Beyond Aid Effectiveness?:
Private and Public Partnerships in South Korea’s Official Development Assistance (ODA) Strategy as Soft Power Strength and Weakness

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In 2009 Hubbard and Duggan published their book ‘The Aid Trap’ which argued that a thriving private business sector in the recipient country must be encouraged. Otherwise foreign aid simply reinforces debt, poverty and dependency. This debate between neoliberal and neo-Keynesian approaches influenced the formation of effective foreign aid ‘strategies from new ODA donors such as South Korea. South Korea’s role in the ODA debate represents a more general geopolitical shift by emerging nations. The paper provides a critical assessment of South Korea’s state-led and soft power ODA policies by focusing on initiatives on aid effectiveness and fostering private/public partnerships (PPP’s). The paper goes on to critically consider and judge these elite-led ODA initiatives by addressing a grassroots NGO perspective.

Keywords: Foreign Aid, Aid Effectiveness, Civil Society, Private and Public Partnerships

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I. INTRODUCTION

The traditional understanding of foreign aid in the modern post-World War II era had two main assumptions. Firstly, that foreign aid is a moral obligation. Secondly, that foreign aid could help kick start economic development. This would not only eradicate poverty (a moral issue) but also the associated economic and social conditions of inequality which could sow the seeds for leftism and communism. This, after all, was the beginning of the Cold War. As a result, foreign aid institutions which aimed to provide donor state resources to recipient countries evolved from the Bretton Woods Conference of 1944 (World Bank and International Monetary Fund-IMF) and in the context of United States hegemony and the post-War Keynesian consensus. In the more contemporary context, the Organisation for Economic Cooperation and Development (OECD) and the United Nations (UN) have expressed specific interest in constructing and evaluating foreign aid policies. In a geopolitical sense, the construction of institutions, norms and the values of foreign aid were the dominion of Western nations as a philosophy of ‘embedded liberalism’. According to Riddell (2007):

ODA consists of flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction which meets the following two criteria: 1. It is administered with the promotion of economic development and welfare of developing countries as its main objective, and, 2. it is concessional in character and contains a grant element of at least 25% (calculated at a rate of discount of 10%) (Riddell 2007, 19).

According to the OECD-DAC, ODA is also defined as those aid flows to countries and territories on the DAC list of ODA recipients and to multilateral development institutions (Lancaster 2007). ODA is not directly linked to military security or to peacekeeping operations but can be linked to the provision of military protection for humanitarian assistance staff. ODA can also be linked to civilian nuclear energy developments and to cultivating