Nothing new under the sun: Korean development assistance and the convergence towards global developmental liberalism

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In this paper I show how Korea’s influence in the international development community is growing, and how Korea’s development assistance is closely related to global promotional imperatives. I discuss Korea’s ambivalent position as an enthusiastic defender of global aid norms, and promoter of an alternative development model. I discuss the purposes of Korean aid, and evaluate the inclusion of chaebols into ODA projects. I refute realist materialist explanations that define materialist interest as the empirically measurable export of national capital and instead underline a phenomenon of convergence towards the privatization of development and global developmental liberalism, in order to move away from discourses of aid exceptionalism present in both critical and enthusiastic accounts of Korean development assistance and more largely of emerging donors' practices. Korea's emerging development agenda should be understood in the larger context of the global political economy of development driven by traditional and emerging donors alike. Beyond ODA flows, I also look at the development model Korea is exporting, in terms of labour rights and industrial policy. Korea is a newcomer in the neoliberal governance of global capitalism and seeks to participate in the export of the competitiveness society through its development practices. It is not different but not worse than traditional donors.

As this paper will show, the Korean developmental alternative is mostly a discursive effort. I understand discourse here as an encompassing notion that goes beyond speeches and declaratory statements to take into account programs, institutions and initiatives that form the promotional apparatus of Korea as an ODA donor. My argument should not imply a gap between discourses and real practices. In this paper, I show how different, real discursive practices and contents conflict and overlap with one another. I argue that Korea promotes
opposed and problematic developmental solutions, but my understanding of discourse and my field interactions with Korean aid practitioners enable me to move beyond a cynical realist criticism of Korean ODA.

A competitive alternative partner?

**Korean development cooperation and the rise to leadership status**

*From recipient to elite donor*

From 1953 to 1961, Korea received 2.3 billion USD of aid, of which 85 million USD from the United States (Lie 1991; Hart-Landsberg, Jeong and Westra 2007, 212). In 1995, it ended its dependence on financial assistance from the World Bank and in 2000 it was excluded from the OECD DAC’s list of Official Development Assistance (ODA) recipients. Korea had begun to use USAID funding to invite trainees from developing countries as early as 1963 (Ikenberry and Mo 2013, 84), for foreign policy purposes. In 1982, the Korea Development Institute launched the International Development Exchange Program to share development knowledge with other developing countries. In 1987, the Economic Development Cooperation Fund (EDCF) was established to provide bilateral and multilateral concessional loans to developing countries.

The creation of KOICA (Korea International Cooperation Agency) in 1991, a government agency responsible for bilateral and multilateral grants, marked another major step in Korea’s ascension on the development scene. In the 2000s, a series of policy documents were published in order to strengthen Korea’s international cooperation framework: ‘Improvement Plan in Korea’s ODA Policies to Developing Countries’ (2003); ‘Comprehensive Plan for Improving Korea’s ODA’ (2005); ‘ODA Mid-Term Strategy’ (2007). In January 2010, Korea became the 24th member of the DAC, taking on a greater role as a development leader. A legal framework for Korean ODA, the ‘Basic Law for International Development Cooperation’, went into effect on July 26, 2010. In 2014, total ODA budget was USD 1,850.7 million (net disbursement), divided in USD 1,391.4 million in bilateral aid and USD 459.2 million in multilateral aid (MOFA 2015). The ODA/GNI ratio has notably increased, but Korea’s ODA budget is still low compared to other DAC. The Korean government had committed itself to tripling its ODA
volume to 3billion$ or 0.25% of its GNI by 2015. Up to 2017, the total ODA budget signals that the government has failed to reach this number, while still significantly increasing its volume of ODA, a notable achievement in a crisis-ridden period for advanced capitalist states. The planned budget for 2017 was of 2.7286 trillion won (US $2.37 billion), with 2.2557 trillion won (US $1.96 billion ) allocated for bilateral cooperation to be divided into grants (1.3385 trillion won or US$ 1.16 billion) and loans (917.2 billion won or US$ 797.56 million) (Jung 2016).

After it accessed the DAC, the Korean government sought to acquire major authority in international developmental cooperation. On October 5, 2010, it adopted the ‘Strategic Plan for International Development Cooperation’, which introduced core strategies and projects of Korean ODA. Core strategies included ‘systematically documenting the development contents of successes and failures derived from Korea's development experience, strengthening ODA implementing capacities, and taking a proactive role in addressing global issues.’ Korea has been active in taking a lead role to put economic development on the negotiation table ever since the Toronto G20 Summit in 2010, an initiative that has culminated with the signature of the ‘Seoul Development Consensus for Shared Growth’ and the correlated ‘Multi-Year Action Plan on Development’ at the outcome of the Seoul G20 Summit in October 2010.

In November 2011, the 4th and final High Level Forum on Aid Effectiveness, organised by the OECD and the World Bank, was held in Busan. The Korean government promoted a shift from a paradigm of aid effectiveness to one of development effectiveness (Kim and Lee 2013) where all forms of development assistance efforts are taken into account beyond aid flows. It also included civil society participants and emphasised private sector-led economic growth. With the launch of the Global Partnership for Effective Development Cooperation, the Forum’s objective was to create a more inclusive global development forum which includes account new actors and focuses on results-oriented projects and development cooperation driven by partner countries (formerly referred to as aid recipients). The Lee government shaped the agenda and provided logistical support.

The Park government complemented these efforts by hosting a series of high-profile international development events. The 8th Seoul ODA Conference was held in September 2014 as part of an effort to share experience and knowledge in the field of development (KOICA

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2014a). In November 2014, KOICA hosted the ‘Training for Capacity Building for Implementation of Busan Global Partnership’ with 35 manager-level officials responsible for aid effectiveness including experts from the UNDP, the OECD and EU member countries (KOICA 2014a, 9). In April 2015, Korea hosted a Development Cooperation Forum High-Level Symposium. The multiplication of these development forums and events reflects Korea’s commitment to an active member of the development community.

Structure

A major characteristic of Korean ODA policy formulation and implementation is its fragmented institutional character. Two separate ministries pursue ODA policies, and more often than not engage in institutional competition over resources allocation (interview #29), and the ideological orientation of ODA (Kim and Gray 2016, 657).

According to official explanations, ‘Korea’s institutional framework of ODA consists of a coordinating body, supervising ministries, and executing ministries and agencies. The Committee for International Development Cooperation (CIDC), founded in 2006 by presidential decree as a coordinating body, deliberates and decides overall ODA policies for greater policy coherence and systematic delivery of aid programs. Korean ODA implementation is distributed between KOICA, MOFA’s grant agency, and the EDCF, providing concessional loans and managed by the Export-Import Bank of Korea (Korea Eximbank, or KEXIM), the official export credit agency, itself under the authority of the Ministry of Strategy and Finance (MOSF).

36. Korea’s ODA system

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8. Overview of ODA structure

In addition to grants, KOICA also handles dispatch of volunteers and experts (World Friends Korea), training programs for recipients, overseas emergency relief, partnerships with civil society and multilateral assistance. The EDCF focuses on economic growth and infrastructure.
projects in developing countries. It is also responsible for implementing Public Private Partnership (PPP) loans and co-financing with multilateral development banks. Horizontal fragmentation is also responsible for the complicated character of Korean ODA provision as twenty seven government agencies are involved in Korea’s aid programme (Kim and Kang 2015, 783). Many regional and city governments participate in diverse projects in developing countries, as testified by the North Gyeongsang provincial government’s commitment to Global Saemaul Undong (chapter 7).

Tensions over budget allocation between MOFA and MOSF are partly responsible for this competitive bureaucratic dynamics (interview #40). But philosophical and political orientations also lead the two ODA implementing organisations to be ‘at each other’s throats’ (KOICA president, quoted Folley 2010, 91). The accession to DAC in 2010 and the increasing pressure to comply with DAC norms has led to heightened tensions between the two ministries. Demands have been expressed by the DAC for Korean ODA to provide more grants, untie aid and establish a single ODA agency under KOICA’s umbrella (Kim and Gray 2016, 657). But KOICA and KEXIM have different perspectives on what ODA should aim for, with a clear divide between humanitarian leadership (MOFA) and agenda-setting leadership oriented towards economic returns (MOSF) (Kim S. 2011; Kim and Gray 2016, 657).

Priority recipients

From its official transition from an aid recipient to an aid donor in 2000, Korea has had a clear geographical focus on Southeast Asia, with key target countries such as Vietnam, the Philippines, Cambodia, Indonesia and Myanmar. The geographical focus on Asia is justified by a greater geographical and cultural proximity (interview #27). Historical bounds also explain this prioritisation, as the Korean government is emphasising its ‘pay-back’ policy for help received by Korea during the Korean War (Chung 2013, 49; Sesay 2002, 203). 4 It is also increasing its focus on African countries, with priority recipients such as Ethiopia, Rwanda, Uganda, Tanzania and Tunisia.

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4 Some historical issues are involved and we repay something to countries with which we have tight historical experiences. The Philippines deployed their army during the Korean War. So did Ethiopia and Columbia. We are definitely paying something back. This is our slogan’ (interview #27).
38. Geographical allocation of KOICA’s ODA funds (2008-2014), (net disbursements, %)

39. Bilateral ODA by Region (2008-2014) (net disbursements, USD million, %)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td>250.83(46.5%)</td>
<td>292.00(50.3%)</td>
<td>553(51.4%)</td>
<td>593.67(53.9%)</td>
<td>637.67(55.8%)</td>
<td>731.12(55.8%)</td>
<td>683.33(47.5%)</td>
</tr>
<tr>
<td>Africa</td>
<td>104.06(19.3%)</td>
<td>95.31(16.4%)</td>
<td>139.00(15.5%)</td>
<td>173.36(13.0%)</td>
<td>261.01(22.1%)</td>
<td>271.72(20.7%)</td>
<td>332.72(23.0%)</td>
</tr>
<tr>
<td>Middle East</td>
<td>30.54(5.7%)</td>
<td>21.37(3.7%)</td>
<td>34.20(3.9%)</td>
<td>41.26(4.2%)</td>
<td>42.25(3.6%)</td>
<td>40.5(3.1%)</td>
<td>74.53(5.3%)</td>
</tr>
<tr>
<td>Europe</td>
<td>12.89(2.4%)</td>
<td>46.36(8.0%)</td>
<td>38.72(4.3%)</td>
<td>20.65(2.1%)</td>
<td>16.56(1.4%)</td>
<td>2.53(0.2%)</td>
<td>0.36(0.07%)</td>
</tr>
<tr>
<td>America</td>
<td>68.69(12.7%)</td>
<td>55.94(9.5%)</td>
<td>64.46(7.2%)</td>
<td>64.36(6.5%)</td>
<td>76.2(6.4%)</td>
<td>96.48(7.4%)</td>
<td>199.03(7.3%)</td>
</tr>
<tr>
<td>Oceania</td>
<td>2.22(0.4%)</td>
<td>1.53(0.3%)</td>
<td>5.6(0.6%)</td>
<td>4.15(0.4%)</td>
<td>3.42(0.3%)</td>
<td>3.92(0.3%)</td>
<td>6.49(0.5%)</td>
</tr>
<tr>
<td>Unallocated</td>
<td>68.98(13.0%)</td>
<td>68.91(11.9%)</td>
<td>64.66(7.2%)</td>
<td>98.84(8.8%)</td>
<td>146.06(12.3%)</td>
<td>163.16(12.6%)</td>
<td>199.51(14.3%)</td>
</tr>
<tr>
<td>Total</td>
<td>539.21(100.0%)</td>
<td>581.1(100.0%)</td>
<td>900.81(100.0%)</td>
<td>989.52(100.0%)</td>
<td>1183.17(100.0%)</td>
<td>1309.58(100.0%)</td>
<td>1395.77(100.0%)</td>
</tr>
</tbody>
</table>
The ROK has also been providing significant amounts of humanitarian aid to North Korea, although it is not included in foreign aid figures since North Korea is officially not a foreign state but an anomaly in the sovereign unity of the Korean peninsula. This aid amounted to about 19.5 billion won (17 million USD) in 2014, while 742.5 billion won (663 million USD) was provided to the whole Asian region. The amount of aid provided to the North is ‘greatly affected by the political ideology of the ruling government (i.e., conservative or liberal’ (Lim 2015, 19), explaining that after two conservative governments, the amount is significantly low.

40. Aid to North Korea (2007-2016)

*Orange bars represent grants and yellow bars food loans, while green bars represent civil society support.*

41. Aid to North Korea (2007-2016)

*Divided in government support (grants and food loans), civil society support and total amount.*

*Source: [www.odakorea.go.kr](http://www.odakorea.go.kr) (accessed 2 March 2017)*

In order to respond to criticisms raised by the DAC (2012) and observers (Oh J. 2014) regarding Korea’s unusually high number of aid recipients and the possibility of its efforts being too dispersed to be effective, the government has established a Country Partnership Strategy (CPS). In accordance with the Framework Act (article 8.2.3) and the Strategic Plan prepared for the country’s admission to the DAC, the government has selected priority partner countries. For each priority recipient, an integrative CPS plan is formulated. There are currently twenty-six priority partner countries, chosen based ‘on their income, political situation, diplomatic relationship with Korea, and economic potential’. Each CPS includes ‘ODA volume, focus sectors, and implementation plans for each partner country based on Korea’s ODA strategy and the national development plans of the partner country’. The CPS is revised every three to five years to reaffirm its alignment with partner countries’ national development plans. It can also be modified within three years through the CIDC’s deliberation and decision.

42. Countries with CPS (2013)

<table>
<thead>
<tr>
<th>Year</th>
<th>Country</th>
</tr>
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<tbody>
<tr>
<td>2011 (3 countries)</td>
<td>Vietnam, Ghana, Solomon island</td>
</tr>
<tr>
<td>2012 (11 countries)</td>
<td>Bolivia, Sri Lanka, Indonesia, Mongolia, Azerbaijan, Ethiopia, DR Congo, Cambodia, Bangladesh, the Philippines, Uzbekistan</td>
</tr>
<tr>
<td>2013 (12 countries)</td>
<td>Lao, Mozambique, Peru, Cameroon, Colombia, Nepal, East Timor, Rwanda, Uganda, Paraguay, Pakistan</td>
</tr>
</tbody>
</table>

Source: [www.odakorea.go.kr](http://www.odakorea.go.kr) (accessed 5 March 2017)

The Korean government seems to favour countries that have strong commercial ties with Korea such as Vietnam, the Philippines or Indonesia. I was not able to obtain clear information about the selection process of partner countries. My interviewee at KOICA confessed: ‘it’s a black box; you don’t know how they choose. As I think, there’s no scientific evidence for how we choose those partner countries, it’s based on diplomatic reality and relations, I think’ (interview #29). Most countries Korea gives ODA to are not LDCs, and the priority are middle-income
countries offering more economic opportunities for Korean corporations\(^5\), as the MOFA itself recognises (2008, 10).

Attempting to comply with its DAC commitments, the conditions of delivering concessional loans to LDCs changed in July 2008 to meet the 90% of average grant element for LDCs, complying with the DAC Recommendation on Terms and Conditions of Aid.

43. Income Group Aid Share of Bilateral ODA (2008-2014)  (net disbursements, %)

44. Bilateral ODA by Income Group (2008-2014) (net disbursements, USD million, %)

\(^5\)The way of presenting these figures can be misleading, and reflects the Korean government’s intention to show its commitment to LDCs. Visually, in tables 43 and 44, LDCs are the main recipients of Korean ODA (32.97% and 38.3%). This is due to a breakdown of the Middle Income Countries (MICs) category into two sub-categories: Lower Middle Income Countries (LMIC) and Upper Middle Income Countries (UMIC). If these two categories are merged, MICs are still the largest recipients of Korean ODA (52.70% vs 32.97% for LDCs; 44.8% vs 38.3% for LDCs).
Focus sectors and strategy

At the 7th meeting of the CIDC in October 2010, the Korean government adopted the aforementioned Strategic Plan for International Development Cooperation. The Plan sets the strategy of Korea’s international development policies according to the following four objectives: (i) to take responsibility as a member of the OECD Development Assistance Committee (DAC); (ii) to fulfil its commitment of scaling up the ODA volume; (iii) to strengthen integrated ODA system in accordance with the Framework Act’. In addition, the Plan also ‘adopted three core strategies to improve Korea's ODA performance: (i) developing ODA contents taking advantage of Korea’s development experiences; (ii) enhancing the ODA system; (iii) strengthening inclusive partnership for development’. The pursuit of economic growth is the core strategy of Korean ODA. As the fostering of independent economic development by partner countries is seen as more important than other aspects of aid such as humanitarian aid, social and economic infrastructure form the largest part of Korean ODA.

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KOICA puts more emphasis on education and health (KOICA 2014a). Although the overall direction of Korean ODA remains unchanged, it is weakened by policy inconsistencies due to each new president’s desire to build her own policy model of ODA (Kim and Kang 2015). This explains that Lee’s Green Growth and ‘resource diplomacy’ policies have been abandoned, as was the case with the PCNB, and has been replaced with the promotion of Saemaul Undong by the Park Geun-hye administration (Kim and Kang 2015, 785; see chapter 7; interview #31).

Korean development cooperation is delivered in a variety of ways. Financial flows are divided into loans (concessional loans of the EDCF with competitive interest rates; ‘no strings attached’ loans provided by KOICA; tied aid; see Watson 2011) and grants. In addition, ODA is also delivered through knowledge and technology transfer and elite training programs. The Ministry of Strategy and Finance is presiding a Knowledge Sharing Program (KSP) aiming to transfer macroeconomic knowledge to developing countries along with the Korea Development Institute (KDI), funded as the research arm of the Economic Planning Board in the Park Chung-hee era. The dispatching of volunteers (World Friends Korea) to foreign nations is also a distinctive feature of Korean ODA.

**Partners**
ODA executing agencies work with a series of partners to achieve development effectiveness as defined in Busan under the principle of inclusive ODA partnerships. KOICA (2014a) lists partners such as emerging and traditional donors, UN agencies, business, NGOs, academia and public agencies. Donor collaboration is central to achieving the principle of donor harmonization as established by the Paris Declaration on Aid Effectiveness. Therefore the Korean government establishes cooperative projects with other donor agencies to improve information sharing, mutual learning and division of labour in the field. Major types of collaboration with other donor institutions are regular bilateral ODA policy dialogues, donor meetings in the field, joint ODA projects, and other activities such as staff exchange, joint research and joint evaluation for mutual learning, such as the KOICA-JICA joint rural development program in Vattay Village in Cambodia in 2009 (KOICA 2014a) or the ‘6 Banks’ project to enhance aid effectiveness in Vietnam, together with the ADB, the Agence Francaise de Developpement (AFD), the World Bank, Japan Bank for International Cooperation (JBIC) and the German state-owned KfW Bank.

Private companies are also increasingly included in ODA projects. Inclusive partnerships with business are undertaken through two main channels: Corporate Social Responsibility (CSR) projects and PPPs. Civil society also participates to ODA projects, most notably in triangular cooperation between the state, corporations and NGOs (see II.C.1 for more details).

The pursuit of comparative advantage: Korean ODA between compliance and challenge

Korea as a responsible DAC member

As a DAC member since 2010, Korea is bound to comply with global aid norms as defined by the DAC and other liberal institutions. In line with its middle power strategy and promotional imperatives, it seeks to promote itself as a responsible nation, committed to the global fight against poverty, and fulfilling its obligations as a member of the international community and

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9 While there is no single commonly accepted definition of a PPP, the World Bank’s PPP Knowledge Lab defines a PPP as ‘a long-term contract between a private party and a government entity, for providing a public asset or service, in which the private party bears significant risk and management responsibility, and remuneration is linked to performance’. Retrieved from http://ppp.worldbank.org/public-private-partnership/overview/what-are-public-private-partnerships (accessed 2 May 2017)
above all of a select club of advanced nations. Therefore, in 2014, former KOICA President Kim Young-mok wrote that ‘KOICA strives to respect international aid norms and establish best practices in development cooperation, thereby contributing to initiating a new era of “Happiness for all” in order for Korea to grow further into a leading development cooperation agency that meets the needs and requirements of the international community’ (MOFAT 2014, 5).

Korea presents itself as a bridge between developed and developing countries and a facilitator of multilateral discussions, notably by organising multilateral meetings (Jojin 2014, 332). Even the UN’s ECOSOC has recognised Korea’s bridge role in development assistance (ECOSOC 2008). Respect for international norms implies participating to multilateral aid projects and institutionalising private sector development in ODA policies since ‘as a responsible member of the global community, Korea respects and complies with the international development cooperation standards to strengthen its global partnerships and plans to contribute more to multilateral organizations’.

What Kim refers to as ‘ethical/deferential leadership discourse’ of Korean ODA seeks to ‘project the nation’s international identity based on humane (inter)nationalism and respect for global norms and agreements’, but also to comply with mainstream norms in order to ‘secure the nation’s diplomatic and normative influence’ in and beyond the aid sector (Kim S. 2011, 82). This has been considered a conformist approach to global development governance (Jerve and Selbervik 2009) as opposed to more independent aid policies of (re-) emerging donors such as China and India (Fues and Cooper 2008) that are not DAC members, do not seek to become so, and therefore do not fall under any necessity to follow DAC liberal guidelines (such as accountability or partner ownership). Korea explicitly seeks to make clear that it has now become a liberal norm setter (Ikenberry and Mo 2013, 7).

Lee Myung-bak proclaimed this evolution of Korean diplomacy towards a global norm setting role within the framework of global aid standards: ‘the world can be split into two groups: one sets global rules, and the other follows. Korea has successfully transformed itself from a passive follower into an active agenda setter’ (Lee 2010).

An alternative to traditional donors?

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But Korea’s development diplomacy also participates in a discursive shift in international relations, shared by other middle powers, to present ‘an alternative to the dominant narrative of great powers’ (Jojin 2014, 332; see Kim S. 2011, 805). It has repeatedly played upon its position as a non-Western donor in its promotional strategy. Korea’s ODA sits in a perpetual tension between its position as an enthusiastic defender of global liberal aid norms (Ikenberry and Mo 2013, 14), and a promoter of an alternative and unique development model, based on its comparative advantage as a donor-turned-recipient country. In this horizontal model of development assistance, Korea’s legitimacy as a development partner and a norm creator is reinforced by the legacy of the ‘miracle on the Han River’ (World Bank 1993). The Korean government promotes a distinctively Korean model of ODA banking upon its own developmental experience, notably through the KSP (Chung 2013). Together with *Saemaul Undong* (chapter 7), the KSP belongs to a series of technical assistance programs that seek to implement a distinctly Korean expertise based on the country’s experience of miraculous industrial development (KDI 2013). The idea of a ‘Korean model of ODA’ is the outcome of dialogues between the government and government-affiliated R&D institutions like the KIEP (Korean Institute for International Economic Policy), KDI and KEDI (Korean Educational Development Institute) (KDI 2011). Former KOICA President Kim Young-mok explained that ‘the countries we are working with are yearning to learn from the unique Korean experience’ (interview #28).

Korea offers a discursively distinct strategy than that of traditional Western donors. In line with the new development locus introduced by emerging donors (and taken over by traditional donors), Korea presents itself not as an aid donor but rather as a development partner (Eyben and Savage 2013, 458). It shows no pretension of conditionality, especially in the field of human rights or good governance. It presents itself as apolitical, as opposed to an invasive and imperialist Western aid: ‘We are not political, we emphasise neutrality’ (interview #27). It also claims to respect partners’ development ownership without interfering in their national priorities. The Korean government builds upon the memory of colonialism to create a non-hierarchical discursive space with developing countries, a strategy notably shared by China (Breslin 2007). The Korean administration argues that its development strategy is more
appreciated by developing countries because of a shared understanding of what getting out of poverty requires, and an emphasis on ownership:

‘We have a different aid policy from that of Western countries. Aid implemented by KOICA has received much satisfaction from recipient countries. For example, the Ministry of Health in Palestine was extremely satisfied. Our aid goes directly to people, and we do not use consultancy. [...] Our strategy is local, as opposed to that of Western countries. Even though our budget is still humble and smaller than Western countries, we have a lot of impact’ (interview #27).

Korea’s experience of being a ‘recipient-turned-donor country’ (Lee M-B. 2010) surely makes it more legitimate to take part in global discussions on development. As a senior officer at KOICA Philippines explained:

‘what’s unique with our approach or way of thinking concerning this issue is that we really want to see what the bottle neck, because we have experience, of course the situation is different but anyway we have experience of getting one community out of poverty, it took a couple of decades, we have experience. So we are confident, we’re confident that we can actually make similar story in the Philippines. It is my personal view, not on behalf of KOICA, but other donor agencies they do not have a generation who remembers poverty or at least change because it’s been already 200 years but in the case of Korea, we have generations of people who still remember those days and that’s a good…(interview #31).

Korean cultural proximity with its partners is also claimed to build the country’s comparative advantage in the field: ‘I think…What I’m going to say now can be politically incorrect but as one of Asian countries, Korea I think understands better than Western countries, about the Philippines. Philippines are different from Korea of course but there’s some values we share at a similar level […] So I think we understand better the people and the society’ (interview #31). This discursive construction of Korea as a benevolent, non-imperialist donor is asserted through a series of cultural channels such as the promotional of Hallyu (Ainslie 2016) and Korean development actors, including Korean missionaries who are at the front of exporting
Korea’s development experience (chapter 7) and who build their legitimacy through discourses of us vs the West wherein Koreans appear as genuine and humble: ‘Koreans are not racist like the white Europeans […] and we are not high and mighty like the Americans’ (Han 2011, 147).

Within Korea itself, the promotion of Korea’s development model is being criticised as a one-size-fits-all illusory promise (Chun et al. 2010; Kim, Kim and Kim 2013) and some academics point to the uncritical adoption of Korea’s developmental recipe despite its own limitations in the Korean context: ‘Despite Korea’s attempt to be a bridge between developed and developing countries, the Korean developmental model has defaults. For instance, Park Chung-hee and the technocrats of his government mobilized a lot of young women for the first economic take-off, in light industry. This is only one example among others’ (interview #32).

While traditional donors are portrayed as imposing conditionality and actually hindering the development of its aid recipients, the Southern donors emphasise the principles of country ownership and collaboration and are seen as a potential support for the development of the local private sector, as they are pragmatic (Chung 2013, 51) and prioritise economic growth and infrastructure’ (Eyben and Savage 2013, 463). In this perspective, Korea puts much emphasis on investments for huge infrastructure projects in developing countries, inspired by Korea’s own development and a focus on fostering local growth engines through infrastructure rather than aid. Additionally, a strong emphasis on self-help (Watson 2012, 82) explains that Korea puts more emphasis on concessional loans than on grants, despite its efforts to counter this balance in compliance with ODA norms as recommended by the DAC (2012). Loans are assumed to encourage fiscal responsibility in the recipient country and promote a sense of ownership and responsibility (Eyben and Savage 2013, 464).
The chaebols, ODA and the global convergence towards development privatisation

Why does Korea give aid?

The debate about aid purposes is reflected in the literature on Korean development assistance. Korean diplomacy has been straightforward, as most Asian donors, in presenting its development assistance as ‘win-win ODA’ (MOFAT 2014). The MOFA made it clear before its accession to the DAC Committee that ODA should bring mutual benefit for both donor and recipient (MOFA 2008, 10). While the inclusion of commercial interest in development assistance provision reflects no Korean peculiarity, what is striking is the bluntness of the discourse, justified by the need to counter the hypocrisy of Western donors that have long refused to state their materialist interests as openly. Mutual benefit is made clear because, as former KOICA President Kim Young-mok explained:

‘ODA cannot be separated from national interest. I cannot say KOICA does not regard public foreign policy. ODA is officially focused on development; it’s not free from it because it mainly comes from taxes (so citizens want to see the results). But we do not try to focus only on public policy. In the process of ODA there is some benefit, eventually some recipient countries will be grateful. It is natural’ (interview #28).

Korea’s development model has been celebrated as a promising alternative (Kim and Lee 2011, 2013) and as a moral policy (Lumsdaine and Schopf 2007), but critics of Korean ODA contend that Korean ODA has been led through a top-down perspective that has largely dismissed the importance of local communities and civil society (Watson 2011, 64). Some Korean academics have used quantitative analysis to establish the primary motivations of Korean ODA policies, with Kim and Oh (2012) finding that Korea’s ODA allocation might have a dual-track structure since Korea provides more aid to higher-income developing countries with high growth rates,

11 Japan led the way to this pattern of development assistance. Nevertheless, observers note that it has recently shifted its focus towards more humanitarian goals (interview #39). Its support for the Peace Process on the Southern Philippines island of Mindanao is one example of this new orientation (interview #41).
but the relationship between per capita income of the recipient country and ODA flows is negative only for the middle-income or lower-middle-income recipients.

Additionally, the liberal left is arguing, from a surprisingly realist perspective, that the government is using a soft power rhetoric to hide its materialist interests (Kalinowski and Cho 2012; Watson 2011, 62). Consistent with this claim, and emphasising the continuity of Korea’s developmentalist tradition, Global Korea appears as an ‘international extension’ of the developmental state’s mercantilist policies (Kalinowski and Cho 2012, 3; Kalinowski and Park 2016). Kim and Gray (2016) show that Korea’s growing ODA commitment to Africa is both the result of the particular stage of Korean capitalism wherein globalised chaebols are supported by the state to find new investment markets and to sell their production, as well as the result of geopolitical considerations, notably receiving the diplomatic support from African states. This critical literature links Korean ODA to the specific structure of contemporary Korean capitalism, and hints at the path dependency of the developmental state in the public-private character of ODA.

**Measuring and explaining chaebols’ inclusion in Korean ODA**

The literature is remarkably silent on how private actors are included in Korean ODA. Since it is undeniable that economic interests impact (at least partially) Korean ODA strategy, as the Korean MOFAT itself recognises (MOFAT 2014), do private actors, predominantly chaebols, influence ODA decision-making, and how? Has the DAC membership transformed the channels of inclusion of the private sector in Korean development projects? How unique is Korea’s inclusion of its private sector in development projects? I focus on chaebols as they are overwhelmingly representative of Korean capital, consequence of a developmental configuration that favoured big business at the detriment of SMEs. Despite recent governmental efforts to foster SMEs’ growth potential and access to global procurement markets (EDCF 2013, 33), it is recognised that SMEs still face ‘substantial hurdles at the initial project bidding sated due to their lack of market information and inexperience in bidding, compared with large companies armed with a wealth of experience and networks’ (EDCF 2013, 33).

My research shows that chaebols are included informally and structurally in the ODA policy-making institutions of the Korean state. ODA is a predominant sector where collusion between
state bureaucrats and business leaders occurs, as several major corruption scandals related to ODA revealed under the Lee (2008-2012) and Park (2013-2016)\textsuperscript{12} administrations. The combined path-dependency of developmentalism (Amsden 1989; Evans 1995; Kim 2008; Wade 2003a; Woo-Cumings 1999) and the globalisation of chaebols (Kim Y. 2008) have led to a renewed state-business matrix characterised by a \textit{renewed} ‘adaptive partnership’ (Dent 2003). The transition to neoliberalism and the inclusion of chaebols in Global Value Chains (GVC) (Yeung 2014) have provided them with not only structural inclusion, but also increasing political leverage. Despite a short-lived attempt to end the 'chaebol republic' after the 1997 crisis, the election of Lee Myung-bak has marked the return of state-chaebol cooperation (Kalinowski 2009). The Korean state has refocused its mission on securing national economic growth, best guaranteed by chaebols, and the chaebols, though not dependent on the state when engaging in global production networks, still benefit from the state in order to access international development procurement contracts more easily (Kalinowski and Park 2016, 63).

\textit{Corporate orientation of ODA}

Korean corporations have been very eager to compete over overseas procurement markets, especially in Asia and Africa, and the government has provided them with significant support (Yun and Lee 2012, 229). ‘Often such objectives are “hidden away” from public eyes- and are often structurally incorporated into the aid system itself’ (Kim S. 2012). Although tied aid is not per se a sufficient indicator of the private involvement in ODA projects, it still reveals a corporate orientation of ODA and suggests that private actors’ interests are taken into account in policy formulation. Despite Korea's accession to the DAC in 2010, and its efforts to untie its financial contributions to developing partners, its aid remains largely focused on bilateral loans and tied grant aid. Latest figures report that in 2013, tied aid accounted for 40\% of Korean ODA, including grants and loans (updated data provided by KoFID, July 2016) while the DAC average was only of 14.3\% in the same year (OECD 2016b). The corporate orientation of ODA, especially under Lee Myung-bak, is undoubtedly due to the ‘particular dynamic of business-government of the time, which reflected on the perception of what is national interest’ (interview #40). One should not forget either that Lee originated from the private sector, as the

\textsuperscript{12} At the time of writing, President Park has been impeached by the Parliament and is being prosecuted on corruption charges. Anticipated elections will be held in May 2017.
CEO of Hyundai Engineering and Construction, which might have reinforced the private orientation of ODA strategy.

As indicated earlier, the selection process of partner countries remains opaque and it comes as no surprise that the example of Korean government’s ‘strong ODA partnership’ mentioned by my interviewees is Vietnam, a fast-growing middle income country where Korean capital, and notably Samsung, has vested interests. Kim recalls that ‘one of my colleagues in Korea confided in me with frustration about the way in which project evaluation criteria were dictated for their utility for advancing Korean companies’ overseas expansion’ (Kim S. 2012). A strong correlation between Korean ODA flows and trade volumes from 2008 to 2013 can be found for Vietnam (0.980) and Cambodia (0.819) and to a lesser but nonetheless significant extent, for the Philippines (0.484).

### 48. Bilateral trade volume with Korea and ODA (2008-2013)

![Table](image)

*Reproduced with permission from Kwak, S. (2015), 175*

Between 2000 and 2013, there was also a parallel increase in FDI and ODA flows from Korea to Southeast Asia, except for plummeting FDI volumes in 2009 and 2013. But weak correlations ratios between ODA and FDI flows to individual countries make it difficult to establish that Korean ODA responds to economic interests, that could well be represented by FDI (Kwak 2015, 172), thus, ‘suggesting that the Korean government relies on the more
accessible information about bilateral trade volume’ (Kwak 2015, 175) in choosing its priority recipients.

49. Korea’s FDI and ODA to Southeast Asia (2000-2013)

KOICA officials were nevertheless wary of being associated with the private sector and being seen as the public arm of Korean corporations. In a meeting with KOICA officials in Manila, I asked: ‘I have a last question, maybe this is the most controversial of my questions, about the private sector, because of course here most people know that Korean investors and companies are investing a lot in the Philippines, I was wondering if as a public organisation, you had the opportunity to cooperate with the private sector and how do you avoid being seen as kind of a partner of the Korean private sector?’ To which my interviewee responded, distancing his work from private sector involvement: ‘Private sector is also universities, institutions etc. Actually KOICA wants to play as a platform for stakeholders in public and private sectors, so we have a lot of programs, like PPP programs, partnership programs with private sector. But you know it is quite different from what you think is a PPP. We have CSR, not profit, of course companies will invest but we try to keep this track, not the profit.’ Probably a bit stubbornly, I added: ‘I was wondering if you feared being associated with companies but since you focus mostly on CSR and civil society…’ My interviewee replied briefly: ‘Actually there is another organisation, KOTRA, for investments of Korean business’ (interview #31). When recalling this interview with a Korean civil society researcher, she exclaimed: ‘Really ?? That doesn’t make any sense, because they have created one new team just for companies.
Interesting…They have this private partnership programme, and under that programme there is academia, business, and I don’t think budget for business is the lowest… I don’t know, I don’t know. Maybe the major part is being made by civil society, on the field’ (interview #36).

This reveals a somewhat defensive position of aid practitioners towards accusations of corporate interests in Korean ODA. In order to assess the quantitative inclusion of chaebols in KOICA’s ODA projects, and complement my qualitative findings based on interviews, I have reviewed 51 ex-post evaluation reports on specific projects carried out by KOICA from 2011-2014 (following Korea’s accession to the DAC). In an effort to comply with Paris’ principles of mutual accountability and results based management, 37 KOICA projects nominally listed the partners from Korea or local companies funded by Korean corporations. The fifty-five partners identified are either listed as Project Managing Company (PMC), consulting company, implementation agencies or construction/production suppliers. I have classified these partners into seven categories: state-owned enterprises, chaebols, leading firms, SMEs, educational/vocational institutions, NGOs, business organisations. Before the DAC accession Kim Soyeun reports that between 1985 and 2005, around 90% of tied aid projects were procured by the four major chaebols – Samsung, Daewoo, Hyundai and LG (2012, 42). Results show less overwhelming figures, a decrease that can be linked to the parallel decrease in tied aid from 2010 onwards. Nevertheless, a majority of partners I identified in KOICA’s projects were still either chaebol or chaebol-invested companies, with most represented chaebols Samsung SDS and KT, predominantly in ICT-related projects. This remains a significant figure, especially for an agency like KOICA that is organically less aligned with commercial priorities than EDCF and emphasises the inclusion of private actors such as academic institutions and NGOs in its programs (interview #31).

50. Korean stakeholders involved in KOICA funded projects (2011-2014)

14 KEXIM’s commitment to transparency is less tangible than KOICA’s since publicly available EDCF ex-post evaluations do not mention projects’ implementing actors.
The only literature to look directly at interactions between national companies and foreign aid is the literature on Japanese aid (Rix 1996; Sato 1991; Schraeder, Hook and Taylor 1998). While Kato (1998) argues that Japanese government and business cooperate on ODA policies, Arase’s work (1994, 172) reviews private-public interactions in Japanese and shows that the ‘structural inclusion of private sector actors in policy making and implementing structures’ explains the parallel coordination of commercial and ODA agendas. There are numerous analogies between Japanese and Korean development assistance if one looks at domestic structural arrangements to understand the private interests represented in ODA (Arase 1994, 173; Lancaster 2007, 5). The inclusion of the private sector is the result of the specific institutional structure of governance in Korea. Under the developmental state, state institutions built links into the business community thanks to which they directed national economic growth, notably thanks to ‘deliberation councils’, forums where government and corporate actors discussed economic directions and negotiated policies (Weder 1999, 9). Since ‘institutions are not neutral coordinating mechanisms but in fact reflect, and also reproduce and magnify, particular patterns of power distribution in politics’ (Thelen 1999, 394), Korea’s path-dependency of ‘embedded autonomy’ (Evans 1995) explains that, like in Japan until the late 1990s, ‘the bureaucracy has used its relative autonomy both to institutionalise intimate,
collaborative relations with the private sector, and to exclude non-growth oriented societal interests’ (Arase 1994, 192-193). Korean ODA also shares other institutional features with Japanese ODA: it is project-oriented and request-based, which explains why it shares similarities with domestic policy-making processes where bureaucratic and private interests have traditionally been ‘interlocked’ and have ‘managed the allocation of contracts’ (Arase 1994, 194).

As in Japan, structural inclusion of the private sector in public decision-making is reinforced by the presence of trade associations such as the Korean Federation of Industries (KFI). KFI is the most powerful trade association in Korea and it possesses institutional channels to maintain dialogue with the government. The weight and activities of an organisation like KFI suggests that, like in Japan, it has had a central role in shaping ODA policies (Arase 1994, 187). A similar observation can be extended to the International Contractors Association of Korea, an interest group representing Korean construction firms involved in overseas projects, which is also a major stakeholder in the Development Alliance of the Korean government. The combined neoliberal competition state character of the contemporary Korean state, and the ‘path-dependency of bureaucratically led institutional development’ explains that ‘the bureaucracy is intimately aware of private sector policy preferences’ (Arase 1994, 198).

Informal interactions

One lexicon that repeatedly emerged from my field interviews is that of opacity and informality. Private-public elite informal interactions are key in ODA formulation. As an interviewed academic noted, ‘The private sector comes in form the very beginning of the policy process, informally. They go for breakfast, go to the gym at the Shilla hotel [Korean luxury hotel chain]. It’s totally informal. It’s a space where ordinary citizens are excluded’ (interview #40). Civil society actors also conveyed the impression of private actors moving behind the scenes, and campaigned for more transparency. A civil society representative referring to a campaign against the Jalaur mega-dam project led by KEXIM in the Philippines, explained: ‘I can’t name the corporations, but big Korean companies are involved in this project. […]’ The opacity factor seemed crucial in the extent of civil society representation in Korean ODA formulation, compared to private sector representation: ‘The thing is that I haven’t seen private actors working with government in the public scene, maybe they are lobbying behind, but for policy development and implementation and evaluation, civil society is bigger than private
sector. Behind the scenes I don’t know what happens’ (interview #36). While civil society is now included in the official policy formulation process, in line with DAC guidelines, the extent of private sector inclusion results from a particular structural and informal configuration of Korean governance.

This configuration has led to problematic ODA practices under the last two conservative administrations. ODA has not been exempt from corruption scandals that have shaken Korean society, culminating with President Park's impeachment in March 2017 following massive demonstrations against her close confident Choi Soon-sil’s involvement in state affairs and bribery practices. Choi is currently facing allegations of having used her ties to help a company participate in an ODA project in Myanmar, and in turn received part of the earnings (Lee 2017). The Lee administration has not been exempted from corruption scandals in foreign policy spheres. The case of CNK Global Co. was notably linked to Lee's 'resource diplomacy', wherein ODA was used to engage in resource extraction projects particularly in Africa (Chun, Munyl and Lee 2010; Kim S. 2012; Lee H. 2012; Yun and Lee 2012).

**The convergence towards development privatisation**

*Institutionalisation of private sector inclusion*

While the inclusion of private actors in Korean ODA decision-making process is both informal and structural, leading to corruption scandals, the private sector is also more and more *institutionally* included in ODA delivery mechanisms. In a context where state officials collude informally with chaebol actors, this is an apparent move towards including the private sector in a legally recognised way. Parallel to the government’s eagerness to promote ‘the private sector’s participation in its infrastructure projects in developing countries’ (Yun and Lee 2012, 226; Watson 2013), DAC membership meant that Korean ODA now had to comply with OECD accountability requirements in engaging its private sector. Since 2010, the country has made efforts to reorient its ODA towards DAC guidelines, following official recommendations (DAC 2012). The institutionalisation of private sector inclusion through PPP mechanisms is a
response to Paris’ principles (OECD 2005), especially of mutual accountability and results based management.

The Korean government has also become a central actor in emphasising the role of private sector in development projects (Yun and Lee 2012, 228; 7), notably during the Seoul G20 Summit in 2010, and the Pusan 2011 Summit (Kim and Lee 2013; Eyben and Savage 2013). It is indeed an agenda that former KOICA President Kim Young-mok ‘very much emphasised’, as explained by a KOICA official I met during my second visit to KOICA headquarters (interview #2915). As stated in governmental sources, the ‘Korean government recognises private companies’ potential in development; however, they were not actively involved in international development cooperation so far.’16 But the Strategic Plan rectified this seeming absence by expanding official partnerships with companies in ODA projects.

Private companies are increasingly included in ODA projects. Inclusive partnerships with business are undertaken through two main channels: CSR and PPPs. In August 2012, the MOFAT launched the Development Alliance Korea to bring together private companies, academia and civil society organisations under a multi-stakeholder network supervised by KOICA. Examples of CSR projects of Korean businesses include Asiana’s cooperation with KOICA (Do 2010), or the Solar-Powered Streetlights Installation Project in Angkor Watt, Cambodia (2011-2012), again undertaken by KOICA and Asiana Airlines17. Researchers at the UN Sustainable Development Solutions Network Korea also mentioned Hyundai’s motor vocational training centre in Ethiopia and Kia’s social entrepreneurship programs in Peru (interview #30).

KOICA implements grants in a Global Social Responsibility Partnership Program adopted in 2010. It also enacted a Mid-Term OSA Policy for 2011-2015 in order to support projects implemented by corporations and NGOs (Yun and Lee 2012, 228). The participation of the private sector to KOICA-channeled ODA takes place in two ways: first, through Project Managing Consultancy (PMC). Through a bidding system, a private company can officially participate in an ODA project. Second, since 2010, KOICA has implemented Business Partnership Programs (BPP). BPPs resemble PPPs and can bring together the government and

15 Kim Young-mok was still KOICA’s President at the time of the interview in April 2016.
private actors. Under the BPP scheme, a company, alone or in partnership with an NGO, engages in a partnership with KOICA’s matching fund system (interview #38). The inclusion of private sector is not limited to companies; instead NGOs now form a large part of KOICA’s partners, as noted by several interviews (interviews #29-#31-#36; Yun and Lee 2012, 228), in line with Korea’s DAC commitments. But the private sector orientation of ODA finds its rationale in the attractiveness of corporate financing of development projects, casting a doubt over civil society’s impact on the agenda-making processes.

KEXIM has also taken steps to institutionalise corporations’ participation in development. In 2011, it announced an Invigorating Plan for PPP (yet to be published), and the 2013 EDCF Annual Report details modalities through which KEXIM provides loans for PPP projects in developing countries. Indeed, in line with the global trend towards financialisation of development (Carroll and Jarvis 2015), the Global Private-Public Cooperation Forum has been launched by the MOSFT to develop PPPs especially in middle-income Southeast Asian countries like Vietnam and the Philippines. The report also lists some of the PPP projects EDCF has undertaken (EDCF 2013). Under KEXIM’s PPP scheme, a Korean corporation can invest to cover part of a project’s cost while the remaining cost incumbent to the partner country is covered by a loan from the Korean government. EDCF PPP projects include, among others, the Lao Sapien- Senamnoi hydropower project and the Deduru Oya Water Supply Project in Sri Lanka (EDCF 2013).

The global convergence towards development privatisation

While the inclusion of private interests in public decision-making might be specific to the Korean historical structure of governance, the current proactive institutionalisation of private interests is not a distinctively Korean political feature. While it is undeniable that development assistance in Korea has recently been used as a way for politicians and chaebols to advance their personal interests, and is burdened by corruption scandals, Korea has introduced several mechanisms, such as PPPs, to make this inclusion of private interests more transparent in accordance with its international status as a donor. Korea’s inclusion of its conglomerates in ODA is a phenomenon of global convergence towards the privatisation of development. While reflecting the internal difficulties of the Korean economy (Kim and Gray 2016), and personal interests of Korean politicians and business leaders, the institutionalisation of private sector participation in ODA is clearly consistent with Korea’s growing engagement with the liberal
agenda of private sector inclusion and development privatisation. Indeed, the OECD DAC, major proponent of this privatisation agenda (OECD 2016a), assesses Korea’s ODA in a 2012 Peer-review report according to Korea’s efforts to include private sector in its ODA policies. The third assessment indicator defined during the Pusan HLF4 evaluates ‘Engagement and contribution of the private sector to development’ (OECD 2012, 77). Korea is seeking to make
the inclusion of its private sector, inherited from informal and structural factors, comply with the liberal agenda of development privatisation.

51. DAC Peer-review indicators for monitoring development policies of DAC members
In their critique of Korean ODA, Kalinowski and Cho (2012, 17) emphasise the ‘short-term economic interests of Korean businesses’, and suggest Korea’s incapacity to play ‘a broader global political role that is recognised and accepted by countries around the world’. But while Korea does present (among others) short-term materialist motivations in ODA, and Korean ODA has been channelled towards personal interests in several corruption scandals, opposing Korea’s corrupted governance to a liberal vision of a state that would engage in ODA to fulfil its global responsibility is overly binary. One should place Korean ODA into the larger intellectual context of the development field. For instance, as proof of Korea’s illiberal ODA policies, critiques highlight the country’s emphasis on PPPs, infrastructure and energy projects (Kalinowski and Cho 2012, 17). The PPP trend is not unique to Korea, and is now part of a broader neoliberal development regime that expands neoliberal developmentalism by working on and through the state in order to create business-conducive environments, and around the state by shifting resource allocation from the state to the private sector (Carroll 2012a, 378).

Support for private sector development has been a global agenda for two decades, together with the renewed belief in economic growth as the sole alleviator of poverty, a growth, which, it is assumed, only the private sector can bring about (Collier 2007, 11; Estrup 2009, 7). Aid directed to private-oriented sectors globally increased by 58.2%, from 14.4 billion $ in 2005 to 22.6 billion $ in 2010 (Tomlinson 2012, 116). In 2011, before the Pusan Summit that formalised this privatisation agenda, former World Bank President Robert Zoellick announced that ‘the time has come to “move beyond aid” to a system in which assistance would be integrated with – and connected to – global growth strategies, fundamentally driven by private investment and entrepreneurship’ (Zoellick 2011, 7). As a European aid practitioner explained in his office at the ADB headquarters in Manila:

‘More and more development cooperation has gone in direction of helping development instead of pure poverty reduction. In the past there was not much programming, it was very short term. […] I think development cooperation has professionalized. It has gone from a very idealistic to a more professional approach. There has been more and more involvement of the
private sector, this is part of the professionalisation. Many European countries are more and more involving the private sector’ (interview #39).

As other practitioners I met in the Philippines, he tackled civil society criticisms of this agenda saying: ‘This is a threat to NGOs because it threatens their monopolistic position of expertise in the development sector. Some NGOs go with the wind, they go to the big companies and team up with them as part of the CSR. Some others…complain, basically speaking’ (interview #39).

Private sector engagement in development cooperation is realised through a series of mechanisms, such as aid-for-trade programs, direct local private sector development, PPPs and substantial procurement contracts. In its 2012 report, ROA gathers case studies of how both DAC and non-DAC countries have included the private sector in their development policies, notably Japan (Takayanagi 2012, 223). The civil society organisation notes that ‘Busan was not unique in its renewed emphasis on the private sector. It merely crystallised an increasing focus on the private sector among officials from DAC donor and middle-income aid - providing countries’ (ROA 2012, 9). Thus Korea’s initiatives in pushing for a private sector-oriented development agenda and institutionalising its inclusion in its ODA policies are the result of a more general trend among donor countries. Some critical literature on Korean ODA (Kalinowski and Cho 2012) falls prey to analytical nationalism and neglects the larger political economy of development in which Korea evolves. Despite limitations such as tied aid, through schemes such as PPPs, Korea seeks to address public-private collusion and to integrate its private sector in a legal manner in order to strengthen the legitimacy of its ODA policies both domestically and internationally and correct what has been criticised as an illiberal anomaly. Beyond corrupted domestic practices, Korea's institutionalisation of private sector engagement in ODA is in line with the new development agenda that increasingly emphasises forms of developmental privatisation. This agenda is that of traditional donors and international organisations such as the World Bank (Carroll 2012a) and the OECD (OECD 2016a) and Korea's institutionalisation agenda hints at a phenomenon of convergence between traditional and (re-) emerging donors towards private sector-led development and global developmental liberalism. Putting too much emphasis on donors' differences in models and practices obscures a global phenomenon of developmental convergence around a consensual model for global capitalist accumulation. This analysis is consistent with the non-realist understanding of materialism I emphasised in chapter 5, in which the export of competitiveness as a development
strategy enables us to move away from approaches that define materialist interest as the direct export of capital (Kang 2008).

A newcomer in global developmental liberalism

This emphasis on private sector-led development in the developing world is, I have shown, far from unique to Korea. Other actors are well aware, as opposed to alarming accounts of Asian donors’ illiberal policies, that Korea is merely, in the words of a Filipino labour activist, a ‘newcomer in neoliberal globalisation’ (interview #42).

The export of labour practices

Korea’s emphasis on private sector development also comes along with an export of exploitative labour practices in the developing world. In this subpart, I introduce the question of labour and emphasise how Korea’s newcomer role in global developmental liberalism promotes further labour exploitation in the Asian region. Korea’s celebratory export of its development model through ODA is based on a selected history of the country’s development. The success story it seeks to tell to the developing world is that of the government and the chaebols, but it blatantly ignores the implications of the miracle on the Han River for the working classes that bore it.

Exporting exploitation in developing markets

As Naomi Klein put it in a vivid depiction of the district of Rosario in Cavite, southwest of Manila, Northeast Asian capitalists are now reproducing Western colonialists’ exploitative practices thanks to the globalisation of their companies: ‘the foreign investors who sing karaoke at the Mountain and Sea Hotel in Rosario are part of a long and bitter history of colonialists in the Philippines […] the new imperialists are the Taiwanese and Korean contractors in the export-processing zones- sexually harassing the 18 years old Filipinas on the assembly lines’ (Klein 2004, 441). Indeed, the contemporary history of labour in Korea (chapter 4), often omitted by the discourses on the Korean miracle, casts a worrisome shadow over the consequences that the Korean development model and Korean capital mobility might have on already precarious labour rights in Southeast Asia. The empirical concerns presented here are based upon field interviews in Korea and the Philippines and my participation in a
workshop organised in 2015 in Quezon City, Philippines by the Asia Monitor Resource Centre, a research centre based in Hong Kong and focusing on labour rights in the Asia-Pacific.

The Filipino labour actor I interviewed shared concerns of civil society in the South that the selective export of Korea’s development as a model through ODA represents a threat to labour in the developing world:

‘I recall that in Busan, Korea was cited as a success story, it’s been presented as a model of a country transitioning from a receiver of aid to a country donating aid, and a country being beaten up by an economic crisis, recovering, and which is now one of the leading exporters of capital. But in terms of labour, it is the other way around. Labour in Korea right now is facing several attacks. If Korea is now being used as a model, I think it is a bad sign. […] the model exported is a model increasingly bent on pushing labour into a more difficult position, although the Korean model will not say that explicitly. It has this pretension of tripartism, Korea is actually one of the models here [in the Philippines] for tripartism, it’s very active on that part and the ILO is very happy about that, but if you explore tripartism in Korea, all repression issues are not articulated in these commissions’ (interview #42).

Since the 1960s, wages in Korea have increased significantly, leading chaebols to look for more competitive labour costs by outsourcing their industries and services to China and Southeast Asia (Chang 2006), but also to post-Soviet European countries (Daewoo or Kia in Eastern Europe). The disregard of Korean capital to labour rights reported by my interviewee is not a new phenomenon emerging in the Southeast Asian Korean-owned factories. Rather, it has deep roots in the labor-capital relationships that have characterised Korean capitalist development. The 2014 scandal of the repression of a strike by Cambodian workers at a garment factory has led many Korean and international commentators to warn about the violations of human rights that Korean capital is committing. 18 The Korea Transnational Corporations Watch, a network of non-governmental organisations concerned with labour rights, human rights, environmental protection, and the Korean House for International Solidarity were established to gather efforts initiated in 1997-1998 to monitor the activities of

Korean companies implemented abroad and report violations of the aforementioned rights to the competent authorities.

The congratulatory statements that sustain the contemporary Korean development cooperation discourse voluntarily omit the conditions of labour that were at the heart of the Korean capitalist success. The repressive labour policies of the chaebols seem to have gone global parallel to the chaebols’ expansion in overseas markets (Kim and Gray 2016, 656). In the Philippines, civil society considered that ‘if Korea is somehow not explicit in its labour problem domestically, Korean capital’s intent against labour is harshly expressed in explicit terms in other countries, especially in the Philippines. Repression of labour is very harsh in many Korean companies here’ (interview #42). An infamous example of Korean corporations’ practices is that of the Hanjin Shipyard in Subic Special Economic Zone (SEZ), in Zambales Province, North of Metro Manila, which has been the target of civil society reports (Eyben and Savage 2013, 464). The Hanjin Group owned a US$1 billion shipyard in Subic which was estimated to comprise almost a third of total Korean FDI in the Philippines in 2007 and was then the world's fourth largest shipyard before it recently went bankrupt. Hanjin has been at the centre of a controversial case with its project of building a luxury condominium complex for its managers in the middle of the Subic rainforest, a protected area and the home of the Aeta indigenous people. The shipyard has also gained notoriety for its particularly harsh work conditions, as a two-hour long group interview with former Hanjin workers I undertook in the Zambales area revealed (interview #43).

The Korean House for International Solidarity explained that ‘all TNCs show similar trends in developing countries, and there is the hierarchical/patriarchal culture as well’. The representative I interviewed clarified the link between ODA and labour rights violations, mentioning that ‘investments and ODA are linked’ because the cases they worked on ‘were all Korean ODA projects’. He added:

‘there are two types: KOICA and Ministry of Finance combined with Korean companies. All Korean corporations show the same trend. Even though in the US, Korean companies make problems like racial discrimination, in Europe and North America, they try to observe the domestic laws but in developing countries, they just apply the minimum standards, the minimum wage, they try to avoid labour law, they think that’s ok. There is no solid
proof of bribery but we believe they gave brieries to authorities, because they do so in Korea’ (interview #44).

The Korean authorities have been slow to respond to the problem: ‘these days the UN/international community developed HR standards for TNCs but the Korean government and MNCs did not recognise the issue. They respond to buyers and investors. Very slowly, Korean government and companies recognise this problem. We contact the embassy when there is a case of HR violation; some embassies say it is our duty to protect Korean companies, not local workers. But some embassies try to be more neutral. They don’t want to bear the bad reputation of Korean government and companies’ (interview #44).

Competing promises: a disputable model

In this chapter, I offer a much-needed inquiry into the model of development Korea is offering to developing countries, in order to evaluate if it does represent an alternative to Western donors’ developmental prescriptions, and to unveil what this growing commitment reveals about the changing geography of global cores and peripheries. In the Philippines, through interviews and several months of daily field immersion, I noted that Korea represented a ‘new America’ for many Filipinos, as the country that has ‘made it’ from rubbles to Gangnam. Adverts offering jobs in Korea abound all around the country, and Korea, like Japan, has become a favoured destination for Overseas Filipino Workers (OFW).

52. Filipino factory workers wanted in Korea
Several of my Filipino friends and acquaintances had worked or studied in Korea. The massive success of the Korean entertainment industry is surely not foreign to this phenomenon. On a tour of Manila’s historical neighbourhood, Intramuros, with a Korean friend, we hired a particularly persistent pedicab driver. While driving us around the area on his bicycle, he started entertaining my friend about all the Korean TV dramas he and his family were watching. They lived in an Intramuros slum and the community had managed to illegally access electricity, thanks to which they could watch Korean dramas.

On top of Korea’s cultural success in Southeast Asia and beyond, the labour activist I met explained, relating to Korea’s development promises:

‘I think it is different from US and Europe because there is the pretension that the Korean story accredits that capitalism is somehow beneficial, and not always exploitative like the American or European capitalism has been to the developing world. Initially in Korea it started by rising up from the...'

20KOICA Philippines’ Deputy Representative also explained, laughing: ‘I think Korean development cooperation in the Philippines is not very well known to the vast majority of the public, but the people in the ministries, departments, and local governments, I think they know about KOICA and Korean ODA to the Philippines, but regular people I’m not sure they’re well aware. […] it’s more the K-move, the Korean entertainment industry which effects a lot more the general population about the Korean image, not development cooperation at all. One singer can do a better job than us!’ (interview #31)
rubbles, and all the stories are trying to mask up the face of capitalism. But in terms of policy, this is all part of neoliberalism trying to exploit profit from the work of workers. Korea is just a late comer in the neoliberal trajectory, but more or less it is pursuing the same goal as the US and Europe’ (interview #42).

An academic based in Korea also questioned the experience Korea is exporting abroad: ‘whose experience is that? Well, it’s government and companies’ experience’ (interview #34). Indeed, at Busan, a ‘Western NGO participant reflected favourably on what a Korean trade union leader said at the opening ceremony: “All the other speakers had been saying brilliant things about Korean development and achievements, but he spoke about Korea having the worse labour laws, the most exploitative working conditions etc. and then said “If this is what Korea is exporting then the world is doomed”’ (Eyben and Savage 2013, 465).

**Kicking away the ladder**

*Conflicting narratives of developmental success*

Recently some authors have argued about alternative development actors that ‘what is most important is that new donors are providing alternative models of development that combine purposive state intervention with market-based economic growth and integration into world markets, while maintaining a high degree of national control’ (Banks and Hulme 2014, 12; see Kragelund 2014). This suggested that the ‘Korean model of development’ could indeed be a faithful and promising reproduction of Korea’s developmental experience, despite changing domestic, regional and international conditions (e.g. Glassman and Choi 2014).

Kim Eun-mee identified two distinctive features that Korea could share with the developing world:

‘I think…there are two big areas: the first one is how we used foreign aid, it’s a very important lesson that we can share, it’s about using foreign aid for a nation’s development, and we were trying our best to be in the driver’s seat to effectively use our aid […] Not having the donor decide what’s best for the recipient, I think that lesson is very critical. […] The second broad set of issues has to do with our development experience itself that our development
experience was led by a developmental state and the state as a set of institutions were very instrumental in our early development when the market and financial institutions were not yet in place it was the state which led the process for the public good of national development’ (interview #35).

But Korean development cooperation actually promotes a model that is quite distinct from what could be described as the Korean experience of development. Both in policy recommendations and programs, it emphasises SMEs development, while Korea is notably known for having relied on a few selected chaebols, thus exhibiting a monopolistic type of capitalism as opposed to a SME-focused economy (Watson 2013, 234). It advocates, among other developmental solutions, foreign direct investment and inclusion in global value chains, private financing for development through PPPs and is actually largely committed to a conventionally speaking neoliberal agenda. Indeed, Korea’s alternative approach to ODA is based on ‘a highly selective presentation of the country’s own ‘unique’ developmental experience’ (Kim and Gray 2016, 651).

Converging towards competition and liberal capitalism

The Korean government has generally followed the globally accepted neoliberal conception of development. At the Seoul G20 Summit in 2010, Korea’s capacity to shape the Summit thanks to its ‘intellectual leadership’ and its ‘rule-shaper’ (Cho J. 2010) role was very much emphasised. Beyond Lee Myung-bak’s somewhat politically biased declarations that the G20 was acknowledging the centrality of Asian actors of global governance, several authors favoured such an intellectual and political contribution from the Korean government (Chang 2008; Park K. 2010). But despite Korea’s own development experience largely based on a directional and protectionist developmental state (Amsden1989; Chang 2006; Wade 2003a; Woo-Cummings 1991, 1999), Lee’s declarations before and during the G20 Summit confirmed that Korea was not challenging global liberal developmentalism, rather emphasising greater economic liberalisation in the developed and developing world alike: ‘we need to reaffirm the importance of continuing our stance against protectionism. [..] We should be on our guard against protectionism’ (Lee 2010).

As explained in the previous subsection, the Busan Summit also emphasised private-sector led development (Eyben and Savage 2013, 466), an agenda that appears in utter contradiction with
Korea’s home-made state-led development recipe. The emphasis on private-sector led development towards which Korea is converging can be analysed as Korea’s own -and somewhat ironical- attempt at ‘kicking away the ladder’, that is to implement developmental programs for developing countries contrary to the programs that led current developed countries themselves to attain development (Chang 2008; Hanlon 2012). If one takes a world centrist view of this agenda, it is obvious that to strive, the centre needs to maintain a needy periphery ripe for capitalist exploitation (Amin 1986). This is being secured by such converging policies as a result of which ‘the “development space”’ for diversification and upgrading policies in developing countries is being shrunk behind the rhetorical commitment to universal liberalisation and privatisation’ (Wade 2003b, 622).

Therefore, the Seoul G20 Summit and the Busan Forum have not implied the opening of an era of alternative development governance but rather a phenomenon of convergence as (re-) emerging donors are increasingly found to be much less different from traditional donors than assumed. Korea seems to promise nothing but a reiteration of the same development theology that has been advocated by traditional donors. This is confirmed by Song (2011, 2): ‘externally ‘South Korea replicates imperial practices in other late-developing countries by promulgating economic development expertise, exploiting low-wage labour enjoying, vast markets for Korean commodities and dispatching overseas Christian missionaries’. A range of Korean actors, from business chambers to governmental agencies, are engaged in the work of spreading the ‘gospel of capitalist deliverance’ (Han 2011, 149), a gospel that is not so different from that of more traditional actors of development. This confirms a phenomenon of convergence and the persistence of hegemonic values and practices associated with the spread of competitive capitalism through development governance. The case study of Korea complements emerging literature that shows that far from challengers of the existing capitalist order, Asian donors, and more generally emerging donors such as the BRICS, are merely new comers in the global governance of capitalism. It is also congruent with Cammack's (2012, 2-3) observations on the ‘newly hegemonic discourse of global developmental liberalism’. Korea's position is consistent with its recently acquired status in global capitalist governance and highlights this phenomenon of convergence towards promoting the economic principle and societal ethos of competition.

Overall, my field findings suggest that governments in developing countries are well receptive to Korean ODA projects at a time when most donors are reducing their aid budgets, but civil society in Korea and recipient countries appears more cautious about the promises offered by Korean development assistance (interview #38). So far, ODA-focused Korean civil society
groups have been aware of the negative impacts of Korean corporations’ participation to development projects, and the possibility that these impacts might backfire against Korean ODA (interview #31). But it has mostly focused on compliance with guidelines and respect of human rights norms, without questioning the theoretical premise of private sector inclusion. The focus seems to be on tampering the negative effects of private sector inclusion in Korean ODA rather than challenging the development privatisation agenda. This is hardly surprising, as civil society refers to the Sustainable Development Goals (SDGs) as a normative authority, and these are at the core of the global development privatisation agenda, emphasising the essential role the corporate sector can play in bringing about successful development and shared prosperity (Jeffrey Sachs’ speech, Global Saemaul Leadership Forum 2015 attended in Daegu, November 2015; OECD 2016a).