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## POLICY AND PRACTICE IN ODA DISBURSEMENTS: AN ANALYSIS OF CHANGES IN SOUTH KOREA'S OFFICIAL DEVELOPMENT ASSISTANCE

### **Abstract**

South Korea is the only nation to become an important donor nation after being a recipient of Official Development Assistance (ODA) for several decades. In 2010, it became a member of the OECD's Development Assistance Committee, and while it has continued to use its experience as a former ODA recipient to inform its distribution practices, it also has evolved its ODA policies in response to changes in international norms and the imperatives associated with being a DAC-member nation. We know that, while policies may change, actual ODA disbursements—which nations are selected as recipients and receive ODA in what amounts—may lag or even remain unchanged. In this paper, we use the case of South Korea to determine how actual ODA disbursements change in response to policy changes. To accomplish this, we use a selection model to conduct a statistical analysis of South Korea's ODA disbursements using dyadic data from 1987 to 2016. Our results indicate that, while there has been continuity in terms of which nations receive South Korean ODA, there were also notable changes in its disbursements. Specifically, the ODA policy changes the South Korean government enacted did result in an altered profile of nations that were targeted by South Korea as ODA recipients.

### **Keywords**

diplomacy, international trade, Official Development Assistance, South Korea, economic development, development assistance policy, country partnership strategies

The phrase “Official Development Assistance” (ODA), traces its origins to the late 1960s when members of the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) agreed that economic aid should adhere to specific criteria (OECD 2017a). Specifically, economic aid must be provided by an officially sanctioned government agency that distributes the aid principally for the purpose of economic development in recipient nations. Moreover, economic aid must be structured in a concessional manner, which means that it is offered at terms more generous to recipient nations than would be possible if distributed strictly by the market (Riddell 2008).<sup>1</sup> Despite the fact that all ODA must adhere to these and other criteria set by members of OECD's Development Assistance Committee, donor nations also distribute ODA in accordance with their own development assistance policies (Baldwin 1985).

Where donor nations actually send their development assistance monies will then be determined by a combination of influences, ranging from their own economic assistance

policies to the distribution guidelines and standards agreed upon by members of the DAC. In order to comply with best practices and be certain their ODA distributions work to enhance the economic development of recipient countries, donor nations do attempt to adapt their aid policies to coincide with the DAC's principles. In spite of such efforts, actual disbursements of ODA do not always reflect the standards set out by the Development Assistance Committee, and this in turn has led to some scholars to divide the interests that govern countries' ODA practices into those that serve "donor interests" and those that serve "recipient needs" (Maisels and Nissanke 1984; see also Powell 1994; Bandyopadhyay, Subhayo, and Wall 2007; Lumsdaine 1993). While this dichotomy can accurately describe the basics of donor-country ODA policies, it does oversimplify the multiple factors that go into producing a country's actual disbursements of Official Development Assistance. This is because, whether by design or not, ODA can serve both donor interests and recipient needs simultaneously (Fearon 1998; see also e.g., Hurd 1999; Kang 2014; Lebow 2008; Wolforth 2009).<sup>2</sup> Moreover, donor nations may intentionally pursue multiple goals in their economic aid programs, including efforts to continue serving their own economic interests while, at the same time, aligning their practices more closely with internationally set ODA standards.<sup>3</sup>

Given the difficulties attendant on disentangling exactly what constitutes donor interests versus recipient needs, we focus specifically on how the changes that are made to nations' ODA policies affect actual distributions of the ODA they send to various nations around the globe. This kind of analysis is typically carried out in multi-nation, large-N quantitative analyses. However, this design is problematic for our investigation of how ODA policy changes affect actual distributions of ODA because nations' policy changes may take on a very wide range of possibilities, rendering it difficult if not impossible to hypothesize about the expected impacts of such policy changes in a pooled, multi-nation analysis. Our solution to this problem is to conduct a statistical analysis of a single country's ODA disbursements where we have clear expectations about how disbursements should change in response to ODA policy reforms (Demirel-Pegg and Moscovitz 2009; Lai 2003; Scott and Steele 2011).<sup>4</sup> To accomplish this, we use the case of South Korea in the post-armistice period.

South Korea is a relatively new member of the group of developed nations,<sup>5</sup> and it is the only member of the OECD's prestigious Development Assistance Committee (DAC) to ascend to this group of donor nations after being a recipient of economic assistance for several decades (Biswal 2011; OECD 2012; Roehrig 2013).<sup>6</sup> It is an appropriate case for our analysis because the policies guiding its ODA practices are clearly identifiable and time bound, allowing us to set out clear expectations about how actual ODA disbursements should have changed in response to the manner in which it reformed its international giving. South Korea's earliest ODA contributions were disbursed in obeisance to its own economic development needs (Kim and Seddon 2005). Indeed, South Korea has been referred to as one of the East Asian developmental states, which, like Japan, rendered domestic economic development goals supreme among all other policy priorities (Johnson 1982). Developing its own economy remained the paramount goal, but South Korea's leaders also faced certain international challenges. Most important was the fact that the Armistice of 1953 left the country in a state international isolation, and the extent of its isolation in the early post-armistice period is aptly illustrated by South Korea needing to utilize some US facilities for its own diplomatic purposes

(Newnham 2002; Heo and Roehrig 2014). Consequently, while trying to develop its own economy, South Korean leaders worked to reconnect their nation to the international community (Heo and Roehrig 2014).

South Korea achieved a remarkable level of economic development, and it successfully connected with the family of democratic and allied nations during the Cold War years as well as both communist and erstwhile communist nations in the post-Cold War years. These successes led South Korea to experience dramatic increases in its domestic economic prosperity, which in turn led to its growing influence in international affairs, particularly in the area of economic development (Ikenberry and Mo 2013). As its influence in international affairs increased, South Korean leaders learned that the country's ODA policies had to be changed to be more compliant with DAC standards and practices. This meant that South Korean ODA practices would have to do more than boost its international trade in service of its domestic economic development strategy. Specifically, this meant increasing the shares of its ODA portfolio that targeted the world's least developed economies, and it also meant engaging in practices that encouraged local ownership of development projects that were funded by ODA and captured in country-based development strategies. Finally, to adhere to changing international norms, South Korean ODA would have to be more sensitive to political repression and human rights abuses in the nations it selected as recipients of its Official Development Assistance.

Officials in South Korea's ODA-related agencies had been considering reforms to its economic assistance programs for some time (Kim and Oh 2012; Kim, Kim, and Kim 2013), but it was not until South Korea was elevated to membership on the prestigious Development Assistance Committed (DAC) of the OECD that its reform efforts resulted in deep policy changes (OECD 2012).<sup>7</sup> South Korean officials would continue to use the country's own development experience to help donors better understand the development concerns of recipient nations and help ensure that ODA distributions effectively promoted economic development in recipient nations. Nonetheless, these same officials put forth a series of reforms that ultimately altered their own practices (Chung, Eom, and Jung 2016; Chun, Munyi, and Lee 2010). The ideas that led to these reforms have been captured in a series of policy documents that spelled out clearly how South Korea's ODA practices needed to change if it were to convince donor nations that it was committed to balanced and sustainable economic growth in recipient nations (Sohn and Yoo 2015).

Our purpose, then, is to determine how, if at all, the policy changes enacted by the South Korean government, specifically those that were acknowledged by DAC-member nations in South Korea's first "Peer Review," influenced actual disbursements of South Korean ODA. We accomplish this by conducting a statistical analysis using dyadic data that is focused on how actual distributions of South Korean ODA in recent years contrast with those prior to it being made a member of the Development Assistance Committee. The statistical analysis we conduct involves the use of a Heckman Selection Model, which offers significant advantages over approaches typically witnessed in the literature that often lead to biased results. This is because our selection model more accurately captures the process through which a donor considers to which nations it will extend ODA and in what amounts. This is a two-step process, in which, first, a donor decides whether or not a country will be a recipient of ODA, and second the donor decides how much money to give the recipients. This process means that many countries are not selected as recipients.

This approach allows us to avoid analyzing a sample that not only lumps all countries together but, more importantly, includes a large number of nations that have a near-zero chance of receiving ODA. However, before turning to our data and analysis, we first discuss South Korea's history as a donor nation. This effort will begin with a discussion of the specific government agencies and other actors that were involved in the formulation of South Korea's ODA policies, and the competing visions of South Korea's ODA goals that they reflected, before the passage of the Framework Act and companion Presidential Decree addressed this problem of inter-agency competition. We will also discuss how we expect these policy changes to alter actual distributions of South Korean ODA.

#### SOUTH KOREA AS A DONOR NATION

South Korea's ODA programs have been administered by more than one government agency (OECD 2012; Kim 2016; Chung, Eom, and Jung 2016; MOFAT 2012). The first of these was the Ministry of Foreign Affairs and Trade (MOFAT), which was charged with overseeing South Korea's ODA programs to ensure that they were conducted in accordance with all applicable laws as well as with Seoul's diplomatic and security priorities. This means that MOFAT officials were more interested in using South Korean ODA for diplomatic purposes such as promoting the international goals of the country than for purely domestic interests (MOFAT 2012). In 1991, the MOFAT created the Korea International Cooperation Agency (KOICA) to manage all of South Korea's ODA that is distributed in the form of grants and to help ensure that grant aid and technical assistance programs effectively promote sustainable development in recipient nations. In 2011, MOFAT and KOICA were jointly responsible for 37 percent of South Korea's total Official Development Assistance disbursements.<sup>8</sup>

The second agency that has been involved in the management of South Korea's ODA efforts was the Ministry of Strategy and Finance (MOSF), which was in charge of distributing all ODA in the form of loans. This agency sought to ensure that South Korea's ODA was effective at promoting international economic cooperation,<sup>9</sup> and it accomplished its supervision of ODA loans through South Korea's Export-Import Bank, which oversaw the nation's Economic Development Cooperation Fund (EDCF). What this means is that this agency's officials were most interested in using the nation's ODA to promote South Korea's economic development interests (Kim 2016). In 2011, 42 percent of South Korea's total ODA was provided in the form of loans.

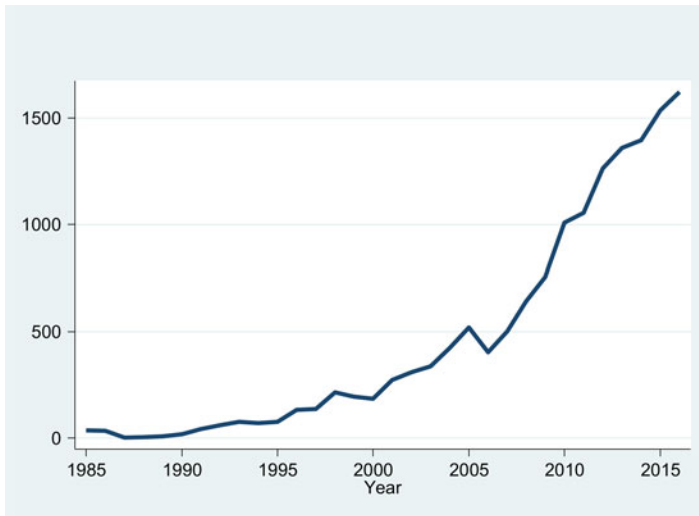
Finally, there are other government agencies that participated in the distribution of South Korean economic assistance, but this aid has remained around one-fifth of Korea's total disbursements. Most important would be the South Korean Presidency or the Blue House (Sohn and Yoo 2015). The Blue House has influenced South Korea's distribution of ODA in three particular ways. Two are relatively minor and involve, first, adjudicating disputes between competing ODA agencies in terms of the amounts they can distribute and, second, the discretionary money the Blue House uses for specific international projects. Where the Blue House has most influence is in the overall approach South Korea will take in allocating economic assistance, particularly to its northern adversary, North Korea. We see that the current presidency of Moon Jae-In, as well as the presidencies of Kim Dae-Jung and Roh Mu-Hyun, have pursued

the “Sunshine Policy,” which involves a more open approach to Pyongyang both diplomatically and in terms of offering aid for to enhance this more open diplomacy.

The first two sets of government agencies introduced competing ODA discourses, and this had led to tensions in the management of South Korea’s ODA programs and, thus, difficulties in the coordination of its international giving. One of these competing discourses is what Kim (2016) called the “Intellectual Leadership” approach, which argued that, given South Korea’s unique experience of moving from the position of recipient to economically developed donor, it should develop and implement ODA policies that are informed by this unique and important experience.<sup>10</sup> The other is identified as the “Ethical or Deferential Leadership” approach, or what other scholars have referred to as a “Strategic Followership” policy (Kim 2016). This discourse recommends that South Korea should strive to be more in line with the international (DAC) norms, which would mean increasing the amounts it distributes, raising the share of untied aid, and focusing on becoming a priority donor to select countries so that transactions costs in its projects are reduced (See e.g., Oh 2014).<sup>11</sup> It also means not using its Official Development Assistance to reward nations that engage in human rights abuses and, thus, either reducing or eliminating aid to such nations.

The existence of these two institutionally based competing visions led to a lack of coordination in the management of South Korea’s ODA efforts, and, while the involvement of the Blue House could mediate some of the disagreements, the country’s ODA programs often proceeded with the principal institutional actors not coordinating their distributions. This problem was exacerbated by the lack of a government-sanctioned vision that focused all ODA programs on designated national priorities that would guide ODA agencies in their day-to-day operations, while being attentive to evolving ODA standards. To solve this agency competition problem and align ODA practices with those of DAC-member nations, the government of South Korea began issuing ODA policy documents that over time would lead to changes in its actual ODA practices. These policy documents highlight the reforms that the government would implement, and these reforms became more substantial as the amount of ODA that South Korea distributed grew (Chun, Munyi, and Lee 2010; OECD 2012).

According to OECD data, South Korea provided modest amounts of ODA as early as 1985.<sup>12</sup> As the data in Figure 1 indicate, these amounts remained low and relatively stable until the 1990s when they experienced moderate increases. Growth in South Korea’s economic assistance continued throughout this decade, but these amounts experienced near exponential increases after the turn of the turn of the century. The ODA reforms South Korean officials discussed implementing reflected two sets of goals, the first involved with complying with evolving international development assistance norms. This meant that South Korea would increase its disbursements to the world’s poorest nations, paying more attention to local imperatives and recipient country participation when selecting countries for development partnership strategies. And it also meant moving aid away from nations that were involved in human rights abuses. At the same time, South Korea’s ODA practices would maintain their commitment to showcasing their own country’s development experience (OECD 2012; Kim, Kim, and Kim 2013; Kim 2016), which meant selecting countries that had the greatest potential to replicate its own development experience and serve Seoul’s domestic economic development interests, specifically, countries in the Asian region.

**FIGURE 1** South Korea's Gross ODA Disbursements

While there are numerous policy documents that highlight South Korea's path to the ODA reforms it implemented just after being elevated to DAC-membership, one of the most important earlier articulations of its evolving ODA principles is found in the "Seoul Development Consensus for Shared Growth," which was followed by Korea's "Multi-Year Action Plan on Development." Both of these plans were announced at the G20 Summit held in Seoul in 2010, which attests to the efforts of South Korean officials to help make the economic assistance efforts of fellow DAC members more beneficial to recipient nations.<sup>13</sup> There are six core principles contained in the "Seoul Development Consensus for Shared Growth," and they find their genesis in proposals introduced by Korean officials at two G20 summits, the 2009 summit in London and the June 2010 one in Toronto.<sup>14</sup> Once these principles and action items were adopted at the G20 Summit in Seoul in November 2010, they effectively replaced the principles that were embedded in what has been known as the Washington Consensus.<sup>15</sup>

The second document is the "Multi-Year Action Plan on Development" that listed one or more items to be implemented to accomplish development goals in nine target areas. There are nine implementation target areas, and South Korean officials offered both these six principles and nine implementation targets so that other recipient nations could have an improved development experience as aid recipients. In these documents, South Korea's ODA officials made it clear that balanced and sustainable development could occur only if ODA was distributed in a way that led to economic growth that was broadly shared among members of recipient countries' populations. This meant that DAC members would have to continually evaluate their aid disbursements to ensure that their ODA efforts truly led to growth that was "strong, sustainable, and balanced." On a more practical level, this led to recommendations that aid help increase aggregate demand in developing and, especially, low-income countries. This ODA goal was driven by the notion that such an outcome was possible only if donor nations worked harder to build relationships with aid recipients that were truly equitable.

The primary purpose of these internationally focused policy documents was to influence DAC-member practices in a way that reflected South Korea's own development experience, but South Korea was involved in a subsequent international agreement that reflected the parallel imperative of it being certain its ODA practices adhered to international norms. The reference here is to the "Busan Partnership for Effective Development Cooperation" promulgated at the 4th High Level Forum on Aid Effectiveness held late in 2011 in South Korea.<sup>16</sup> While not antithetical to the principals and action items contained in the previous policy documents, the policies agreed to in the Busan Partnership are more comprehensive than those in the Seoul Development Consensus, and they required more reform action on the part of DAC-member nations.

Such actions would more directly affect which nations would be selected as aid recipients and what amounts of ODA they would receive. This is because the "Busan Partnership" encouraged increased donor-recipient cooperation, more attention to the world's least developed economies, and especially South-South and triangular cooperation efforts so that there can be more locally owned solutions to development problems that are contextually sensitive. In addition to a number of other recommendations as well as the human rights records of potential recipients, the Busan Partnership made policy changes that referred to providing finance to address the deleterious development impacts associated with climate change.

These international policy pronouncements provided clear indications that, in addition to promoting its own development experience, South Korea had committed itself to ensuring that its ODA disbursements were in accordance with current DAC standards. In spite of these commitments, South Korea still had other issues to address if it was to improve the quality of its ODA. In addition to increasing the amounts of money it would devote to its ODA programs, South Korea had to ensure that its distributions increasingly reflected the development needs of recipient countries by establishing individual Country Partnership Strategies (CPS). It would also have to correct the flaws its ODA programs showed in terms of uncoordinated management, so that its overall development assistance efforts could be more coherent in terms of the goals to which it would be directed. These issues were addressed with the passage of the Framework Act on International Development Cooperation and the issuance of a parallel Presidential Decree, stating that the content of this legislation would determine the goals of all ODA efforts and oversee the operation of all of South Korea's Official Development Assistance agencies. This legislation and parallel decree were implemented in July 2010 by President Lee Myung-Bak, who famously noted that "[i]t is more difficult to give aid than to receive it" (Kim 2016, 260).

While President Lee's statement may be subject to interpretation, what is not in dispute was South Korea's commitment to reforming its ODA policies. The Framework Act first tackled the problem of competing agencies emphasizing different values in the distribution of South Korea's Official Development Assistance. As shown in the upper part of Table 1, the South Korean government had created the Committee for International Development Cooperation (CIDC) to coordinate the distribution of its ODA. While the CIDC had been in existence for more than a decade, its actual relationship to other South Korean ODA agencies and its specific management role was not made clear until the passage of the Framework Act. This act and accompanying Presidential Decree elevated the authority of the CIDC in the ODA process to that of apex agency,

and what assisted in making the CIDC the highest authority in ODA matters was the composition of its governing board. The CIDC was to be chaired by the Prime Minister and, to ensure it would have sufficient expertise to guide the country's ODA activities, its membership consisted of fifteen sitting ministers, seven civilian experts, and the heads of KOICA and the Export-Import Bank.

The Framework Act and accompanying Presidential Decree also set out the principles that would guide all decisions on the distribution of South Korean ODA. These principles are listed in the lower portion of [Table 1](#), and they reiterate many of the evolving guidelines that were contained in policy documents issued earlier, particularly those relating to ensuring that distributed ODA helped reduce poverty and promote sustainable development in recipient countries. The Framework Act also announced that there would be some newer principles that would guide the distribution of South Korean ODA from this time forward. As also indicated by the Table, these include promoting gender equality through the improvement of the human rights of women and children and the formulation of Country Partnership Strategies (CPS) that would ensure that ODA projects best serve the needs of countries that would receive South Korean ODA.

Like other donor countries, South Korea has a number of recipient countries that it has designated as priority partner countries. These countries were selected from a group of over 120 countries with which it had aid relationships, and they were selected for this special strategic aid relationship based on their own development plans as well as how these coincided with South Korea's overall Official Development Assistance strategy. A list of these countries, as of 2015, is provided in [Table 2](#), and we see from the Table that the bulk of these nations are located in East, Southeast, and South Asia, suggesting some continuity of focus with the country's well established trading partners. We also see that while Asia is the most represented region in its priority partner portfolio, countries from this region still occupy less than half of all recipient nations with which South Korea has put together country partnership strategies. Africa had seven countries while Latin American and the Middle East/Central Asia had four and two respectively. Again, the importance of a Country Partnership Strategy (CPS) is its indication that South Korea would be careful to be sure its assistance was designed to meet the development needs of these priority recipients. For example, the Country Partnership Strategy with Vietnam notes that the goal of South Korean ODA is to help elevate it into a modern, industrial country, while that for Uganda emphasizes such things as comprehensive rural development, the development of health services, and technical and vocational education.<sup>17</sup>

#### POLICY CHANGE AND THE DISTRIBUTION OF SOUTH KOREAN ODA

Given the changes that were implemented in the institutions and policies that govern South Korean ODA practices, the question we must address is how these policy reforms affected actual distributions of South Korean Official Development Assistance. By distribution, we are referring to which countries were selected as recipient nations and what amounts of aid they were given; and to answer this question, we first note that there are studies that have tracked how South Korea's distribution of Official Development Assistance has changed over time.<sup>18</sup> Among the more notable is the analysis of data between 2005 and 2010 by Lee (2012), who tracked changes in Seoul's distribution patterns and also compared these changes to the average practices of DAC-member nations



**TABLE 1 Institutional and Policy Changes Enacted with the Framework Act and Presidential Decree, 2010**

Institutional Changes	Committee for International Development Cooperation (CIDC) Created in 2006 to Strengthen Coordination of ODA Elevated to Highest ODA Decision-Making Body Chaired by the Prime Minister Membership: 15 Ministers 7 Civilian Experts Director of KOICA and Export–Import Bank Composed of Two Interagency Committees Interagency Grants Committee Interagency Economic Development Cooperation Fund
ODA Guiding Principles	Reduce Poverty in Developing Countries Promote Gender Equality through Improvement of Human Rights for Women and Children Promote Sustainable Development and Humanitarianism Engage in Economic Cooperation with Partner Countries Pursue Peace and Prosperity in the International Community

*Data From:* Office of Government Policy Coordination.

**TABLE 2 South Korean Country Partnership Strategies (CPS)**

Asia (11)	Bangladesh, Cambodia, Indonesia, Lao PDR, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Sri Lanka, Vietnam
Africa (7)	Ethiopia, Ghana, Mozambique, Rwanda, Senegal, Tanzania, Uganda
Middle East/CIS (2)	Azerbaijan, Uzbekistan
Latin American (4)	Bolivia, Colombia, Paraguay, Peru

*Data From:* Office for Government Policy Coordination.

(Kim and Kim 1992). This analysis was conducted over two pooled time periods, 2005–2007 and 2008–2010 and in three substantive areas, including a breakdown of South Korea’s disbursements by the income level of recipient nations. Lee’s (2012) results indicate that the share of South Korean ODA received by nations in the two lowest income categories increased by 20 percent between these two time periods, revealing an increased commitment to DAC norms and principles.

Another study conducted by Oh, Song, and Yim (2015) compared South Korea’s disbursements to those of Greece. Their analysis showed that, while there were expectations for South Korea’s disbursements to be different from those of Greece, there were many similarities. These included a persistence of aid to each’s principal trading partners as well as some changes in disbursement patterns given the different international contexts each faced.<sup>19</sup> There have been other studies of South Korea’s ODA disbursements that have looked at partisan influences. Specifically, Sohn and Yoo (2015) found that, while there were differences in the priorities of South Korea’s conservative versus progressive governments, there were some interesting surprises. The most unexpected finding was that the progressive governments of Kim Dae-Jung and Roh Moo-Hyun were more responsive to international pressures concerning security issues than were

their conservative counterparts. Chung, Munyi, and Lee (2010) investigated those factors that help explain the changing proportions of tied versus untied aid in South Korea's portfolio, while Oh (2014) investigated those general factors that help explain its overall effectiveness.

While the data- and case-based studies have all contributed to our understanding of the characteristics of South Korean ODA and how its actual disbursements have changed, we still have an incomplete picture of how the policy changes discussed above changed the actual distribution of South Korean Official Development Assistance, making it more consistent with international norms. Because of this, our task is to investigate if the policy changes implemented by the South Korean government led to more ODA going to poor countries, increased amounts of aid to countries that were selected for individual Country Partnership Strategies, and less help for nations that engaged in human rights abuses. Confirming these changes in South Korea's actual disbursements of Official Development Assistance would tell us that the principles in the Framework Act were clearly embedded in South Korea's ODA distribution practices. Again, while the existing literature has elevated our understanding of South Korea's ODA programs, it still contains gaps, and there are a number of reasons these questions have not been answered adequately.

First, many analyses were based on a mapping of South Korea's ODA disbursements that covered limited periods of time, making it difficult if not impossible to determine just how the policy changes enacted in recent years altered South Korean ODA practices. Next, many analyses of the changes that occurred in South Korean ODA were prescriptive, which means they covered only certain functional areas and left important indicators of where South Korean ODA actually went and in what amounts neither identified nor evaluated. Finally, all of the data-based analyses of South Korean ODA disbursements we discussed above involved some level of selection bias simply because they took for granted the countries that South Korean officials would target as ODA recipients. In other words, they did not accurately model the ODA decision process, which occurs in two stages, one in which a country is selected as a recipient and a second in which a decision is made with respect to the amount and type of ODA it will receive.

In light of these issues, our empirical task then is to fill these temporal and analytic gaps and conduct an analysis that shows clearly whether and to what extent the ODA policy changes enacted by the government since South Korea achieved DAC membership have led to notable changes in the distribution patterns its ODA manifests. Specifically, we want to know if the world's poorest countries were selected more often as recipients, if those that became priority partners and participated more ODA funded projects received larger amounts of ODA than those that did not, and if nations with human rights abuses on their respective records were less likely to be selected as recipients and received lower amounts of aid.

In addition to evaluating these factors, we also want to be able to determine whether there was persistence in older practices, such as being more generous to Asian nations and trading partners, or whether these older practices were reduced in the wake of the implementation of the above-discussed policy changes. As we mentioned throughout this article, we can accomplish these tasks only by ensuring that the ODA decision process is appropriately modelled and explanatory factors are included that accurately capture the changes that we expect ODA policy changes to produce. The analysis we

conduct below will have these features and will be accomplished by the use of dyadic data to estimate a statistical model that will allow us to weight all relevant factors that have influenced the changing patterns of South Korea's ODA disbursements, particularly in recent years, while controlling for factors that indicate the persistence of older practices.

The discussion provided thus far has mentioned briefly our expectations about how the implemented ODA policy changes should have altered the distribution of South Korean ODA over time, that is, the probability of certain nations being selected as recipients and how much assistance selected recipients would then receive. We will discuss these expectations in more detail below, but we note first that we also have expectations about what patterns this distribution should manifest prior to these policy changes. In the first two to three decades after the end of the Korean War, South Korea was driven by very strong development imperatives, and, as a result, we would expect its disbursement patterns to be heavily reflective of its own domestic economic development policies. This means that the distribution of South Korea's ODA should be skewed in favor of those nations with which it began its bilateral trading relations in the post-armistice period. With the exception of the United States and its NATO allies, this was first Japan and then other nations in the Asia-Pacific region.

Naturally, as the economy of South Korea grew and the amounts it distributed increased, we would expect that South Korea's ODA disbursements would become more regionally diversified, manifesting growth in areas outside of the Asian region, and also include more lower-income nations as recipients. Parallel with these changes, as we approached the end of the twentieth century and South Korea began developing the principles on which its ODA policy changes would be based, its ODA disbursements should more closely reflect those of DAC norms. Specifically, we expect more nations outside of Asia and South Korea's trade networks to be selected as recipients and be extended larger shares of ODA. We also expect that the world's least developed economies would be increasingly selected as recipient nations and receive larger shares of South Korean Official Development Assistance. At the same time, if South Korean implemented the policy changes it enacted to move closer to international norms, we would also expect its disbursements to reflect a growing distance from nations that would be labeled as being human rights abusers.

We begin our effort to calibrate the impacts of the ODA policy changes discussed above with a discussion of the variable to be explained, the nations that were selected as ODA recipients and then the amounts of Official Development Assistance they received.

#### *DEPENDENT VARIABLE*

The analysis we conduct below will employ dyadic data that covers the period of time from 1987 to 2016, and, to determine whether changes in actual ODA disbursements moved in response to the policy changes the South Korean government implemented, we must employ a design that provides a clear indication that the policy changes enacted in 2010 did in fact produce a pattern of disbursements that was different from those prior to South Korea being elevated to membership on OECD's Development Assistance Committee. We will accomplish this by mapping the changes that occurred in the patterns of South Korea's ODA disbursements and then accounting for the patterns

these disbursements reveal. To this end, our first task is to define ODA disbursements in an empirically effective way, and, while there is more than one way to accomplish this, we use the South Korea's gross ODA disbursements in a dyad in a given year as the variable to be explained. This is an effective indicator for us to employ for two reasons. Given that these data are measured at the level of dyad, they allow us to map over time the types and locations of countries that South Korea selected as ODA recipients and then how much assistance selected nations received. This measure also provides us with the facility to weight those factors have been most important in influencing which countries received what amounts of South Korea's Official Development Assistance.

To be certain our analysis identifies the changes that we have described above, we have defined a series of economic, political, control, and time-based factors that we include as variables in the models we estimate below. The inclusion of these categories of explanatory variables is necessary to be certain that we capture both change and continuity in South Korea's actual ODA disbursements, and, to this end, we have calibrated the explanatory factors that we include for the pre-policy-reform period as well as for the years after the policy reforms were implemented.<sup>20</sup> This will allow us to capture how South Korean ODA disbursements came increasingly to favor nations with the least developed economies,<sup>21</sup> as well as those recipients selected for Development Cooperation Strategies. In addition to tracking these effects, we will also be able to identify how South Korea, as it became an increasingly important donor nation, came to disfavor countries that were involved in human rights abuses. Finally, our design will also allow us to capture the more recent emphasis in South Korean ODA policy on the level to which recipient nations promote gender equality, on those nations that were subjected to specific humanitarian needs such as natural disasters, and on post-conflict challenges.

#### *INDEPENDENT VARIABLES: ECONOMIC FACTORS*

We know that economic factors will play a role in which countries will be selected as recipients of South Korean ODA and how much assistance they are likely to receive. We also know that, over time, economic factors will influence whether or not new countries are selected as ODA recipients as well. To capture these economic influences, we include several measures of recipient nations' and South Korea's economic characteristics as well as how closely related a country in a dyad is to South Korea in terms of trading relations. First, to capture the level of economic development of both South Korea, as the donor nation under examination here, and other nations that may or may not receive some level of economic aid from South Korea, we include the per capita GDP of South Korea and the same for all potential recipient nations in natural log format. In addition to this, to capture whether South Korea's ODA disbursements favored those nations with which it traded, we included the log of the value of trade between South Korea and all potential ODA recipient dyads.<sup>22</sup> We included two dummy variables in our analysis, one for all nations in the Asian region because these have long been priority countries for South Korean trade and another that captures a recipient nation qualifying as one of the world's least developed economies.

Our expectation is that South Korea's per capita GDP will have a positive and significant coefficient, reflecting the country's increasing ability to offer larger amounts of

Official Development Assistance to an increased number of recipient nations in a dyad as its own economy expanded. We also expect that the coefficient on the natural log of the level of trade between South Korea and a recipient nation in a dyad will also be positive and statistically significant. This result reflects South Korea's use of ODA as a tool to promote its level of trade with nations of its own choosing, and it will also indicate the persistence of pre-reform practices in its ODA distributions. This is because, even with the ODA policy changes the South Korean government enacted, we still expect South Korea to remain committed to those nations with which it shares substantial international trade. A similar effect is captured in the inclusion of the variable for Asian nations, where we expect the coefficient on this variable to be positive and significant because, even though South Korea committed itself to reforming its ODA practices, it will still remain loyal to the nations of this region given their prominence in South Korea's earlier ODA distributions and trade portfolio.

Another economic factor we included is a dummy variable indicating if a country qualified as one of the world's least developed economies, and it is included to capture South Korea's adherence to the ODA reforms it enacted. Our expectation is that its coefficient will be positive and statistically significant, showing that the policy changes the government enacted did result in change to the nations that were selected as recipients and in the amounts of ODA they received. Concerning a recipient nation's per capita GDP, we expect that it will be negative and statistically significant, because as South Korea's ODA policies were altered to align more closely with DAC-member standards, the world's least developed nations will be increasingly represented in its disbursements. A recipient nation's per capita GDP will get at this in our analysis, but we wanted to be certain that we thoroughly captured the impact of South Korea's policy of targeting the reduction of poverty in recipient nations. To this end, we added one additional economic variable. This is the percent of a recipient nation's population that is in poverty, which we expect to be positive and statistically significant.

#### *INDEPENDENT VARIABLES: POLITICAL/POLICY FACTORS*

As South Korea's ODA policies changed in accordance with the guidelines put forth by DAC-member nations as expressed in the Framework Act and other documents discussed above, we would expect its disbursements of Official Development Assistance (ODA) to governments that engage in recognizable human rights abuses to decline. We measure this essentially political value by coding recipient dyads that earned a designation as a violator of human rights by using the Political Terror Scale and Freedom House Index. According to these indices, lower scores indicate safeguarded human rights while higher scores indicate increasingly serious human rights abuses.<sup>23</sup> If this political factor is a determinant of which recipient gets what amount of ODA from South Korea, we would expect the coefficient on this variable to be negative and statistically significant. We also expect South Korea's ODA disbursements to be more reflective of a recipient country's humanitarian needs, and the manner in which we capture this in our analysis is by including a designation as to whether or not a country is a post-disaster country.<sup>24</sup>

The Framework Act and accompanying Presidential Decree indicated that South Korea would be more proactive in using its ODA to encourage gender equality by

promoting the human rights of women and children. We capture the impact of this policy change in our analysis by including a measure of gender equality. The measure we use is from the IMF, where the indicator takes on values between 1 and 6 with higher values indicating more gender equality.<sup>25</sup> This measure will be accompanied by a recipient nation's level of democracy, which is captured by using Polity2 scores that are offered by the Polity IV data. While political economy researchers have identified a generally robust correlation between a nation's level of democracy and its level of economic development (Przeworski and Limongi 1997; Boix and Stokes 2003), we included this additional measure to be certain that we are capturing gender equality independently from other characteristics of a nation's political freedom and level of economic development.

#### *INDEPENDENT VARIABLES: ADDITIONAL CONTROLS*

The problem of omitted variable bias is a general concern with analyses of this type and, thus, requires the addition of certain control variables. For the purposes of our analysis, we included three additional control variables. The first is a simple calibration of the importance of a potential recipient in a dyad, which is captured by including the natural log of the recipient's population. Next, given that we would expect regional trading partners to receive higher relative sums of South Korea's ODA, especially if it were distributing such aid in support of its own economic interests, we include a variable that captures the distance of a recipient dyad from South Korea. Third, we also included the major power status of a recipient nation to reflect the significance of a potential recipient nation in a dyad in the international system. Finally, we need to indicate the specific nations with which South Korea established Country Partnership Strategies in our analysis, and, to this end, we have included this set of twenty-four countries as dummy variables. Our expectation is that this factor will have a strong and positive impact on the amount of ODA a nation receives and that its importance in determining which nations are selected as recipients will be most significant after the ODA reforms were enacted in 2010.

#### *MODELS AND ESTIMATION*

Before estimating our models, we must first address a statistical problem that will characterize our analysis (Demirel-Pegg and Moskowitz 2009; Lai 2003; Meernik, Krueger, and Poe 1998; Nooruddin 2002): the fact that our statistical analysis will involve the problem of selection bias, as studies that have preceded this research have made clear (Heckman 1979; Greene 2003). As mentioned briefly above, this problem stems from the fact is that disbursements of ODA are decisions that are rendered in two steps, first, whether or not to choose a country as a recipient in the first place and, second, to determine how much countries chosen as recipients will receive in ODA. The statistical problem this two-step process raises is simply that a country not selected as a recipient in the first stage of the decision process is much less likely to receive even a small amount of ODA from a donor country in subsequent decisions, especially compared to those that are selected. To account for this problem in our statistical analysis, we have employed the Heckman selection model that has been used to deal with this kind of selection bias problem.

This estimation method is necessary because of the connectedness between the first and second steps of the ODA distribution process, that is, the selection and outcome processes. We can aptly illustrate this problem using the example of South Korean ODA disbursements to the world's developed nations. As discussed above, we have very good reasons to conclude that the world's advanced democracies will not be selected by South Korea as recipient dyads, and this fact leads to systematic bias in the disbursement of Seoul's Official Development Assistance, which must be taken into account when we estimate the models in our statistical analysis. This means we cannot use Ordinary Least Squares (OLS) as our method of model estimation because we must estimate the impacts that the factors we defined above would have on South Korea ODA disbursements in two separate stages. The Heckman Selection method allows us, first, to obtain estimates of the impact of our explanatory factors on whether or not a country would be selected as a recipient country. Next, we use this outcome equation to assess how much South Korea would then allocate in ODA to those countries it selected as recipient dyads. By using the Heckman selection model, we expect that the parameters estimated in each stage will provide unbiased results and make it possible for us to offer reliable inferences about the political and economic factors surrounding South Korea selection of specific countries as recipients and then disbursing specific amounts to the counties it selected as recipients.

If the ODA policy changes enacted by the South Korean government were in fact meaningful and influenced the country's ODA practices, this should be reflected in which nations were selected as recipients and how much Official Development Assistance they received. The influence of these policy reforms will be reflected later in our series, and because of this, we will divide our analysis into two time periods, one capturing the impact of our explanatory factors prior to the implementation of the Framework Act (1987–2009) and the other after the ODA policy changes were implemented (2010–2016). This bifurcated analysis will allow us to compare the impacts of our variables of interest across the two time periods, noting any changes evident in our results.

#### DISCUSSION: CONTINUITY AND CHANGE IN SOUTH KOREA'S ODA DISBURSEMENTS

Results are presented in [Table 3](#), and they involve estimations of three models, one for the pre-policy-change period (1987–2009), one for the post-policy-change period (2010–2016), and the third for the entire period covered by our data series, to serve as an overall check. Also, given that we used the Heckman Selection procedure to estimate our three models, the results we present in the Table are divided into two stages. The first stage is the selection stage where the dependent variable is whether or not a nation in a dyad was selected as a recipient of South Korean Official Development Assistance. These results are presented in the upper half of the Table. Results for the second stage are presented in the lower half of the Table. These are the outcome results, where the dependent variable is the amount of Official Development Assistance that South Korea delivered to those countries that were selected as recipients in the first stage of the estimation procedure.

We note here that not all of the factors that we discussed above are presented in [Table 3](#). As we pointed out in that discussion, we included several explanatory factors

**TABLE 3 South Korea's ODA Disbursement Patterns Pre- and Post-Policy-Change: Heckman Selection Model**

	Pre-Reform Model (1987–2009)	Post-Reform Model (2010–2016)	Full Series Model (1987–2016)
<b>Selection</b>			
<i>ln</i> Korea GDP Per Capita <sub>t-1</sub>	1.019*** (0.127)	0.251 (1.044)	0.955*** (0.146)
<i>ln</i> Recipient GDP Per Capita <sub>t-1</sub>	-0.681*** (0.092)	-1.317*** (0.217)	-0.765*** (0.099)
<i>ln</i> Korea-Recipient Dyadic Trade <sub>t-1</sub>	0.112** (0.042)	0.190** (0.067)	0.103* (0.041)
Recipient's Human Rights Abuse <sub>t-1</sub>	0.176** (0.060)	0.451** (0.150)	0.215*** (0.064)
<i>ln</i> Distance	0.699** (0.268)	1.484*** (0.370)	0.862*** (0.244)
Recipient in Asia	1.355*** (0.377)	2.084*** (0.573)	1.543*** (0.336)
Post-Disaster Country	0.327 (0.531)	1.120** (0.423)	0.612 (0.423)
Country Partnership Strategies	0.364* (0.181)	5.360*** (1.032)	0.277 (0.204)
Least Developed Country <sub>t-1</sub>	-1.007*** (0.184)	-0.450 (0.669)	-1.024*** (0.204)
Constant	-10.751*** (2.673)	-5.628 (11.301)	-10.971*** (2.960)
<b>Outcome</b>			
<i>ln</i> Korea GDP Per Capita <sub>t-1</sub>	2.542*** (0.240)	3.220*** (0.966)	2.661*** (0.231)
<i>ln</i> Recipient GDP Per Capita <sub>t-1</sub>	-0.894** (0.276)	-0.639** (0.214)	-0.713** (0.217)
<i>ln</i> Korea-Recipient Dyadic Trade <sub>t-1</sub>	0.280*** (0.055)	0.250*** (0.074)	0.284*** (0.052)
Recipient's Human Rights Abuse <sub>t-1</sub>	0.064 (0.107)	0.092 (0.141)	0.028 (0.095)
Recipient's Level of Democracy <sub>t-1</sub>	0.019 (0.016)	-0.015 (0.021)	0.007 (0.014)
Recipient in Asia	0.566 (0.308)	0.004 (0.297)	0.354 (0.269)
Country Partnership Strategies	1.325*** (0.272)	2.855*** (0.247)	1.729*** (0.225)
Least Developed Country <sub>t-1</sub>	-1.297** (0.454)	-0.777* (0.379)	-0.918** (0.356)
Constant	-6.924** (2.146)	-15.121 (9.972)	-9.139*** (2.017)
No. of Obs.	3302	1122	4424
No. of Censored Obs.	1387	385	1772
Rho	0.617	-0.483	0.225
Wald Chi2 (6)	298.062	314.122	383.026
Probability > Chi2	0.0000	0.0000	0.0000



in our models to be certain we had adequate measures of all influences we wanted our models to calibrate, as well as to be certain that we included an adequate number of controls so as to avoid omitted variable bias. A few of these particular variables were statistically insignificant in the estimates of our models, and to be certain they added to the explanatory power of the models overall, we performed parameter encompassing tests.<sup>26</sup> The results of these tests revealed that some of these statistically insignificant variables did not add to the explanatory power of the models, which allowed us to rerun the models without them and then eliminate them from being presented in [Table 3](#).<sup>27</sup>

Comparing results presented in columns 1 and 2 in [Table 3](#), we see that the signs and statistical significance of the coefficients on our variables in these two columns are by and large unchanged. We also note that the size of the coefficients on many variables across the two time periods, particularly those factors that we included to reveal the impact of policy change on South Korea's ODA disbursements, were substantially different in many cases. This was expected and tells us that, overall, South Korea's ODA policy reforms had a significant impact on which nations would receive assistance and in what amounts. There are a number of indicators of policy change that we expected to have a significant impact on the distribution of South Korea's ODA disbursements, and four of the coefficients on these factors revealed a greater substantive impact in the post-policy-change period compared to the previous time period. Coefficient estimates on other factors included in our models proved to be both statistically insignificant and substantively unimportant.

Concerning variables that were statistically significant and substantively important, the first is our measure of Country Partnership Strategies (CPS), which were statistically significant at both the selection and outcome stages, and, in accordance with our expectations, revealed much larger substantive impacts in the post-policy-change period. We observe from the results in [Table 3](#) that this was particularly true for the selection stage of the process because, while South Korea had ODA relationships with some of these nations, others represented newer development relationships. Being one of South Korea's priority partnership countries also mattered for the amount of ODA support a nation would receive, something that was indicated by the post-reform period's coefficient being nearly double that of the earlier time period. These differences exist because South Korea's Country Partnership Strategies have been tailored to the specific development needs of each of these individual countries, leading these recipients to obtain much more ODA than non-CPS countries.

The next two factors we examine are whether a recipient nation has been characterized by human rights abuses and whether or not a recipient was designated as a post-disaster country. Being a post-disaster country significantly raised the probability of being selected as a recipient of South Korean ODA, and this was true for the post-policy-reform period only. This tells us that the ODA reforms implemented by the South Korean government had a direct impact on disbursements by substantially raising the probability that a post-disaster nation would be selected as an ODA recipient. Coefficients on the impact of being designated as a nation with a poor human rights record, however, did not indicate a positive impact of South Korea's policy reforms, and this is true for both countries that would be selected as ODA recipients as well as for how much ODA they would receive. The results in [Table 3](#) indicate that the impact of being an abuser of human rights had no impact on how much ODA a nation would

receive as indicated by the statistically insignificant coefficients produced by the estimates. In addition to this, results for the selection part of the process tell us that being a human rights abuser raised the probability of being targeted as a recipient, particularly in the post-reform period. This suggests that the impact of South Korea's ODA reforms may have not been comprehensive, but this result can be explained as a problem of supply – specifically, the fact that the lower income countries to be selected as recipients, as prescribed by international norms and South Korea's ODA reforms, were also nations that had relatively poor human rights records.<sup>28</sup>

We also noted in our discussion above that one of the guiding principles put into place by the Framework Act was that South Korean ODA should positively impact gender equality by promoting the human rights of women and children. Because of this, we wanted to capture this impact and added the gender equality index from the International Monetary Fund. If promoting the human rights of women and children was made a part of South Korean ODA disbursements, we would expect this variable to be statistically and substantively significant but with a sign in the negative direction and mostly in the post-policy-change period. However, the inclusion of this variable in our model estimations resulted in a challenge for our analysis, in that Gender Equality Index data are available for different time periods than those covered in our original analysis, specifically, from 1990 to 2013. In spite of this, we did estimate an abbreviated panel with this measure, where the signs were in the expected direction but the coefficient was statistically insignificant. We then performed the parameter encompassing tests, which indicated that including this measure improved the fit of the models for the abbreviated period of time for which this index was available. As a result, we present the results of estimating our models with this variable included in Appendix 1.<sup>29</sup>

The explanatory factors we have examined thus far tell us that there was both continuity and change in South Korea's ODA practices in that, while new nations that matched international criteria were identified and received increased ODA amounts as recipients, South Korea's traditional recipients continued to receive ODA and many in increased amounts, even in the post-reform period. When we examine coefficient estimates for the economic factors that we included in our models, we see that this result is reinforced. Specifically, results in Table 3 tell us that the influence of our economic factors suggest that the ODA policy reforms enacted by the South Korean government did result in changed practices that more closely adhered to the international norms but, at the same time, led to the continuity of old practices that tell us South Korea continues to use its ODA to serve its domestic economic interests.

Concerning change in South Korea's ODA practices, our first economic factor is the per capita GDP of a recipient nation, and the second is whether or not a recipient nation was designated as one of the world's least developed economies. We expected being designated as one of the world's least developed nations would be important in the selection of that nation as an ODA recipient and also in terms of how much it would receive in South Korean ODA. This is particularly true for the post-reform period, and the results in Table 3 support this conclusion, albeit in a nuanced way. In the pre-reform period, being among the world's least developed economies reduced the probability of being a recipient nation for South Korean ODA, and it also reduced the amounts of ODA a recipient nation was likely to obtain if selected. However, in the post-reform period, these coefficients remained negative, but their coefficients were statistically

insignificant. What this means is that the negative relationship between being designated as a least developed economy and the probability of being selected as a recipient and the amounts selected nations would obtain existed in the pre-reform period, but this relationship did not obtain for the post-reform period. In other words, South Korea's ODA reforms eliminated the bias that had existed against poorer nations after the government implemented its ODA reforms in 2010.

Another economic factor we used to test the impact of South Korea's ODA reforms on how it actually distributed its economic assistance concerned a recipient's per capita GDP. Overall, we expected that the probability of being selected as a recipient, as well as the amount of ODA a nation would receive, would be inversely related to a country's per capita GDP. This is because if the policy reforms implemented as part of the Framework Act were indeed meaningful we should witness a more pronounced negative relationship in the post-reform period. The results presented in [Table 3](#) confirm this, particularly with respect to being selected as a recipient nation in the first place. We see from the data in the Table that the probability of being selected as a recipient nation declined as a country's per capita GDP increased, but we also see that this relationship was more than doubled in the post-reform period. This is the result we expected, and when we take this together with the other coefficients from the selection part of the process, we can confirm that the policy reforms implemented in 2010 did affect which nations were selected as ODA recipients and how much they would get from South Korea in assistance.<sup>30</sup>

While these results make it clear that South Korea's implemented ODA policy changes were meaningful in terms of how they affected which nations would be selected as aid recipients and how much assistance they would receive, the results also reveal that the positive impacts policy change had did not erase all of the continuities that existed in South Korea's ODA practices. We see from [Table 3](#) that being a nation in the Asian region was advantageous in being selected as a recipient nation and that this was true for both the pre- and post-policy-change periods.<sup>31</sup> Moreover, we see from the results presented in [Table 3](#) that being a nation that traded with South Korea remained an important factor, and this was true for both being selected as a recipient nation and for how much ODA that recipient would receive. What is also interesting about this result is that trading with South Korea was important but consistently important across the pre- and post-policy-change periods. In fact trade was slightly less important in determining how much ODA a recipient would receive but slightly more important in a nation being selected as a recipient in the post-policy-change period. These continuities tell us that implementing changes in ODA policy that come with the intended impacts on which nations South Korea would choose as recipients and how much assistance they would then receive does not mean that initial ODA distribution preferences would be eliminated because old practices persisted side by side with the distinct changes South Korea meant to implement to coincide more with international norms.

Overall, the analysis presented above tells us that, as a donor nation, South Korea has not only altered the policies that govern its ODA disbursements, but more importantly the policies changes it has implemented have had identifiable impacts on which nations would be selected as recipients and how much Official Development Assistance they would receive. This is important because the analysis provided here reveals clearly that, in the case of South Korea, reform policies have affected practices, but, at the

same time, this is also important because successful change in practices does not mean that South Korea's ODA is now distributed in obedience only to its reform imperatives.

This has been made clear in our analysis of the South Korean case, but there are still additional questions that future research can and should address. Specifically, future research can provide greater insight into which types of Official Development Assistance, loans versus grants and bilateral versus multilateral, better serve the ends South Korea has elevated as its guiding principles. Moreover, the existence of Country Partnership Strategies provides a clearer basis on which to conduct evaluations of the actual impact of ODA in recipient nations. These will have to be the topics of future research, but we do hope that this research has provided a basis upon which this research can proceed.

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## NOTES

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1. By DAC standards, a loan is concessional only if one-quarter of it is in the form of a grant.
2. Fearon (1998) notes that nations can pursue multiple goals in foreign policy decisions.
3. This assessment means that, in terms of ODA disbursements, we do not assume that donor nations are unitary actors even though the standard view in International Relations theory is that they are unitary, rational actors. The classic work on this is Waltz (1979). For deviations of this view, see Fearon (1998), Bueno de Mesquita (1992), and Allison (1972).
4. For a similar approach in the assessment of Japanese ODA, see Tuman and Strand (2006) and Tuman, Strand, and Emmert (2009).
5. South Korea joined OECD in 1996.
6. South Korea received ODA as late as 1995. It joined the DAC in 2010. Japan received aid from the United States for a short time after the war, but it was not the economic-aid-dependent nation that South Korea was. For a detailed discussion, see Steinberg (1985) and Kim (2011). More general treatments can be found in Kuznets (1977), Amsden (1989), and Chung (2007).
7. The recommended changes that were contained in its first Peer Review acknowledged the reforms it had put into place.
8. There are also close to 30 other agencies and bureaus involved in ODA-funded efforts. See OECD (2012).
9. South Korea also provides technical assistance, which was the most important form of ODA in the early post-armistice period. Technical assistance has declined as a share of South Korea's its overall distributions in the last several years.
10. This discourse has been promoted by the Ministry of Strategy and Finance (MOSF).

11. Untied aid is that which does not require a recipient nation to purchase goods and services produced by the donor nation. This discourse recommends that South Korea should strive to be more in line with DAC norms in its ODA distributions.

12. South Korea's first effort as a donor was in 1963, when in response to a USAID request it provided technical training to selected recipients (Kim and Oh 2012).

13. A discussion of the significance of the Seoul Development Consensus is provided in Kim (2010).

14. As suggested above, the 4th High Level Forum on Development Cooperation in 2011 was also an influential gathering.

15. The Washington Consensus has been the de facto guide for the economic assistance practices of DAC members since 1989. The approach in the Washington Consensus was essentially a neoclassical economics approach that, while widely criticized, had been in effect for two decades. See Birdsall, De la Torre, and Valencia Caicedo (2010).

16. That this gathering was held in South Korea's southern peninsular port city of Busan is significant in and of itself. See [www.oecd.org/dac/effectiveness/49650173.pdf](http://www.oecd.org/dac/effectiveness/49650173.pdf).

17. Since this time, South Korea has been working to coordinate its ODA with its allies, particularly its multilateral aid. On such efforts to coordinate its aid practices more closely with the United States (Snyder and Choi 2012).

18. This is particularly true when we view South Korea's ODA disbursements not just in a very broad temporal perspective but especially in more recent years as the amounts it distributed increased as its own GDP grew (OECD 2017b).

19. For a comparison of South Korea's of ODA practices to those of China and Japan, see Stallings and Kim (2016).

20. See e.g., Cigranelli and Pasquarello (1985) and Kegley (1993) for a discussion of how ODA and other tools of economic statecraft can serve multiple purposes simultaneously.

21. The consensus of such analyses is that multilateral aid tends to be more sensitive to recipient nation needs than bilateral economic aid (Arvin and Drewes 2001).

22. Data on South Korea's GDP and GDP per capita and recipient countries' GDP and GDP per capita were obtained from World Development Indicators available at <http://databank.worldbank.org/> (accessed July 30, 2014). Data on trade from 1949 to 2009 were obtained from COW data. Data after 2009 were extended by using IMF Direction of Trade Statistics. Several links were used to collect trade data are available at <http://elibrary-data.imf.org/> (accessed July 30, 2014).

23. Freedom House Index were downloaded at [www.freedomhouse.org/report-types/freedom-world#](http://www.freedomhouse.org/report-types/freedom-world#). [VEW4bU10zDd](http://www.freedomhouse.org/report-types/freedom-world#) and Political Terror Scale (PTS) at [www.politicalerrorscale.org/download.php](http://www.politicalerrorscale.org/download.php) (Both accessed on September 20, 2014).

24. This designation as a post-disaster country was accomplished by the inclusion of a dummy variable, where we obtained these data from the Global Facility for Disaster Reduction and Recovery, [www.gfdr.org/post-disaster-needs-assessments](http://www.gfdr.org/post-disaster-needs-assessments).

25. We obtained Gender Equality/Inequality measures from the IMF Gender Inequality Index, [www.imf.org/external/datamapper/GII\\_TC@GD/gbtier\\_1/gbtier\\_2/gb\\_othersource](http://www.imf.org/external/datamapper/GII_TC@GD/gbtier_1/gbtier_2/gb_othersource).

26. These included the Akaike Information Criterion (AIC) and Bayesian Information Criterion (BIC) tests.

27. We eliminated four variables from Table 3 but did include one of them in Appendix 1. Two of these variables were major power status and the percentage of a nation's population below the poverty level, which were statistically insignificant and did not add to the explanatory power of the models. We also eliminated the Gender Equality Index because it was also statistically insignificant. However, because of this variable's substantive importance to our analysis and because it did add to the fit of our models, we discuss it in more detail below and present the results we got by including it in our estimates in Appendix 1. Finally, because it was not central to the focus of our analysis, we did not report the coefficients on the population variable, even though it was statistically significant. These results are nonetheless available from the authors upon request.

28. We can see from Table 2 that a number of nations selected for Country Partnership Strategies with South Korea were nations with poorer human rights records.

29. We also see that the signs and values on the coefficients for our selection and outcome estimates in both models are not substantively different from those in Table 3.

30. These results were the same in the abbreviated analysis with the exception that recipient GDP in the post-policy-change period was just out of range of statistical significance at  $p < .10$  level.

31. Being an Asian nation was not an important factor in determining the amount of ODA a recipient was given. These results were exactly the same in the abbreviated analysis in Appendix 1.

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## APPENDIX 1

**South Korea's ODA Disbursement Patterns Pre- and Post-Policy Reform Change:  
Heckman Selection Model, Including Gender Equality Index Available from 1990–2013**

	Pre-Reform Model (1990–2009)	Post-Reform Model (2010–2013)	Full Series Model (1990–2013)
<b>Selection</b>			
<i>ln</i> Korea GDP Per Capita <sub>t-1</sub>	1.478*** (0.181)	-4.840** (1.713)	1.212*** (0.184)
<i>ln</i> Recipient GDP Per Capita <sub>t-1</sub>	-0.850*** (0.126)	-1.842*** (0.242)	-0.956*** (0.129)
<i>ln</i> Korea-Recipient Dyadic Trade <sub>t-1</sub>	0.135** (0.052)	0.333*** (0.077)	0.146** (0.051)
Recipient's Human Rights Abuse <sub>t-1</sub>	0.147* (0.071)	0.412** (0.141)	0.196** (0.072)
<i>ln</i> Distance	1.143*** (0.268)	2.159*** (0.423)	1.243*** (0.272)
Recipient in Asia	1.533*** (0.406)	2.445*** (0.742)	1.668*** (0.389)
Post-Disaster Country	0.309 (0.649)	1.419** (0.435)	0.613 (0.467)
Country Partnership Strategies	0.576* (0.237)	8.353*** (1.204)	0.502* (0.243)
Least Developed Country <sub>t-1</sub>	-1.701*** (0.270)	-2.474*** (0.687)	-1.767*** (0.269)
Constant	-17.759*** (3.132)	43.201* (17.680)	-15.477*** (3.157)
<b>Outcome</b>			
<i>ln</i> Korea GDP Per Capita <sub>t-1</sub>	2.028*** (0.347)	1.325 (1.673)	2.255*** (0.311)
<i>ln</i> Recipient GDP Per Capita <sub>t-1</sub>	-0.821** (0.262)	-0.634* (0.267)	-0.773*** (0.214)
<i>ln</i> Korea-Recipient Dyadic Trade <sub>t-1</sub>	0.277*** (0.060)	0.206* (0.102)	0.277*** (0.060)
Recipient's Human Rights Abuse <sub>t-1</sub>	-0.018 (0.099)	0.177 (0.147)	0.006 (0.097)
Recipient's Level of Democracy <sub>t-1</sub>	-0.002 (0.017)	-0.030 (0.026)	-0.009 (0.016)
Recipient in Asia	0.500 (0.397)	0.096 (0.352)	0.390 (0.359)
Recipient's Gender Equality <sub>t-1</sub>	-1.088 (1.028)	-0.513 (1.231)	-1.020 (0.909)
Country Partnership Strategies	1.480*** (0.276)	2.915*** (0.257)	1.798*** (0.245)
Least Developed Country <sub>t-1</sub>	-1.452** (0.474)	-1.105** (0.372)	-1.266*** (0.377)
Constant	-1.366 (3.451)	4.176 (17.675)	-3.942 (3.508)
No. of Obs.	2762	802	3564
No. of Censored Obs.	1387	385	1947
Rho	0.310	-0.529	0.160

Continued.

**APPENDIX 1**  
**Continued**

Pre-Reform Model	Post-Reform Model (1990–2009)	Full Series Model (2010–2013)	(1990–2013)
Wald Chi2 (6)	162.02	243.03	298.414
Probability > Chi2	0.0000	0.0000	0.0000
AIC	7056.877	1811.987	9110.272
BIC	7187.198	1915.103	9246.202

**APPENDIX 2**  
**Descriptive Statistics for Variables Used in the Analysis**

	No. of Obs.	Mean	Standard Deviation	Minimum	Maximum
<i>m</i> Korea ODA (2016 Constant US Dollars)	5892	7.09	6.49	0	19.29
<i>m</i> Korea GDP Per Capita (2010 Constant US Dollars)	5892	9.56	.41	8.69	10.12
<i>m</i> Recipient GDP Per Capita (2010 Constant US Dollars)	5287	8.27	1.51	4.75	11.87
<i>m</i> Korea-Recipient Dyadic Trade	5097	4.51	3.02	-4.60	12.36
Recipient's Human Rights Abuse	5189	2.45	1.130	1	5
Recipient's Level of Democracy	4751	2.48	6.98	-10	10
<i>m</i> Distance	5556	8.57	.56	4.79	9.40
Recipient in Asia	5574	.16	.36	0	1
Post-Disaster Country	5892	.01	.10	0	1
Country Partnership Strategies	5892	.12	.32	0	1
Least Developed Country	5892	.21	.41	0	1