution system and rural development (as cited in Heo and Kim 2014). However, up to 2012, Korean agricultural projects have focused on agricultural productivity increase making up for 54 per cent of its total agricultural projects. The projects for rural development also show a significant increase, taking up 26 per cent of total agricultural projects. They were followed by agricultural infrastructure construction (13%) and market accessibility enhancement (7%). However, Heo and Kim's report (ibid) on Korean agricultural ODA indicates that there has been a major difference between recipients' demand for agricultural development<sup>23</sup> and Korea agricultural ODA's supporting amount for each sector. Notably, as seen in Figure 4-6, Korean agricultural ODA shows less enthusiasm in supporting a stable food supply in recipient countries which makes up only 7 per cent of total supporting amount of Korean agricultural ODA while the share of development demand for stable food supply from recipient countries accounts for 31 per cent that is almost equal to the demand for rural development and agricultural productivity (ibid). As shown in table 4-7, the allocation of Korean agricultural ODA for each sector is also somewhat different from sub-sectoral breakdown of aid to agriculture and rural development by DAC member countries. It implies that Korean agricultural ODA has been more focused on agricultural production, rural development and agricultural water resources whereas the world trend of agricultural ODA support by DAC member countries includes agricultural policy as their main support area. In this regard, Chong et al., Calderonet al. indicate that they found no positive and negative impact of foreign aid on agricultural sector asserting that the support for policies and institutions in agriculture is imperative for socio-economic development in the rural regions, especially for combating income inequality in the rural areas (as cited in Khuhro et al. 2012).

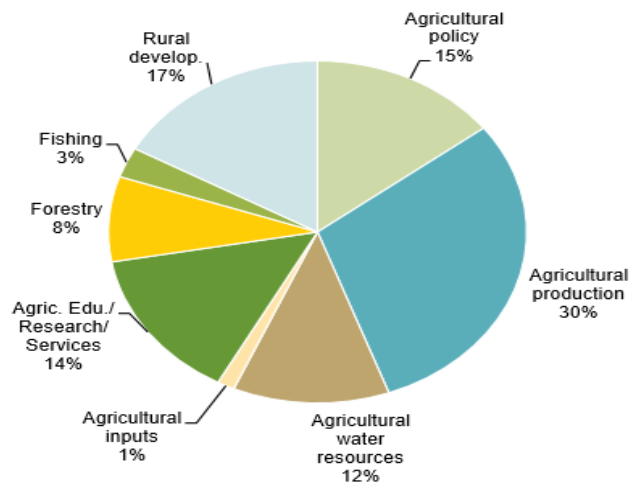
**Figure 4-6. Comparison of Demands and Supports of Korea Agricultural ODA**  
(Based on on-line & off-line surveys from 2011 to 2013)



Source: Statistics of KOICA as cited in Heo and Kim 2014:10

**Figure 4-7. Sub-sectoral breakdown of aid to Agriculture and rural development by DAC member countries**  
2012-13, bilateral and multilateral ODA commitments, constant 2013 prices

<sup>23</sup> Kangwon national university Asia and Pacific Center for Technology Transfer and International Institute of Rural Development had conducted a survey during 2011-2012 targeting the invitees of KOICA who participated in agricultural training programs. The off-line survey was also separately conducted targeting 8 countries during 15-26 April, 2013 (total 122 people). Targeted countries were Asia (Vietnam, Myanmar, Uzbekistan), Africa (Sudan, Algeria, Rwanda), Central and South America (Bolivia, El Salvador) (Heo and Kim 2014).



Source: OECD 2015:2

Korean agricultural ODA has also been suspected for its ‘tied aid’<sup>24</sup>. As shown in Figure 4.8, 2008-09 annual average commitment of Korean multilateral ODA to agriculture and rural development has been lower than most of other DAC member countries leaving the probability of the existence of tied aid. Indeed, Korea recorded minus 3.866 for its untied aid (ME8) according to the report of Global Economy and development at Brookings and Center for Global Development in 2010 on ODA qualitative assessment which targeted on 23 OECD DAC donor countries and 8 multilateral organizations, total 31 donors and 150 official aid implementation organizations (KOICA 2010). Moreover, in this assessment, Korea recorded the lowest in most of its evaluation clauses except for low administrative unit costs as shown in table 4-5 below. In this regard, UNDP report (2011) reveals that “anecdotal evidence also points to the use of ‘tied aid’ by some developing country donors that may undermine the value and effectiveness of some of their aid” (ibid 173). World Bank report also quotes “in spite of some improvements, donors still tend to dominate the project cycle and pay inadequate attention to the preferences of the government or project beneficiaries” (as cited in Jens Martens 2011:11).

However, tied aid can cause side effects on ODA recipient countries. The evaluation report on Korean agricultural ODA (Global Civic Sharing & KOICA 2015) puts, this tied aid can narrow the market choices and increase dependency of recipient countries on a certain market. The problem is that it binds recipient countries to policies and the volume of commitment of Korean agricultural ODA and makes them dependent on the changes of Korean agricultural ODA policies and priorities. Moreover, tied aid also can hamper sustainable development of recipient countries. KIEP (2012) report on Korean agricultural ODA reveals that if most of agricultural goods, equipment or machinery is procured from Korea to recipient countries through tied aid and it will ultimately deteriorate the firm basis of domestic industry in recipient countries. Lastly, since tied aid is largely based on donor’s economic interest, it lacks careful consideration of long-term social and environmental effects on recipient countries – such as displacement of local residents and environmental degradation due to Korean agricultural ODA construction projects, mainly dedicated to the pursuit of short-term economic profit (ODA watch 2013).

**Figure 4.8. Multilateral ODA to Agriculture and Rural development (imputed amounts)**  
2008-09 annual average commitments, constant 2009 prices

<sup>24</sup> ‘Tied aid’ is that “part of ODA is only provided on condition that the money be used to buy goods (such as medical equipment, water pumps or construction machinery) or services in the donor country and/or from a certain firm” (Jens Martens 2011:11).

	through AfDF	through AsDF	through EU institutions	through FAO	through IDA	through IDB Sp. Fund	through IFAD	through UNDP	Total imputed multilateral contributions
Australia	0.0	3.3	0.0	4.1	15.9	0.0	0.0	0.1	23.4
Austria	4.9	0.8	21.9	2.0	16.5	0.0	0.0	0.1	46.1
Belgium	3.8	1.5	37.2	2.7	24.6	0.0	4.3	0.2	74.4
Canada	10.4	1.8	0.0	7.2	35.8	0.0	3.4	0.4	59.0
Denmark	2.4	0.6	20.2	1.8	12.8	0.0	2.4	0.5	40.7
Finland	4.3	0.5	14.8	1.5	5.1	0.0	1.1	0.2	27.6
France	18.5	3.3	191.9	15.6	64.3	0.1	7.0	0.3	301.2
Germany	22.5	4.6	200.8	21.2	86.8	0.0	10.4	0.3	346.6
Greece	0.0	0.0	17.8	1.5	4.4	0.0	0.2	0.0	23.9
Ireland	0.0	0.9	10.3	1.4	3.9	0.0	1.7	0.2	18.4
Italy	12.1	5.3	123.7	35.2	44.9	0.0	14.2	0.1	235.5
Japan	19.2	35.3	0.0	42.9	153.1	0.0	10.8	0.6	261.9
Korea	1.4	2.4	0.0	3.8	7.8	0.0	0.6	0.0	16.0
Luxembourg	0.0	0.1	2.5	0.2	1.4	0.0	0.4	0.1	4.5
Netherlands	0.0	0.0	42.3	5.2	21.9	0.0	15.8	1.0	86.2
New Zealand	0.0	0.0	0.0	0.7	1.2	0.0	0.0	0.0	2.0
Norway	0.0	0.0	0.0	1.8	16.0	0.0	6.9	1.0	25.7
Portugal	1.7	0.5	11.6	1.3	2.3	0.0	0.1	0.0	17.6
Spain	9.3	2.5	77.0	6.5	33.4	0.0	18.9	0.5	148.2
Sweden	11.9	1.1	22.4	2.5	36.2	0.0	4.1	0.8	79.0
Switzerland	5.3	1.1	0.0	3.2	23.7	0.0	4.1	0.4	37.8
United Kingdom	23.1	3.8	130.5	15.2	97.6	0.0	14.5	0.7	285.5
United States	15.1	9.3	0.0	53.2	122.7	0.0	13.8	0.8	214.9
<b>Total DAC countries</b>	<b>166.0</b>	<b>78.6</b>	<b>924.9</b>	<b>230.6</b>	<b>832.5</b>	<b>0.2</b>	<b>134.7</b>	<b>8.3</b>	<b>2375.8</b>

Source: OECD 2011:3

Table 4-5. The score of Korea as per the indicators of maximizing efficiency dimension

Indicator	Items	Score
ME1	Share of allocation to poor countries	-1.082
ME2	Share of allocation to well governed countries	-0.094
ME3	Low administrative unit costs	1.575
ME4	High Country programmable aid share	-0.282
ME5	Focus/specialization by recipient country	No data available
ME6	Focus/specialization by sector	No data available
ME7	Support of select global public good facilities	-0.063
ME8	Share of untied aid	-3.866

Source: The report on ODA qualitative assessment in 2010 as cited in KOICA 2010:17

As such, the result shows that Korean agricultural ODA supports the countries that are poor in socio-economic development in the categories of inequality, food security and quality of life - although they are economically better off. However, the support for Korean ODA has mostly focused on the economic aspects of recipient countries' need with the main support on agricultural development, rural development and water resources. Moreover, this economically concerned support is likely to be tied demonstrating less commitment to multilateral aid for agriculture and rural development. In this regard, UNDP report (2011) reveals that this economically focused and tied aid will likely cause aid dependency of recipient countries and "accentuates macro-economic vulnerability" (ibid. 146) leaving recipient countries "exposed to sharp fluctuations" (ibid. 146). Therefore,

although Korean agricultural ODA partly features recipient need model, Korean agricultural ODA cases and Korean agricultural ODA needs to work more on socio-economic of recipient countries, their resilience and capability to the external shocks by expanding untied aid and multilateral commitment.

## **Chapter 5. Conclusion**

The role of Agriculture and rural development is essential in ending ever persisting global poverty. The importance of these sectors is becoming known to the international community because of the recent global food crisis notably during 2007-08 and 2010-11. Especially, agricultural ODA can play a major role in solving these issues on account of reducing extensive development financial flows to the agricultural sector. Korea is also one of the countries that



benefitted from agriculture and rural development for their later economic success. Moreover, Korea's contribution to agricultural development has increased after their entrance to OECD and DAC. Especially, since 2010, it even surpassed the average rate of DAC member countries commitment to agricultural ODA as a share of their total ODA contribution during 2012-13. However, despite Korea's rising commitment to the agricultural sector, there has been constant suspicion that Korean agricultural ODA has not engaged with the main aims of ODA that are economic development and welfare of developing countries. Also, the true effect of Korean agricultural ODA has also been questioned mainly because of their economically biased agricultural ODA policies and implementation in relation to their national interests. Therefore, this research paper begins to see whether Korean agricultural ODA shows any trend changes, concentration on specific countries and areas in relation to their national interests.

To this end, I used two theoretical models of foreign aid critique to scrutinize the aforementioned suspicions and questions that are donor interest model and recipient model. In a nutshell, the scholars for donor interest model assert that foreign aid is mainly linked to donor's national interests, mainly political and economic interests. On the other hand, the recipient need model considers ODA to be derived from normative and humanitarian motives, less aligning to donor's national interests.

Based on these theoretical models and the research questions, I investigate the trends, changes and concentration of Korean agricultural ODA throughout the paper. As a result, I arrive at the three major findings as follows;

Firstly, as for the first question on the trend changes of Korean agricultural ODA and the major causes for these changes in relation to Korea's national interests, I discover that; Korean agricultural ODA projects demonstrate notable increases in 2007, 2011 and 2014. Among those, two periods – 2007 and 2011 overlapped with a spike of global food prices in later 2006 and 2011. During those periods, Korea's agricultural situation also deteriorated significantly. For instance, their agriculture, forestry and fishing labor force fell by nearly 3 per cent during 2005-12 and their agriculture growth of output was negative during 2010-12 and 2015. Their food prices have also risen by 7.5 points in 2009 and 8.1 points in 2011. Korea's food security also recorded its lowest in 2008. It is also worth noticing that Korean FDI trend on agriculture, forestry and fishing shows a similar trend like Korean agricultural ODA. To specify, it increased almost two times between 2006 and 2007 and it again recorded its highest level in 2011. Therefore, this shows that the increasing trend of Korean agricultural ODA connects with Korea's national interest to tackle its external and internal precarious agricultural situation and it is also aligned to their growing influx of FDI on agriculture, forestry and fishing.

Secondly, with regard to the second question on the concentration of Korean agricultural ODA on specific countries and the main causes for this concentration based on the donor interest model, I find that; the main partner countries of Korean agricultural ODA falling into at least one of the criteria set to analyze the linkages between their ODA commitments and their economic interests namely; population ranking, the number of population, rural population, GDP growth, GDP ranking and agricultural land. Notably, 14 countries out of 16 partner countries of Korean agricultural ODA – Laos, Vietnam, Indonesia, Cambodia, Philippines, Myanmar, Uzbekistan, Ethiopia, Mozambique, Uganda, Colombia, Paraguay, Bolivia, Peru - show fast rate in GDP growth, exceeding the world average and the other two countries also falling under one of the categories having large portions of agricultural land or high GDP. Especially, some of the countries were outstanding in these indicators - for example, Indonesia in population and Mongolia in agricultural land. It is also important to note that 6 countries out of 11 where most of Korean overseas agricultural development has been concentrated coincide with the main partner countries of Korean agricultural ODA - Mongolia, Laos, Indonesia, Cambodia, Philippines, and Vietnam. Moreover, the volume of agricultural trade has increased significantly in some of the main Korea's agricultural ODA partner countries - Laos, Ethiopia, Vietnam, Philippines and Indonesia during 2010-15.

Thirdly, regarding the question on the concentration of Korean agricultural ODA on specific countries, areas and the main causes for this concentration from the perspective of the recipient model, I come to a conclusion that; the aforementioned 16 Korean agricultural ODA partners demonstrate relatively high performance in poverty headcount and mortality rate. However, their foreign exchange abilities and socio economic development indicators such as inequality, and world quality of life index and food security were low considering their high economic attainment. Especially, the scores for food security of Laos and Mozambique - two of the Korean agricultural ODA partner countries are significantly low. While it can be said that Korean agricultural ODA have features for

normative and humanitarian aid, other evidence shows that the Korean agricultural ODA's objectives and interests for these countries are more on the economic aspect than humanitarian side. That is to say, Korean agricultural ODA has been heavily focused on the economic aspect putting most its commitment on the certain areas such rural development, agricultural development and agricultural water resources that can directly serve economic development, both of Korea and the recipient country. Similarly, the record of Korea's overseas agricultural infrastructure construction also has enlarged, reaching 47 million US dollars in 2013. However, the survey on Korean agricultural ODA shows that there has been a major discrepancy between agricultural development demand of recipient countries and support of Korean agricultural ODA. The elements of tied aid of Korean agricultural ODA have also been higher than other DAC member countries with low ratio of multilateral aid.

The major findings of the research paper imply that Korean agricultural ODA projects have features for both donor interest and recipient need model. However, it has been more biased towards donor interest in terms of their changes in trend, selection of main partner countries and major support areas. Although it also supports the countries that demonstrate low performance in foreign exchange abilities and humanitarian aspects such as socio-economic development, their agricultural ODA policies and cooperative areas have been more economically focused showing increases of infrastructure projects in Korean agricultural ODA main partner countries. However, multilateral institutions' report such as UNDP (2011) points out that the average economic growth can be further reinforced if it is complemented by socio-economic development such as strong institutions and better public health. Other scholars also highlight that supporting policies and institutions is important in solving inequality in rural areas. Therefore, this suggests that considering asymmetric development of Korean agricultural ODA main partner countries - demonstrating low socio economic development level comparing to their high performance in economic development – Korean agricultural ODA needs to give more consideration to this imbalance in their ODA policies and implementation. Moreover, Korean agricultural ODA needs to incorporate recipient need when pursuing their ODA projects and selecting main partner countries and cooperation areas accordingly. Lastly, Korean agricultural ODA is required to increase their multilateral commitment and the share of untied aid and refrain from binding recipient countries to the whim of donor's interest and to make them independent so that they can pursue their own development goals.

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## Appendices

### Appendix I. KOICA agricultural ODA contribution by Creditor Reporting System (CRS) code

Unit: USD

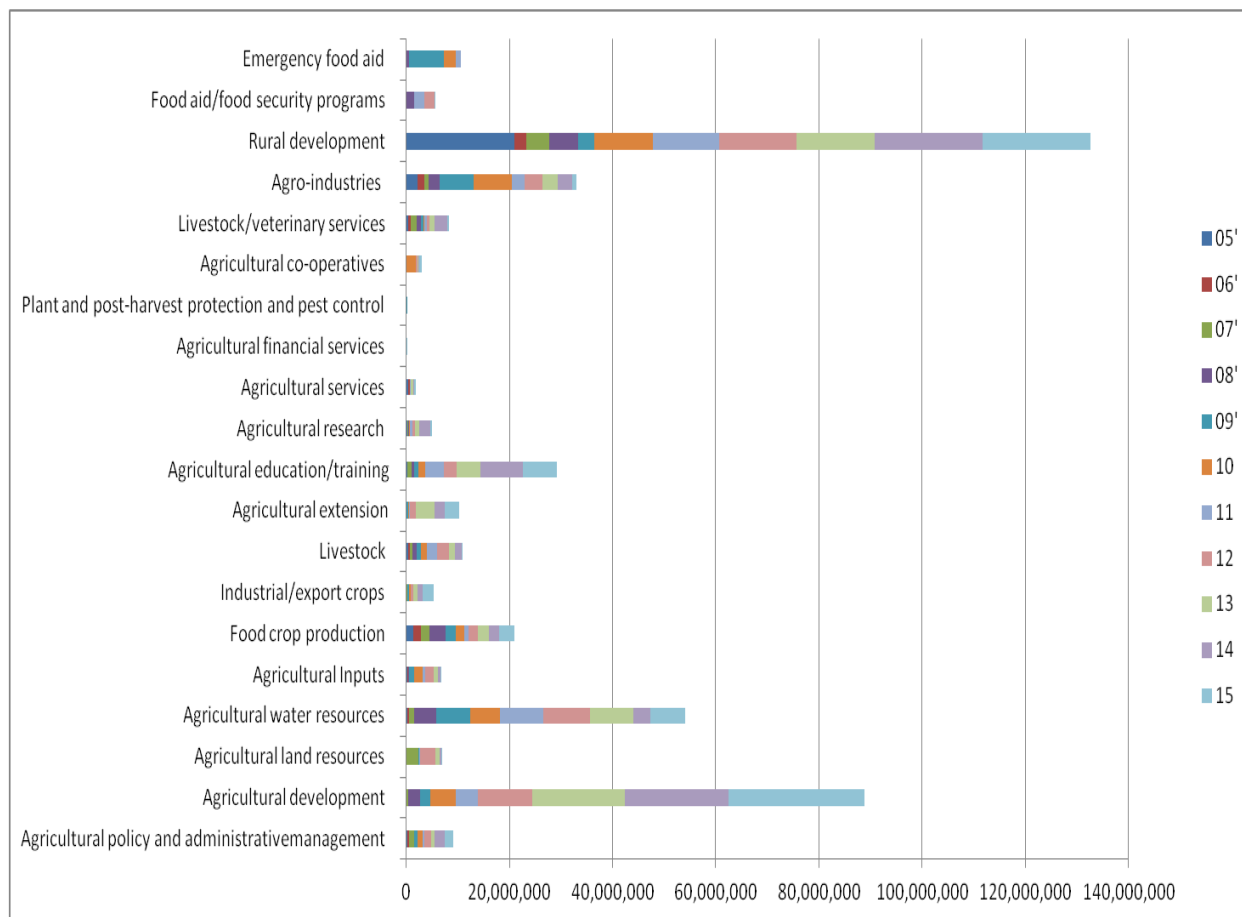
Category	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Agricultural policy and administrative management	250,273	331,748	1,001,737	1.099,731	707,945	966,996	281,584	1,299,315	744,531	1,879,174	1,610,103

Agricultural development	73,5 87		374, 465	2,30 2,93 4	1,89 3,45 1	5,04 7,33 7	4,25 9,42 4	10,5 27,8 86	17,8 62,2 56	20,1 74,0 66	26,2 70,5 43
Agricultural land resources			2,41 5,39 3		67,3 20	109, 940	87,0 24	2,96 6,29 0	793, 674	370, 877	1,30 6,70 7
Agricultural water resources	262, 212	248, 245	1,03 4,51 3	4,21 2,59 7	6,69 2,39 5	5,77 6,17 5	8,35 8,87 9	9,10 3,08 4	8,38 3,67 4	3,29 2,93 0	6,75 8,29 9
Agricultural Inputs	214, 488	128, 305	63,7 65	116, 473	1,02 9,14 2	1,58 8,57 9	605, 708	1,64 6,81 7	841, 529	387, 087	259, 683
Food crop production	1,42 6,28 6	1,40 2,89 9	1,61 0,28 0	3,14 4,44 5	2,06 1,22 5	1,64 6,86 3	802, 807	1,83 2,25 4	2,13 0,63 8	2,03 7,91 0	2,88 5,94 6
Industrial/export crops	27,6 28	28,5 23	207, 540	45,3 38	263, 120	285, 580		504, 275	800, 215	1,01 7,01 6	2,08 5,05 6
Livestock	420, 332	233, 897	499, 925	836, 834	803, 988	1,29 5,46 2	1,89 1,58 4	2,37 7,19 8	1,10 1,13 2	1,32 2,77 5	579, 901
Agricultural extension			43,1 37		286, 955	163, 494	300, 991	1,03 3,42 5	3,62 7,10 0	2,02 2,83 8	2,87 0,58 7
Agricultural education/training	182, 932	100, 912	797, 271	488, 049	774, 235	1,33 2,05 9	3,64 4,12 5	2,47 9,27 0	4,53 4,63 2	8,37 8,01 0	6,51 6,64 5
Agricultural research	198, 397	43,9 80	163, 948	112, 290	70,3 44	150, 488	446, 993	497, 002	902, 114	2,15 7,94 8	223, 557
Agricultural services	429, 438	225, 468			83,0 36		124, 575	29,7 63	466, 240	228, 298	214, 397
Agricultural financial services									88,6 80	29,9 42	143, 388
Plant and post-harvest protection and pest control				80,2 32	77,3 97						
Agricultural co-operatives	1,84 3			63,0 32	82,0 36	1,76 6,81 0		255, 383	212, 043	203, 615	385, 137
Livestock/veterinary services	403, 653	434, 482	1,15 5,72 9	928, 984	487, 686	60,4 96	583, 061	506, 976	887, 632	2,48 7,38 5	372, 763
Agro-industries	2,17 4,45 2	1,35 1,77 0	756, 861	2,19 4,35 5	6,58 5,24 4	7,45 0,55 9	2,49 6,69 4	3,41 5,93 5	2,91 6,65 6	2,84 0,27 9	841, 691
Rural development	2,09 96,2 70	2,24 4,04 2	4,54 6,46 9	5,47 5,98 2	3,14 6,64 0	11,4 53,3 18	12,8 56,9 80	14,9 61,5 02	15,0 80,2 12	20,9 12,0 86	21,0 56,1 40
Food aid/food security programs				1,54 8,64 4	65,8 28		1,90 4,27 2	1,97 6,69 6			920, 956
Emergency food aid				584,	6,75	2,34	948,				



				907	7,358	6,131	885				
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Source: Own elaborations, KOICA statistics



Source: Own elaboration, KOICA statistics 2015

**Appendix 2.** CRS code of Agricultural sectors by DAC

### 300 - PRODUCTION SECTORS

(This main heading groups contributions to all directly productive sectors.)

DAC 5 CODE	CRS CODE	DESCRIPTION	Clarifications / Additional notes on coverage
<b>311</b>		<b>AGRICULTURE</b>	
	<b>31110</b>	Agricultural policy and administrative management	Agricultural sector policy, planning and programmes; aid to agricultural ministries; institution capacity building and advice; unspecified agriculture.
	<b>31120</b>	Agricultural development	Integrated projects; farm development.
	<b>31130</b>	Agricultural land resources	Including soil degradation control; soil improvement; drainage of water logged areas; soil desalination; agricultural land surveys; land reclamation; erosion control, desertification control.
	<b>31140</b>	Agricultural water resources	Irrigation, reservoirs, hydraulic structures, ground water exploitation for agricultural use.
	<b>31150</b>	Agricultural inputs	Supply of seeds, fertilizers, agricultural machinery/equipment.
	<b>31161</b>	Food crop production	Including grains (wheat, rice, barley, maize, rye, oats, millet, sorghum); horticulture; vegetables; fruit and berries; other annual and perennial crops. [Use code 32161 for agro-industries.]
	<b>31162</b>	Industrial crops/export crops	Including sugar; coffee, cocoa, tea; oil seeds, nuts, kernels; fibre crops; tobacco; rubber. [Use code 32161 for agro-industries.]
	<b>31163</b>	Livestock	Animal husbandry; animal feed aid.
	<b>31164</b>	Agrarian reform	Including agricultural sector adjustment.
	<b>31165</b>	Agricultural alternative development	Projects to reduce illicit drug cultivation through other agricultural marketing and production opportunities (see code 43050 for non-agricultural alternative development).
	<b>31166</b>	Agricultural extension	Non-formal training in agriculture.
	<b>31181</b>	Agricultural education/training	
	<b>31182</b>	Agricultural research	Plant breeding, physiology, genetic resources, ecology, taxonomy, disease control, agricultural bio-technology; including livestock research (animal health, breeding and genetics, nutrition, physiology).
	<b>31191</b>	Agricultural services	Marketing policies & organisation; storage and transportation, creation of strategic reserves.
	<b>31192</b>	Plant and post-harvest protection and pest control	Including integrated plant protection, biological plant protection activities, supply and management of agrochemicals, supply of pesticides, plant protection policy and legislation.
	<b>31193</b>	Agricultural financial services	Financial intermediaries for the agricultural sector including credit schemes; crop insurance.
	<b>31194</b>	Agricultural co-operatives	Including farmers' organisations.
	<b>31195</b>	Livestock/veterinary services	Animal health and management, genetic resources, feed resources.

## 2. Additional food-security-related sub-sectors included in Table 3

43040	Rural development	Integrated rural development projects; e.g. regional development planning; promotion of decentralised and multi-sectoral competence for planning, co-ordination and management; implementation of regional development and measures (including natural reserve management); land management; land use planning; land settlement and resettlement activities [excluding resettlement of refugees and internally displaced persons (72010)]; functional integration of rural and urban areas; geographical information systems .
52010	Food aid/Food security programmes	Supply of edible human food under national or international programmes including transport costs; cash payments made for food supplies; project food aid and food aid for market sales when benefiting sector not specified; excluding emergency food aid.
72040	Emergency food aid	Food aid normally for general free distribution or special supplementary feeding programmes; short-term relief to targeted population groups affected by emergency situations. Excludes non-emergency food security assistance programmes/food aid (52010).

Source: DAC n.d.