

KOREA'S POLICY ON
THE SOUTH-SOUTH
COOPERATION AND
THE TRIANGULAR
COOPERATION WITH
ASEAN COUNTRIES:
FOCUSING ON
THAILAND

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OCCASIONAL PAPER SERIES

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ISBN: 978-616-470-000-0

Published in 2018 by

ASIAN RESEARCH CENTER FOR INTERNATIONAL DEVELOPMENT (ARCID)

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OCCASIONAL PAPER NO. 3

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Korea's Policy on the South-South Cooperation and the Triangular Cooperation with ASEAN Countries: Focusing on Thailand

LEE Yo-Han^{*}

Abstract

This paper is to examine the role of Korea as a donor to contribute to raising the effectiveness of development cooperation through the South-South Cooperation (SSC) and Triangular Cooperation (TC). To better facilitate SSC and TC, Korea needs to find out the best way to enhance its effectiveness and synergize its efforts in progress by adopting the knowledge and knowhow of the current system. Thailand is proposed as one of the pivotal and partner countries for Korean TC in Cambodia, Laos and Myanmar (CLM) because of its successful development model in geographic and cultural similarity. It is also necessary to accumulate successful stories and experiences through actual implementation of Korea's SSC and TC in terms of clarification of the goals and direction, expansions of mutual exchange and establishment of appropriate role sharing with pivotal countries.

Keyword

Korea, Thailand, South-South Cooperation(SSC), Triangular Cooperation (TC), Official Development Assistance (ODA), Sustainable Development Goals (SDGs), Country Partnership Strategy (CPS), Korea International Cooperation Agency (KOICA), Korea Export-Import (EXIM) Bank.

I. Introduction

In recent years, as several developing economies have built up significant financial and technical capacities, new patterns of economic partnership as well as development cooperation among the Southern countries are emerging. This presents a substantial opportunity to change the landscape of international development that has so far been largely a North-South phenomenon through the addition of a complimentary and growing South-South Cooperation (SSC). The financial surplus available to Korea during the last decade (2008~2017) made it possible to have aid capacity and volume. As a new source of development finance and knowledge transfer, the role of Korea as a

* A revised edition of the lecture delivered at the Lecture/ Seminar Series 2018 hosted by ARCID to celebrate the 20th anniversary of Mae Fah Luang University

development partner is being highlighted more than ever.

Korea has a very unique advantage in terms of the triangular cooperation structure. As a member of the OECD DAC, Korea becomes a "Northern donor" in its triangular co-operation. It also has an emerging economic character in the South that has been transformed from a least developed country to an advanced country in the last two generations. Korea has begun to develop under the most constrained conditions of the poorest countries (colonial era, large-scale civil war, lack of natural resources, etc.), to overcome democratization and economic crisis as a middle-income country that went through the spectrum of development challenges.

This paper is to examine the role of Korea as a donor to contribute to raising the effectiveness of development cooperation through the SSC and Triangular Cooperation (TC). As the newest donor who has retained memories of its own development, Korea has substantial potential to work as a partner in SSC. To better facilitate and participate in SSC and TC as a new donor, Korea needs to find out the best way to enhance its effectiveness and synergize its efforts in progress by adopting the knowledge and knowhow of the current SSC and TC system.

In order to fully realize these potentials, Korea needs to build up institutional foundations to set the direction of SSC and TC to provide policy guidelines. It also needs to identify appropriate level of technology and policy applicable to developing countries in partnership with pivotal countries and organizations in the South. To grasp the comparative advantages of developing countries, it will be useful to set up a platform to share the specific knowledge and knowhow of developing countries based on their extensive experiences in collaboration with partner countries and multilateral organizations. This means that the functioning of feedback mechanism to monitor and evaluate the program as well as information sharing would be very important. Furthermore, Korea should further strengthen the partnership with multilateral organizations and other donors to learn from practices of SSC and TC that are effective and combine the lessons with Korea's efforts to cooperate with developing countries (Jung et al. 2011).

II. Overview and History of Korea's ODA

(1) History

Korea started its activities as a donor country in the 1960s, while it was still receiving a lot of aids from the international community. Since launching ODA activities for the first time in the developing countries in 1963, they have been supporting the materials and capitals needed for the developing countries. The ODA had been implemented in accordance with the status of Korea.



[Figure 1] History of Korea's ODA

Source: Korea International Cooperation Agency (2017)

As the international community's interest about Korea's successful economic development has increased, Korea has begun to invite trainees from developing countries as part of the TC Program of the United States Agency for International Development (USAID) in 1963. On the other hand, since 1965, the Korean government had invited trainees from developing countries with funds from the government, the first ODA program implemented by the ROK. In 1967, it started dispatching specialists, namely, medical teams in 1968, and project-type technical cooperation in 1969.

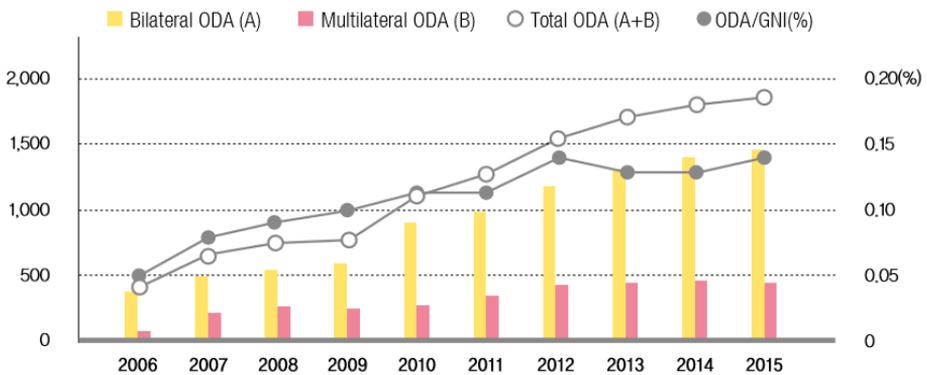
The Korean government had set up a full-fledged assistance system to establish Korea's ODA systematically. In 1987, the Ministry of Finance made a 30 million USD contribution to launch the Economic Development Cooperation Fund (EDCF) and entrusted the operation of the fund to the Korea Export-Import (EXIM) Bank. In 1991, the Korea International Cooperation Agency (KOICA) was established in order to build a foundation for international development cooperation activities.

In 2010, Korea became the 24th member of the OECD DAC, an advanced donor partnership. In 2011, Korea hosted the Busan Global ODA conference, and played a leading role in the launch of the Global Partnership for Effective Development Cooperation (GPEDC), in which all developers participated.

(2) Overview

From 2006 to 2015, Korea saw a sharp increase in its ODA volume with annual growth rates reaching figures as high as 17.3%. As of 2015, Korea’s net disbursement of ODA recorded USD 1,915 million. In terms of the amount of ODA, Korea was the 14th largest provider of ODA among 29 DAC member countries in 2017. Since becoming a member of the Development Assistance Committee (DAC) in 2010, Korea has been increasing its ODA yearly. Korea’s ODA/GNI ratio is also showing an upward trend. In 2015, Korea’s ODA/GNI ratio was raised up to 0.14%, from 0.12% 2014.

As a responsible member of the international community, Korea is striving to fulfill its role in achieving the Sustainable Development Goals (SDGs) and aims to continuously expand the ODA scale by considering international standards and circumstances. The second basic plan is to expand the ODA / GNI ratio to 0.2% by 2020 and aims to achieve 0.3% like other OECD DAC member countries by 2030.



[Figure 2] Korea’s ODA Volume and Trend (%)
Source: KOICA (2017)

The Korean government is planning to maximize the synergy between aid by establishing and implementing the Country Partnership Strategy (CPS) for key partners, and to improve the effectiveness of ODA through selection and concentration. In the past, by establishing an aid strategy for each key partner country for each of the loan and grant sectors, it was difficult to mobilize our ODA capacity and to implement comprehensive and systematic ODA policies at the sub-regional level. In 2010, 26 priority partner countries were designated, and in 2013, 26 CPSs were established. In 2015, as a part of establishing the "Basic Plan for the 2nd International Development Cooperation", key cooperating countries were reviewed, remodeled and adjusted to 24 countries by considering the level of development of the country and governance of the recipient country. At present, the 24 key partners are composed of 11 Asian

countries, 7 African countries, 4 Central and South America, and 2 Middle East and CIS countries.

Continent	Country	Priority areas
Asia (11 countries)	Bangladesh	Education, Transport, Water Management and Public Health, ICT (Communications)
	Cambodia	Transport, Water Management and Public Health, Education, Rural Development
	Indonesia	Transport, Governance (Public Administration), Environment Protection, Water Management
	Lao PDR	Water Management and Health, Energy, Education, Rural Development
	Mongolia	Education, Water Management and Public Health, Governance (Public Administration), Transportation
	Myanmar	Governance, Rural Development, Transport, Energy
	Nepal	Public Health, Education, Rural Development, Energy
	Pakistan	Transport, Energy, Water Management and Health, Rural Development
	Philippines	Rural Development, Health and Sanitation, Transport, Disaster Prevention and Preparedness
	Sri Lanka	Education, Transport, Water Management and Sanitation, Rural Development
	Vietnam	Transport, Water Management and Healthcare, Governance (Public Administration), Education

<Table 1> Priority Sectors for CPS in Asia
Source: KOICA (2017)

Looking at the current status of ODA in the field, support for social infrastructure and services has been gradually expanded. In 2015, \$ 1,190 million was allocated to social infrastructure and services, accounting for 48.4% of all bilateral aid. This is followed by \$ 760.22 million (32.9%) in the field of economic infrastructure and services and \$ 141.101 million (6.1%) in the field of industry. Of the social infrastructure and services sectors, 11.8% of the total bilateral aid, 11.3% and 10.9% of the education and hygiene sectors, and 7.6% of the public administration and civil society support were given to the health sector. Of the economic infrastructure and services, 26.0% were allocated to transportation and logistics, 4.2% to energy, and 2.0% to telecommunications.

As of 2015, about 52.7% of Korea's bilateral aid was concentrated in Asia, followed by 24.4% in Africa and 7.8% in Latin America. As such, Korea continues to maintain its key focus on Asia and is expanding its support to other regions, including Africa and Latin America.

III. The Status of Korea's SSC and TC

(1) Main projects

To date, the vocational training center in Colombia for engineers in the Caribbean Central American countries have been classified as a first triangular cooperation project, in which the short-term training project, which started to invite local engineers in 2010. Second, participation in South-South cooperation for Vietnam's agricultural technology transfer to Myanmar's agricultural sector in 2013 is classified as a triangular cooperation project while is still in the planning stage. Third, there is Laos (Lao PDR) Q-Health program project where Thai medical staff participates in the health field of Laos.

The main partner and beneficiary countries of the first project were Colombia and Central America, respectively. The second project was Vietnam and Myanmar, and the third project was Thailand and Laos. The common features of the three projects are that the main and recipient countries of each project belong to the same regional economy and that the similarity of language or culture between the main partner and beneficiary countries is considered as a business advantage or motive

Korea's role in the existing triangular project is that South Korea supports the existing South - South cooperation. In particular, the role of KOICA's office in Vientiane seems to be significant in the case of Thailand-Laos healthcare. Of the three projects, only the Colombia-Caribbean project actually went ahead and the remaining two are in the implementation stage. Korea's triangular cooperation projects are at an early stage. Even the completed program of short-term training has low sustainability.

Project	Colombia-Caribbean	Vietnam-Myanmar	Laos-Thailand
Launching date	2010. 9. 23	2013. 1. 29	2012. 5.15
Sector	Vocational Training	Agriculture	Health
Types	Training	Consulting	Consulting
Process	Completed	Unimplemented	Unimplemented

<Table 2> Korean Triangular Cooperation Projects

Source: Jeong (2014)

(2) Korea's TC Policy

Korea's TC policy needs to be divided into 'introduction' stage and 'expansion' stage (Jeong, 2014). Considering the viewpoint of knowledge sharing and development effectiveness in TC design of Korea, the cost of search and information should be considered. Korea should conduct mutual learning on development issues of pivotal countries and beneficiary countries. It is important to find out business areas that can take advantage of the comparative advantage between Korea and candidate pivotal countries. Korea should make effort to build a TC model to enhance aid effectiveness through a limited number of limited pilot projects.

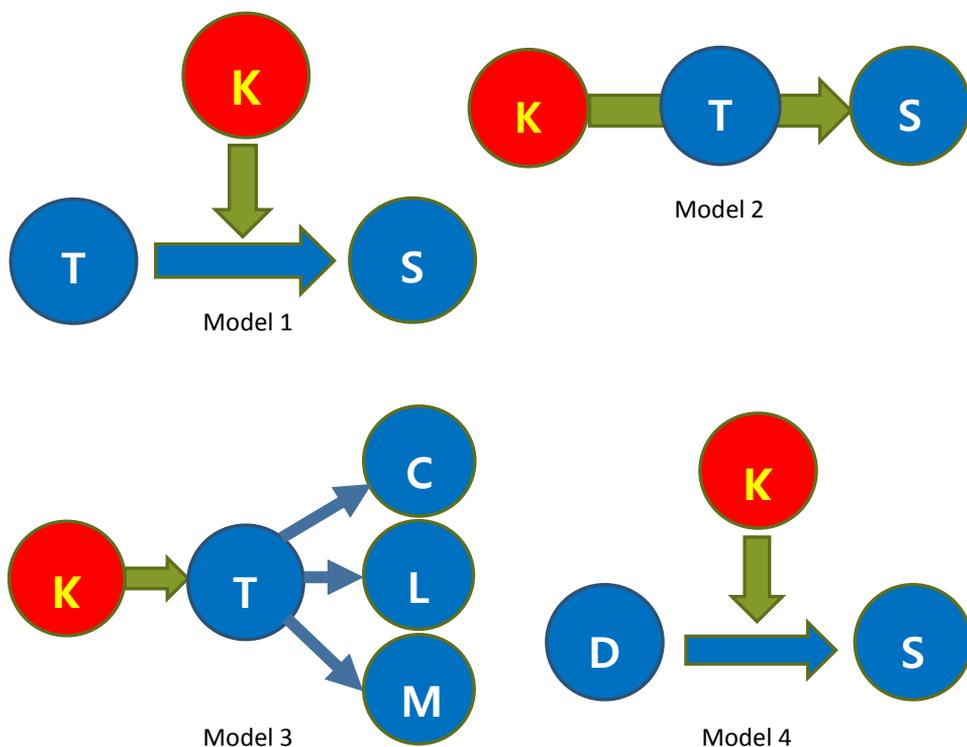
Based on this, it is necessary to gradually increase the size of the triangular cooperation in the future to reduce the 'cost' and increase the 'benefit'. In the expansion phase of TC, it should focus on diversification rather than selection and concentration. The focus of the partnership should also align with the formation of a horizontal partnership with the pivotal country. It also needs to learn 'procedural knowledge' and 'tacit knowledge' to minimize transaction costs (Jeong, 2014).

Jeong (2014) proposed 12 countries for Korea's TC. In addition to the economic and development cooperation relations with Korea, economic and institutional capacity of the countries, historical background, and social context factors should be considered. In this regard, Asia has seven countries: Thailand, Vietnam, Indonesia, the Philippines, China, India and Turkey. Latin America has five countries: Brazil, Mexico, Colombia, Peru and Chile.

(3) Korea's TC Models

Chung (2013) presents the following four models for TC that Korea can utilize. The first model is a basic form supported by South Korea through various materials, funds, personnel⁷, and projects. Through this, Korea can support both the pivotal country and the final beneficiary. The second model suggests cooperation that could be achieved within the bilateral cooperation framework between the existing Korea and the final beneficiary. For example, instead of dispatching Korean specialists to enhance human capacity among the programs supported by beneficiary countries in Korea, pivotal country experts can be dispatched to the final beneficiary. If Korean experts are already dispatched, it can be dispatched to beneficiary country to support Korean experts. In addition, it is possible to conduct training in a pivotal country or a third country in lieu of a domestic invitation, which is a way to enhance the cooperation effect in the final beneficiary by utilizing the workforce of the pivotal country.

The third model is that Korea supports the pivotal country, and based on this, the pivotal country supports the final beneficiary, which is also the model of KOICA's joint training. This type directly strengthens the capacity of the pivotal country implementing agency, and indirectly it can propagate and extend Korea's support through the pivotal country. In this way, Korea can expand its cooperation regionally by using existing joint research. For instance, Mekong Institute in Khon Kaen University has played a role in managing Mekong-Korea Cooperation Fund (MKCF) to improve the socio-economic capabilities of the Mekong developing countries. The fourth model supports the final beneficiary through cooperation with DAC providers such as Japan and Australia. It utilizes its resources in an equal relationship with the DAC donors, and makes use of the DAC country's comparative advantages and Korea's strengths as the final beneficiary. This is a way to maximize the development effect.



K: Korea, T: Thailand, S: Developing Countries
 C: Cambodia, L: Laos, M: Myanmar, D: DAC (Development Assistance Countries)

[Figure 3] Four Models of TC
 Source: Chung (2013)

(4) Potentials and challenges

Korea has very unique strengths in TC and it could take the initiative in the triangular cooperation of the international community if Korea approaches the "ambilaterality" of the provider and the pivotal country in the TC scheme (Jeong, 2014). Korea has vivid knowledge and experience on 'transition' from the least developed countries, to developing countries, and developed countries in the last 50 years and has the 'optimum condition of knowledge sharing' for effective development cooperation. In addition, it has a strategic location where development cooperation partners can approach strategic issues of each economic development stage (Jeong 2014).

Advantages of TC can firstly reflect the developing countries' demand by spreading development experiences of developing countries, which are made under similar conditions, to neighboring countries. Secondly, it is easy to understand the social system and infrastructure information of developing countries by carrying out projects against two languages, geographies and culturally similar countries. Thirdly, if a pivotal country is used, it is easy to connect and manage with a local network. In particular, in the case of training, it is possible to reduce the travel distance and expenses by using the base station (Chung 2013).

The benefits of TC to Korea are still potential. In order to realize the potential of Korea, it is necessary to accumulate success stories and experiences through actual implementation of TC (Jeong 2014). Since Korea is still at an early stage of TC, it must actively form partnerships with existing providers. In addition, for Korea's aid is to promote TC, the first priority is to solve the following issues (Song, 2016):

First, it is the clarification of the goals and direction of the TC. The effectiveness of aid is achievable when the aid fulfillment goal (motivation) and direction of action are clearly presented. In particular, TC will go through a process of negotiating and coordinating the motives and direction of aid with emerging providers. If the motive and direction to pursue triangular cooperation is not properly set up, it is difficult to expect smooth progress of the procedure, which can result in more transaction costs and inefficiency than bilateral cooperation.

Second, the two countries will expand mutual exchange in various fields and establish sustainable infrastructure. The most important thing for the TC is to agree on the motivation and contents of cooperation and assistance between providers and emerging providers. Trust and exchanges between providers and emerging providers are the most basic and important preconditions for any form of triangular cooperation. In order to do this, it is

necessary to seek consensus on the possibility or necessity of the triangular cooperation through joint workshops or seminars and to find practical directions and guidelines.

Third, attention should be paid to the selection of aid fields and the establishment of appropriate role sharing standards for the maximization of aid effectiveness. In order to maximize the effectiveness of the beneficiary through the triangular cooperation, it is necessary to select the areas based on the aid field, the target, the comparative advantages and strengths that focus on the provider and the emerging provider, and the role sharing should be done accordingly. This is because without the combination of interests and coordination between the participating parties, the transaction cost would be higher and the effectiveness of the aid would be hindered.

IV. The Possibility of Korea and Thailand Cooperation

(1) Agriculture, Healthcare and HRD

Thailand's development experience has taken similar steps as its neighboring developing countries and is a meaningful model for CLM countries with high geographic, socio-economic and cultural similarities. Thailand was a typical agriculture-oriented country with about 80% of its population living in rural areas and lacks infrastructure to lead social development including schools and hospitals. Thailand's dependence on foreign aid was high in the absence of sufficient financial resources or personnel to support the development and implementation of its development plan.

It is noteworthy that Thailand had the traditional industry base, agriculture rather than industrialization, which promoted development using aid (Song 2016). Thailand has prioritized the development of rural areas rather than the already rich urban areas and has also made efforts to expand the infrastructure of the healthcare sector. It has been emphasizing the importance of 'human resources' in development. Thailand reduced the economic burden of students through college education centered on the National University and operated various programs to support study abroad. It also contributed to the establishment of the Government-Academy linkage, which prevented the leakage of talented people by allowing them to work in government, public institutions and universities.

(2) Thai ownership and experience of TC

Since the 1960s, Thailand has experienced TC with Japan, Singapore, Hungary and Sweden, and has been playing a role as a stable and effective development cooperation partner. TICA in Thailand and KOICA in Korea have signed MOUs for cooperation. TICA has provided an effective triangular cooperation system as a unified aid fulfillment system (Chung 2011).

Thailand has avoided reliance on unconditional providers. It promotes a high level of ownership and partnership in aid. For example, the Bangrong Mangrove Forest Project, a Danish aid project implemented over a period of five years from 1995 to 2000, established the knowledge of marine science in Thailand and pursued the goal of strengthening human resources capacity. It is part of the Marine Research Vessel in Denmark for the Phuket Marine Biological Center (PMBC), which consists of various types of sub-projects and activities. Thai government officials who participated in the PMBC were evaluated to have participated in an active and responsible manner. The REX Project, which Japan and Thailand collaborated, recognized that Thailand was responsible for post-management, although Japan led the overall project (Song 2016).

Thailand has been a multi-ethnic nation and has emphasized community consciousness, such as coexistence and coordination, in the context of mixed cultures. Cultural characteristics that respect the weak and the ethnic minorities contributed to Thai social stability. CLM, a neighboring developing region, is also a multi-ethnic area, and it is important that social inclusion and unity are taken into consideration. Therefore, it is necessary to carry out ODA by referring to Thailand's multi-ethnic policies with socio-cultural empathy with these countries.

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