

# Korea

## How are development programmes systematically integrating climate and environment objectives post-COVID-19?

### *Political commitments, strategies and tools*

#### *Korea's political commitments*

President Moon Jae-in pledged at the Partnering for Green Growth and the Global Goals 2030 (P4G) Seoul Summit on 30 May 2021 that Korea will play an active role in the international community's efforts to overcome the climate crisis and promote an inclusive green recovery toward sustainable development. President Moon announced that the Korean government will contribute an additional USD 4 million in grants for the P4G initiative to support green growth projects in developing countries.

At the Leaders Summit on Climate in April 2021, President Moon [announced](#) that Korea will end all public financing for new overseas coal-fired power plants.

On 15 August 2021, President Moon [mentioned](#) "2050 carbon neutrality" and its importance during his address and reaffirmed Korea's commitment to assisting the energy transition of developing countries that are highly dependent on coal-power generation.

#### *Targets*

Korea is committed to raising the share of its official development assistance (ODA) for green projects/programmes above the average of OECD Development Assistance Committee (DAC) countries by 2025. As for loans, Korea will triple the amount of its ODA loans for green projects by 2025, and double the share of green-related loans by 2025, as laid out in its Post-COVID Strategy and its Green Economic Development Cooperation Fund (EDCF) Strategy.

#### *Strategies and policies for systematic integration*

In January 2021, the Korean government adopted the Third Strategy for International Development Co-operation for 2021-2025, which includes mid-term policy and strategy goals for Korea's green ODA. Later on in the year, Korea established the Green New Deal Grants Strategy for grants, the Green EDCF Strategy for concessional loans, and the Green New Deal ODA Strategy for aid involving both grants and loans.

After adopting the Third Strategy for International Development Co-operation for 2021-2025 in January 2021, the Korean government formulated a number of development co-operation strategies and policy documents in order to integrate environmental and climate objectives into development co-operation. The key strategies are the Green New Deal Grants Strategy, the Green EDCF Strategy, and the Green New Deal ODA Strategy.

### Key provisions and pillars

In March 2021, Korea adopted the Green New Deal Grants Strategy, which consists of three pillars:

- building a systematic structure for expanding the Green New Deal ODA
- identifying flagship projects and programmes tailored to each region in the areas of climate change mitigation and adaptation
- strengthening green partnerships.

The Green New Deal Grants Strategy commits the Government to increasing its contributions to the Green Climate Fund (GCF) to USD 300 million, which will help to expand the pool of financial resources dedicated to addressing global climate change issues. As a member of the GCF Board, Korea has also supported the GCF's decision to provide a total of USD 30.3 billion for climate projects in partner countries in order to support their climate change response.

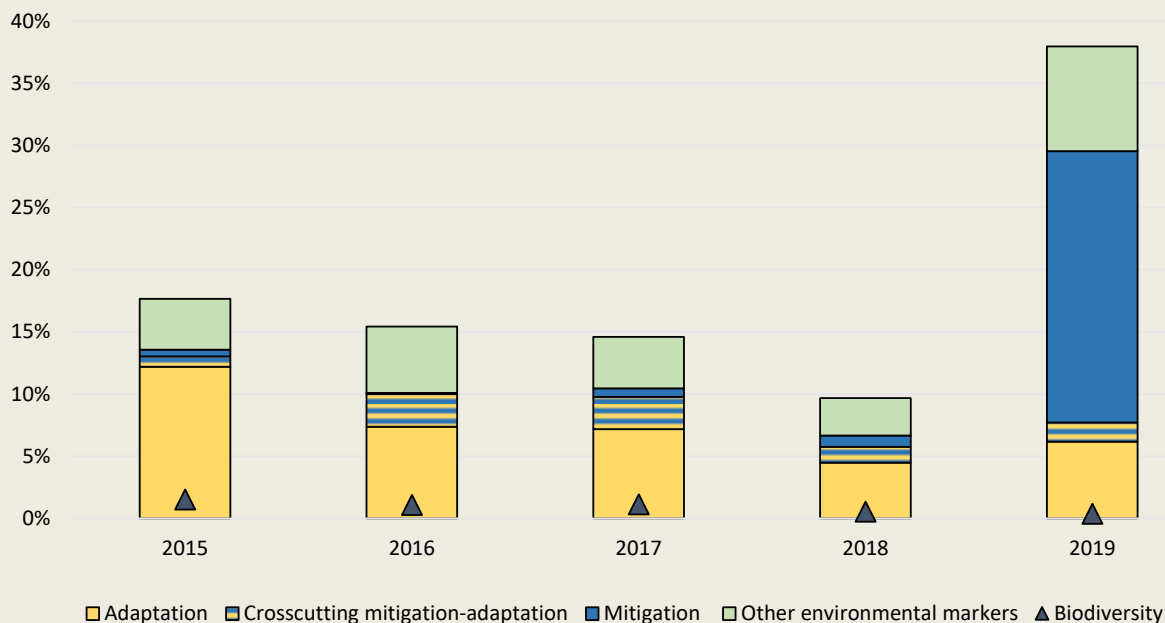
The Green EDCF Strategy, which was established in May 2021, outlines the Government's goal to triple the amount of its ODA loans for green projects by 2025, and double the share of green-related loans by 2025.

The most recently adopted strategy is the Green New Deal ODA Strategy, which was approved by the Committee for International Development and Co-operation in July 2021. This strategy covers grants and concessional loans, and its overarching goal is to increase Korea's contribution to addressing global climate change issues and enable Korea to lead the global green recovery. The key provisions and pillars of the Green New Deal ODA Strategy are: 1) helping developing countries achieve green transition; 2) facilitating the Green New Deal Co-operation as a green leader; 3) rendering support for expanding partnerships for co-prosperity. Through the Green New Deal ODA Strategy, Korea will provide greater support for the climate change response and green transition of developing countries.

## Box 1. Creditor reporting system's environmental and climate markers

### Figure 1. Korea's integration of climate objectives

As a share of bilateral allocable aid (commitments)



Note: "Other environmental markers" include biodiversity, environment and desertification that do not overlap with mitigation and adaptation. Biodiversity-related ODA is integrated in the columns, as well as presented separately for better visibility.

Source: OECD (2021), Creditor Reporting System (database), <https://stats.oecd.org/Index.aspx?DataSetCode=crs1>

### *Operational tools for systematic integration*

Environmental and social safeguards are applied to all ODA projects, and environmental and social due diligence is being conducted by a dedicated team of experts.

On grant aid, the Korea International Cooperation Agency (KOICA), the agency in charge of grant aid, put in place environmental and social safeguards that serve as guidelines for screening environmental and social risks, conducting environmental and social impact assessments, and establishing environmental and social management plans for projects with potential risks.

On loans, the Export-Import Bank of Korea (KEXIM), the agency in charge of concessional loans, introduced the Safeguard Policy in 2016 and have been making the necessary updates and revisions. In order to minimise climate risks, the EDCF is working on establishing an EDCF Climate Change Impact Response System to conduct climate risk assessment from the feasibility study stage and devise mitigation measures for all projects by 2025.

### **Monitoring, evaluation and learning frameworks**

From 2021, Korea has started: 1) preparing a comprehensive evaluation framework for each criterion, including environment and climate change; and 2) employing customised monitoring and evaluation

methodologies for projects and programmes on environmental and climate change adaptation or prevention.

In the area of grant aid, Korea has established monitoring and evaluation criteria and questionnaires: 1) to evaluate and monitor the environmental and climate impact of each project/programme; and 2) to check whether Environmental Impact Assessments (EIAs) have been conducted throughout the entire lifecycle of projects/programmes.

For instance, one of the key factors in determining the evaluation grade (score) of projects/programmes is whether environmental analyses are conducted during the planning stage and the results are reflected in the concept papers. In addition to this, at least one environmental specialist is allocated to the evaluation team for each project/programme to conduct environmental and climate assessment using OECD DAC policy markers.

In the area of loans, strict environmental and climate monitoring is conducted, including the mandatory submission of the Environmental Review Monitoring Report. Also, if the partner country does not take immediate action when a problem occurs, loan disbursement is suspended.

Changes for better climate action have been taken in both planning and evaluation. All EDCF projects consider climate-change-related indicators as part of results frameworks, in order to identify the environmental and climate risks that might affect the project outcomes and to prepare mitigation measures in advance.

For better reflection of climate change accountability, Korea revised its evaluation manual on loans in December 2020. In accordance with the manual, climate and environmental risks are designated as crosscutting issues, and risk analysis is carried out during and after the completion of every project so that the lessons learned and suggestions can be well reflected.

## **How are development programmes supporting country-owned transitions to environmentally sustainable, low-emissions and climate-resilient development pathways?**

### ***Supporting national transition plans that are commensurate with international objectives***

Korea reports reflecting on the national transition plans of partner countries when designing its ODA projects.

Green is a key element in Korea's future ODA portfolio, and it has been emphasised several times since the outbreak of the coronavirus (COVID-19) pandemic in a number of development co-operation strategies and policy documents. Specifically, Korea has integrated the implementation plans of its Green New Deal ODA Strategy to support the green transition of partner countries. Pursuant to this strategy, Korea will consider climate mitigation and adaptation as well as environmental factors at the preparation stage of its ODA projects and monitor the progress. In addition, Korea will utilize loan programs to support the green sector of partner countries, including in developing, updating, and implementing their NDCs, and to help partner countries to enhance the capacity of their policy makers in the green area. Moreover, global issues such as biodiversity will be considered as one of the priorities to implement the strategy in a more efficient way, Korea will actively promote inter-agency co-operation on concessional loans and grants.

Implementing the transition to environmentally sustainable, low-emissions and climate-resilient development pathways

Korea has stepped up its efforts to identify green projects and programmes that can contribute to strengthening climate resilience and realising low-emissions development pathways for the net-zero of

partner countries. Korea has provided USD 1.3 billion in concessional loans and USD 0.4 billion in grants for climate mitigation and adaptation projects since 2016.

The goal of Korea's climate mitigation aid is to help partner countries reduce or limit their greenhouse gas emissions or enhance their carbon sequestration. It includes programmes that promote the use of renewable energy technologies, such as solar and wind energy storage systems, to make partner countries environmentally sustainable.

Korea's climate adaptation aid is aimed at reducing the vulnerability of man-made or natural systems to the impacts of climate change by helping to maintain or increase adaptive capacity and resilience. It involves smart agriculture programmes and enhancing the disaster response capacity of partner countries.

Korea also supports developing countries to preserve biological resources and ecosystems. In particular, through the Korea-Mekong Biological Diversity Centre, which is to be established in Myanmar, Korea will support countries in the Mekong region to preserve the rich biological resources of the Mekong and explore ways to harness them as a new growth engine for the bio industry.

### *Support for sustainable, quality infrastructure*

Quality infrastructure requirements are already reflected in the entire project cycle. For each project, Korea: 1) reviews the level of contribution to the Sustainable Development Goals (SDGs); 2) examines the economic and financial feasibility and environmental risks; and 3) monitors governance throughout the cycle.

Korea also adopted the Feasibility Study Advancement Strategy in 2021, which includes strengthening assessment on environmental and social risks and the management of safeguards, to focus more on helping partner countries to transition to environmentally sustainable, low-emissions and climate-resilient development pathways.

### *Examples of projects in support of environmentally sustainable, low-emissions and climate-resilient transitions*

- Korea is providing support for projects on the energy transition from fossil fuel to renewable energy. In terms of loans, Korea provided USD 33 million to Nicaragua in 2016 to help develop renewable energy in rural areas. The objective was to install solar photovoltaic power systems in three states in the eastern part of Nicaragua in order to resolve the regional imbalance in electricity distribution and strengthen climate mitigation efforts. Korea also provided USD 68 million to Ghana in 2019 to build electricity infrastructure and increase access to electricity in northern rural Ghana. The project involved installing power substations and establishing a distribution network management system in Ghana. This project is expected to help reduce the emissions of environmental pollutants such as carbon by improving the energy supply system.
- As for grants, Korea is building a micro grid system utilising photovoltaic and energy storage technologies in Guanaja Island, the world's second largest coral reef island, to partially replace its current diesel fuel system. If this project is successful, it will become a model case that can be applied to all parts of the island and, in turn, replace diesel power generation. In addition, Korea is building a micro grid system using photovoltaic and energy storage technologies in San Cristobal of the Galapagos Islands in line with the Ecuadorian government's policy of zero fossil fuels in the Galapagos. The project will contribute to reducing greenhouse gas emissions and improving access to energy, thereby increasing the quality of life of the residents.
- Concerning climate adaptation, Korea is providing support for projects in diverse areas, including water, transport, irrigation and disaster reduction. For example, Korea provided USD 85 million to Cambodia for flood and draught mitigation in Banteay Meanchey Province in 2016. The aim was to improve agricultural productivity by establishing irrigation waterways and multipurpose

reservoirs and to reduce flood damage through efficient water management. Korea also provided USD 80 million to El Salvador in 2019 to enhance traffic safety and improve connectivity. By constructing viaducts and expanding highways, the project will allow people to avoid areas at risk of a road slope collapse. As this project involved preventing road damage due to road slope collapses that might be caused by earthquakes and floods, climate adaptation was one of the main purposes of the project.

- In addition, Korea is implementing the Building the PAN-Asia Partnership for Geospatial Air Quality Information (PAPGAPi) project together with the United Nations Economic and Social Commissions for Asia and the Pacific (UNESCAP). The main objective of PAPGAPi is to share data on air quality – air pollutants, and climate change inducing gases – from the Geostationary Environment Monitoring Spectrometer installed in the Korean satellite GEO-KOMPSAT-2B with 13 Asian countries.
- Regarding biodiversity, Korea is in the process of establishing a Mekong-Korea biological diversity centre in Myanmar and carrying out a capacity-building project. Through this centre, Korea will support Mekong countries to preserve the rich biological resources of the Mekong and explore ways to harness them as a new growth engine for the bio industry.

## How are development programmes supporting SIDS to achieve sustainable development?

### *Responding to the particular needs of SIDS*

Korea recognises the challenges Small Island Developing States (SIDS) are facing with regard to climate change. The ODA Strategy for Fragile States adopted in 2017 includes support for SIDS and countries experiencing food insecurity or in need of recovery and reconstruction in the wake of major disasters. In particular, KOICA's Climate Change Response Mid-Term Strategy (2016-20) emphasises the importance of supporting the climate adaptation of the Least Developed Countries (LDCs) and SIDS. Although EDCF loans to SIDS have accounted for only a small share of the total EDCF loans so far, Korea plans to increase support for SIDS in accordance with the 2020 HLM Communiqué. This plan is laid out in Korea's Green New Deal ODA Strategy.

### *Examples of projects in support of SIDS' sustainable development*

Korea is currently providing support to several SIDS:

- Korea is providing support to increase the use of renewable energy in Fiji. It is currently building two solar farms in the outer islands of Fiji in partnership with the GCF. In addition, Korea is assisting Samoa to strengthen its ocean acidification monitoring and capacity building in response to climate change through advanced marine science technology.
- Korea is also committed to protecting the ocean ecosystem and strengthening the capacity of SIDS in managing marine resources. It launched the Blue Growth Initiative for Small Island Developing States in co-operation with the Food and Agriculture Organization (FAO) in order to help SIDS develop and introduce a new management model for marine resources.
- In addition, Korea has been participating in the Tina River Hydropower Project in the Solomon Islands since 2017. This project will help the Solomon Islands move away from total reliance on diesel to using renewable energy as the main energy source. It will also pave the way for the Solomon Islands to reduce its greenhouse gas emissions and achieve sustainable and resilient development.

*Supporting SIDS' access to finance*

Korea has been supporting SIDS to increase their access to finance through contributions to trust funds managed by international financial institutions such as the IDB and the World Bank. In particular:

- The Korea-World Bank Group Partnership Facility Single-Donor Trust Fund (2018) has promoted SMEs innovation and finance in Papua New Guinea (PNG) and helped the Bank of PNG and its partner government agencies to design an institutional structure for an SME Accelerator Program that can facilitate SMEs incubation, start up, and expansion and improve their access to finance, information, and innovation.
- The IDB Public Capacity Building Korea Fund for Economic Development (2019) has strengthened the capacity of the Dominican Republic in public finance management and fiscal policy. It has also assisted the Ministry of Finance and the General Directorate of Internal Revenues of the Dominican Republic in improving their public finance management capabilities and fiscal policy coordination.



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