Analysing the Conformity of Korean ODA Projects to National Demand in a Recipient Country: the Case of Azerbaijan

Young-Chool Choi

Professor, Department of Public Administration, Chungbuk National University, Korea
ycchoi@cbu.ac.kr

Abstract:
The aim of this study is to analyse whether the aid projects provided by Korea to Azerbaijan have been able to meet the national demand of Azerbaijan. It thereby aims to contribute to the development of a methodology that can evaluate whether Korean ODA projects meet the national demands of the recipient country. Secondly, it sets out to determine to what extent Korean ODA projects for Azerbaijan, which to date have not been the subject of academic study, are suited to that country's needs. This research thus seeks not only to assist research on other countries in the future, but also to contribute to efforts to improve the suitability of the recipient country's demand for Korean ODA..

1   Introduction

Since Korea joined the OECD Development Assistance Committee (DAC) in 2010, the amount of aid to foreign countries has increased significantly. The amount of aid given in 2021 was 3.4 billion USD, an increase of 8.3% on the previous year's. This sum is more than three times the size of Korea's 2021 Ministry of Gender Equality and Family budget 1.1 billion USD. In order to implement aid policies for foreign countries effectively, in 2011 the first tranche of 26 countries selected core support countries for consolidation, free of charge, drafted the so-called Country Partnership Strategy (CPS), and implemented the aid policy accordingly. In 2015, the second tranche of 24 countries designated key partners (for 2016–20). There are 27 countries involved in the third phase of priority co-operation, running from 2021 to 2025; the Prime Minister's Office is preparing CPS for these countries. The distribution of countries receiving aid by continent is as follows: Asia Pacific is 45.6 per cent, Africa 31.7 per cent, Central and South America 11.5 per cent, the Middle East CIS 11.2 per cent. By contrast, the Commonwealth of Independent States (CIS), formed after the dissolution of the Soviet Union, included eleven countries in total (https://www.koica.go.kr/koica_kr/933/subview.do#intro).

The primary purpose of the aid project can be said to be to improve the quality of life of people in the recipient country. However, the scope for such improvement in recipient countries is quite wide. In addition, since recipient countries have their own national development plans and directions, ODA policy projects can be successful only if they are well-aligned with the recipient countries' policy directions (Alesina and Weder, 2002; Kim, 2011; Sachs, 2005). In cases where Korea promotes detailed aid projects for individual countries, it has to comply with the long-term development plan of the recipient country and the CPS that it itself has already established. Since the CPS the Korean Government has for individual key partner countries is established on the basis of the long-term development plans of the respective countries, it may be said that in broad terms, the CPS is mostly consistent with the medium- and long-term development plans of the recipient country.

In the process of discovering and promoting ODA projects in the field, an important factor is whether individual ODA projects are well-aligned with the CPS of Korea and the development plan of the recipient country as it goes through a number of complex processes. As individual ODA projects are well in line with Korea's CPS and the national long-term development plans of individual recipient countries, efforts should continuously be made to improve the effectiveness of Korean ODA projects as a whole.

This study aims to analyse to what extent Korean ODA projects have met the national demands of one particular state, Azerbaijan, which has not been much researched in Korea. Thereby, it can contribute to the development of a methodology which can evaluate whether Korean ODA projects meet the national demands of the recipient country. Second, it will make it possible to determine whether Korean ODA projects for Azerbaijan are suited to Azerbaijan demand. Finally, this research may not only assist research on other countries in the future, but also contribute to efforts to improve the suitability of the recipient country's demand for Korean ODA.

2　Theoretical Discussion and Status of ODA Projects in Azerbaijan

2.1　*Significance of the demand conformity of the recipient country, and criteria for determining suitability*

2.1.1　*Significance of the suitability of the recipient country's demand*

The suitability of the recipient country's demand refers to the extent to which donor countries have aims consistent with the national needs of the recipient country in the process of forming and executing aid projects (Aiyar et al., 2005; Busse and Groning, 2009; Moyo, 2009; Riddell, 2009). While donor countries apply a variety of criteria when deciding on aid projects, one of the most important is to reflect the needs of recipient countries (Dollar and Levin, 2006; Chun et al., 2010; Knack, 2001; Zagha et al., 2006; Alesina and Dollar, 2000). Reflecting the demands of consumers is natural in the provision of all services, especially public services. However, especially in the case of an aid project, if the donor country prioritizes promoting its own interests rather than the donor country's position, it will be difficult for the aid project to succeed and for it to meet the basic principles of such a project.

For this reason, in the process of evaluating various aid projects, whether or not the original aid projects reflected the demands of the recipient countries well, in the process of formation or execution, is included as an important evaluation index. For example, when evaluating all ODA projects, the measurement item of the relevance indicator reads:

- Did the projects in the evaluation field match the priority of the recipient country's development policy?
- Do the projects in the evaluation field match the recipient country's development policy and strategy?
- Are the projects in the evaluation field designed on the basis of an analysis of the development environment of the recipient country?

When it comes to the question of whether these metrics properly reflect the demands of the recipient country, however, whether they are in line with Korea's ODA strategy is also an important evaluation item. For example, questions arise such as:

- Did the evaluation field projects conform to Korea's ODA strategy?
- Were the projects in the evaluation field planned taking into account connections with other projects or past projects?

These are questions which aim to evaluate whether the Korean ODA aid project strategy and the project are in line with each other.

2.1.2　*Criteria for judging suitability for demand*

The criterion for determining whether donor countries are meeting the needs of the recipient country has a basic connection with the donor's aid strategy (Tuman and Strand, 2006). Aid donors will have a medium- and long-term development strategy with respect to the recipient country. This varies depending on the national characteristics of the donor countries, but taking Korea as a representative case, there is a Country Partnership Strategy (CPS) and a Country Plan (CP). The CPS is prepared by the governmental affairs co-ordination office of Korea, and may be said to be the medium-term national aid policy toward Korea's key partner countries. It is understood that it is prepared with the participation of various ministries and agencies connected with aid. By contrast, CP is an aid project plan of KOICA,

an aid project execution agency in Korea, and is a plan developed at an institutional level reflecting the CPS.

It may be said that the contents of the CPS and the CP serve as a guideline for the formation and execution of aid projects in Korea; and also, that the medium- and long-term development plan of the donor country can be used as the criterion for determining the suitability of the demand. Of course, it is the recipient country's mid- to long-term development plan that is fundamentally based on the creation of Korea's CPS or CP. Even if the CPS and CP are based on the recipient country's mid- to long-term development plan and sector-specific plans in the relevant field, the recipient country's mid- to long-term development plan may be the criterion for determining the suitability of the specific ODA project (https://www.koica.go.kr/search/mirsearch.jsp).

2.2   Status of ODA support for Azerbaijan
2.2.1   Overview of Azerbaijan

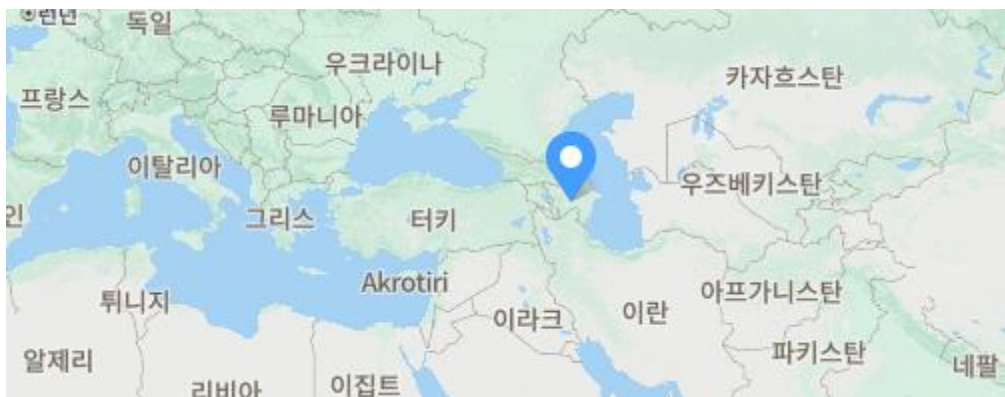Azerbaijan is a country that feels rather unfamiliar to Koreans. Its capital is Baku, whose population as of 2020 was around 1.1 million (http:search.naver.com).

Figure 1   Location of Azerbaijan

(Source: http:search.naver.com)

As Figure 1 shows, the nearby countries include Turkey, Uzbekistan, Iran, Iraq and Armenia. As of 2020, Azerbaijan's population was around 10.22 million and its per capita GDP $7,058. As of 2019, its level of World Competitiveness placed it fifty-eighth out of 141 countries (World Economic Forum 2019).

2.2.2   ODA support for Azerbaijan

Azerbaijan occupies a position where it has been able to provide smooth public development assistance for its citizens by signing a 'Basic Agreement for Free Assistance' with Korea in January 2019. However, it is excluded from the group of target countries for third-term priority co-operation, which will be implemented from 2021. Figure 2 ranks the amount of aid given to Azerbaijan by major donors. It shows that, in the 2010–17 period, Japan was the largest donor, followed by the World Bank, Germany, the USA, the EU and Korea. In other words, as a single country Korea ranks fourth, and if all international organizations are included the amount of aid Korea donates to Azerbaijan is not large enough for it to rank sixth.
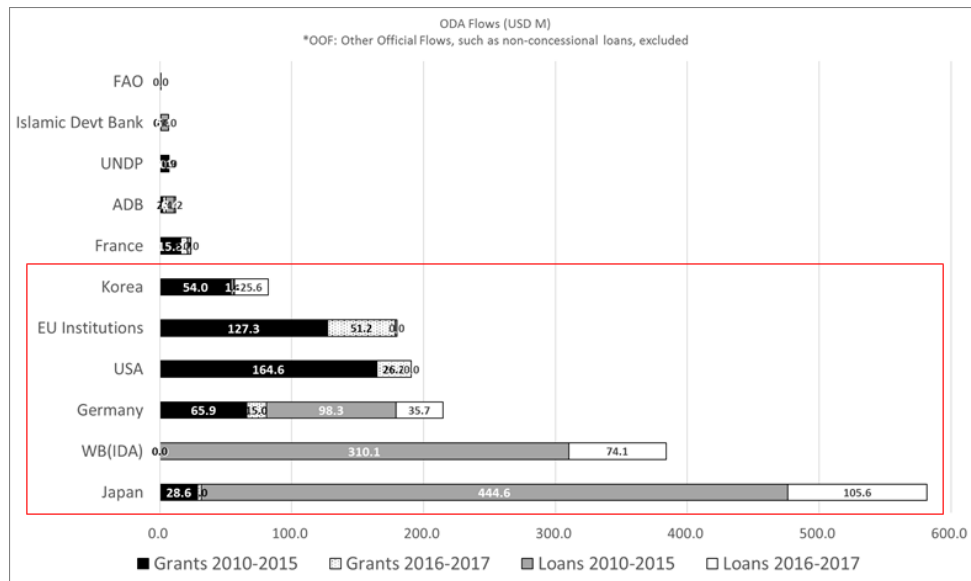
Figure 2   Scale of support to Azerbaijan by major ODA donors

(Source: OECD DAC 2020.)

On the other hand, if we look at the size of Korean aid to Azerbaijan by period and aid type, we see that there are many 'project'-type projects, followed by development consultation projects. After this, the aid has consisted of a project for trainees, a training project for government officials, and a volunteer group project. The total project period contains one CPS and two CPSs, and looking at individual projects by type, we see that there are many projects of a 'project' type, and that development consultation projects were also carried out before the first CPS. In the second half of the period some multinational training programmes have been conducted, but the scale of these is small.

3   Survey Design
3.1   Analysis period
Korea has provided aid to Azerbaijan even in the period prior to the creation of the CPS, as shown in Figure 2. The first CPS ran from 2012 to 2015, and the second from 2016 to 2020. However, from the point of view of conformity to demand in the provision of aid, it is reasonable that the period for which the CPS was created and applied is included in the study subject. Because the CPS is considered to have been created on the basis of reflecting the demand of the donor country, it must reflect this national demand, and so by comparing the contents of the aid project and the CPS actually performed it is possible to determine whether the demand conformity was high or low. Therefore, in this study the analysis period covers the period 2012–15, which is the first CPS period, and then the period from 2016 up until 2020, when the second CPS period was completed.

3.2   Projects to be analysed
As regards the projects surveyed, the most central types of project are development projects and training projects. Therefore, in this study the analysis was limited to these.

Table 1   Projects and training programmes for the first CPS

Number	Project Name
P1	(1) Establishment of strategies to revitalize foreign direct investment
	(2) Development of special economic zones and industrial complexes
P2	Kahriz Water Resource Supply System Restoration Project
P3	Apcheron Peninsula Renewable Water Resource Development Center Water Field Complex Project
P4	Technical University Administrative Information Support Project
P5	Intellectual property automation business

P6	E-Government Education Center Construction Project
P7	Nahchiban National University education information support project
P8	Teacher competency reinforcement and educational informatization support project
T1	Intellectual Property System Curriculum
T2	Environment and water management capacity building process
T7	Sharing and operating best practices for international cooperation in the National Assembly
T8	Korea development experience sharing country training for journalists
T9	E-government security training by country
T10	Korea's financial supervisory experience sharing country training

(Source: KOICA 2020.)

Notes. (1) P = project; T = training project; (2) that the serial numbers of P and T are not consecutive is a result of separating the first and second CPS.

Details of the projects and training programmes undertaken during the second CPS period are shown in Table 2.

Table 2   Projects and training programmes for the second CPS

Number	*Project Name*
P9	Water and sewage facilities construction project in the Koza Band area
P10	IOM water supply system (Kahriz) construction support project
T3	Reinforcing capacity for public service and social innovation
T4	Enhancement of competency in tax administration
T5	Enhancement of veterinary products and food production quality capabilities
T6	Food procurement and supply system development

(Source: KOICA 2020.)

3.3   Analysis method

The aim of this study being to analyse to what extent the projects carried out in Azerbaijan between 2012 and 2020 met that country's national demand, it was necessary to analyse the degree of conformity of the project and training programmes with the CPS for Azerbaijan in Korea, and the national development plan of Azerbaijan. This involved four processes:

1. CPS 1 and CPS 2 were classified and analysed.
2. The CPS content for each period, and the long-term development plan of Azerbaijan, were analysed separately.
3. Because the contents of the first and second CPS are different, for the comparison to evaluate the CPS's degree of conformity the higher classification criteria among the CPS's contents were used, and the long-term development plan uses the types of sectors included in it.
4. A data file, based on the budget amount of individual projects, was created and analysed to determine in which sector these budget amounts were invested.

As an analytical method, social network analysis was used. This method uses the concept of nodes and links to analyse to what extent each actor (here, ODA projects) is connected to each object, and to identify the central projects in the network.

4   Analysis Result

4.1   Conformity between ODA project and CPS

4.1.1   Analysis of CPS conformity during the first CPS (2012–2015)

Looking at the ODA projects carried out in Azerbaijan between 2012 and 2015, we see that there were eight projects and six training projects. It is necessary to examine whether these projects are in line with the major strategic directions of the first phase of CPS. The major strategic directions of the first Korean CPS for Azerbaijan are water resource development, e-government, institutional improvement and public education. However, since there are projects that may not fall into these four fields, the analysis was performed including other fields. On the basis of the budgets for individual ODA projects, the data distributed in the four strategic directions are used to represent the network, as shown in Figure 3.

NETWORK DEGREE CENTRALIZATION INDEX
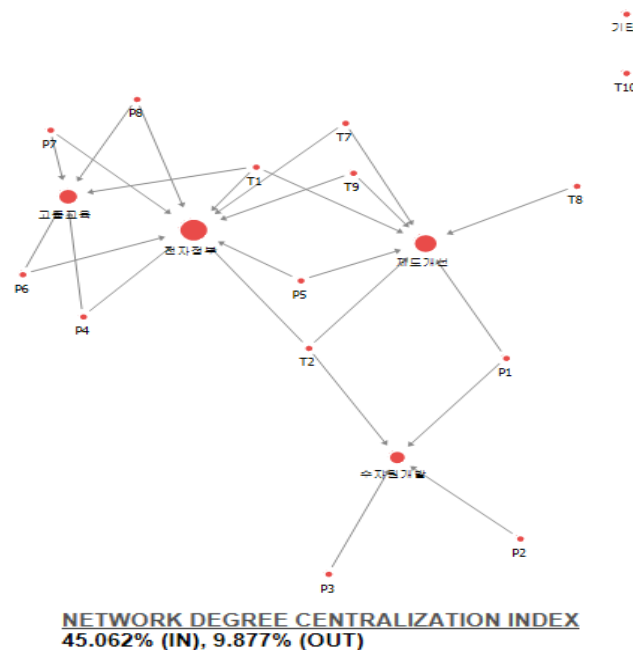**45.062% (IN), 9.877% (OUT)**

Figure 3   CPS contents and conformity network for the first CPS project
(Note: Network analysis using KOICA 2020 data.)

The characteristics of the above network are as follows. First, the network centralization is relatively high at 0.45. Unlike centrality, concentration is an index that expresses the degree to which an entire network is concentrated in one centre (Dongwon Son 2005). Centrality is related to focusing on a point in the network, and whether the point is located at the centre, unlike the degree of concentration mentioned here. By contrast, as shown here, the degree of concentration expresses the degree to which an entire network is centred. For example, when a small number of people have intensive exchanges within a network, the degree of concentration increases. The concentration in this network (0.45) is relatively high.

Secondly, the T10 project, a training project, appears to be inconsistent with the major strategic directions within CPS. In other words, these projects do not correspond with the contents of the Azerbaijan CPS in Korea, so they can be said to be somewhat insufficient in terms of the relevance of the projects. Third, in terms of the characteristics of the project, the *e-government* sector has high link-centredness, followed by *institutional improvement*, *higher education* and *water resource development*.

4.1.2   Analysis of CPS conformity during the second CPS (2016–2020)
Meanwhile, we will examine the degree of conformity between the ODA projects carried out during the second phase of the CPS (2016–20) and the strategic direction of the second phase of CPS. The main strategic direction of the second CPS, unlike that of the first, is *telecommunication infrastructure*, *communication manpower training*, *water infrastructure*, *vulnerable health*, *e-government*, *public workforce* and *agricultural technology*.

NETWORK DEGREE CENTRALIZATION INDEX
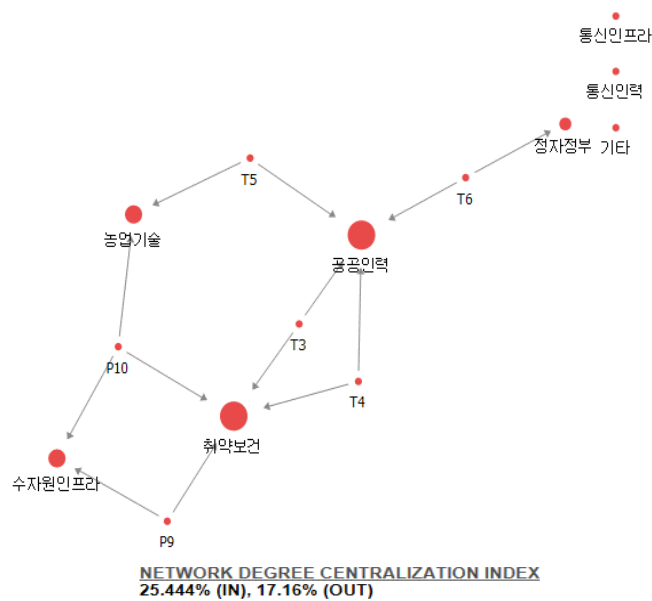25.444% (IN), 17.16% (OUT)

Figure 4   CPS content and conformity network for the second CPS project

The characteristics indicated in Figure 4 are as follows. First, the network concentration is 0.25, which is lower than that of the first phase. Second, projects or training programmes in the field of *telecommunications manpower* and *telecommunications infrastructure* are not connected. Third, the fields with the most connection are those of *certified personnel* and *vulnerable health*, followed by *agricultural technology*, *water infrastructure* and *e-government*.

4.2   Conformity between ODA project and long-term development plan
4.2.1   Analysis of conformity with the long-term development plan during the first CPS (2012–2015)
Contrastingly, the degree of correspondence with the contents of the Azerbaijan long-term development plan by project is shown in Figure 5. Azerbaijan's long-term development plan is the State Program on Poverty Reduction and Sustainable Development (SPPRSD), which analyses the main contents of this long-term development plan and whether the conformity of each ODA project is high. A high level of conformity means that the ODA project reflects the national demand of Azerbaijan well, while a low level means the opposite. Figure 5 shows the network connection between the ODA projects made in the CPS 1 manoeuvring plan and the long-term development plan.
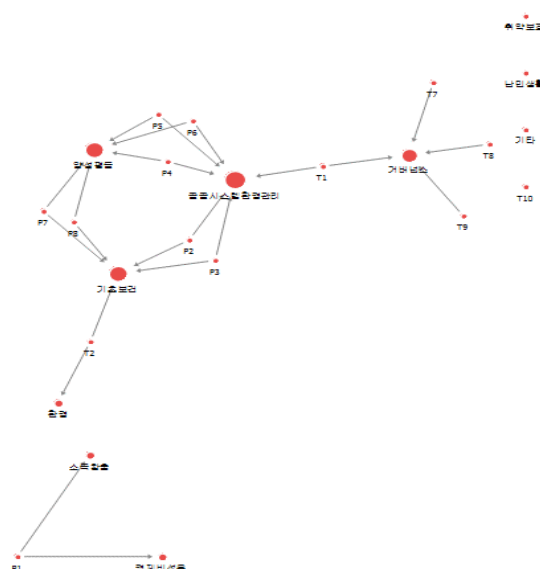
NETWORK DEGREE CENTRALIZATION INDEX
22.873% (IN), 4.726% (OUT)

Figure 5   Network of conformity with Azerbaijan's long-term development plan for the first CPS project

(Note: Network analysis using KOICA 2020 data.)

SPPRDS is a long-term development plan, and the main contents included in this plan are *economic non-petroleum development*, *income generation*, *protection of the vulnerable*, *refugee life*, *basic health*, *public system environmental management*, *environmental protection*, *gender equality* and *governance*. Reflecting this, Figure 5 may be summarized as follows. First, the network concentration is 0.228, which cannot be called high. Second, it appears that there is no project for the protection of the vulnerable and refugee life in the contents of the long-term development plan.

4.2.2   Analysis of the degree of conformity with the long-term development plan during the second CPS (2016–2020)

Figure 6 below shows the network of conformity of Korean CPS with Azerbaijan's national development plan for the second term. As shown in the Figure, many areas for the national development in Azerbaijan have not been included in the Korean ODA projects, and instead they are isolated from the project network. It implies that when the Korean government makes a decision about the ODA projects for Azerbaijan in the future, it should take the ignored and isolated policy areas into account so that the whole policy areas of Azerbaijan can be developed in a balanced way.

NETWORK DEGREE CENTRALIZATION INDEX
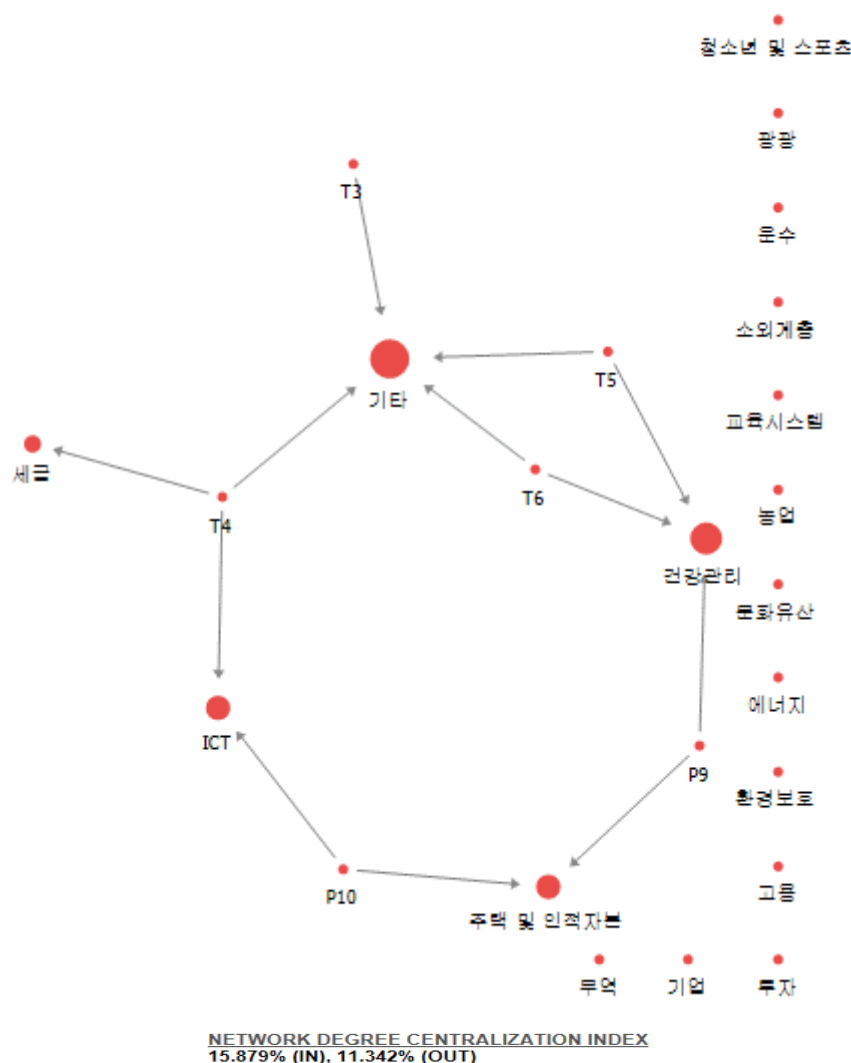**15.879% (IN), 11.342% (OUT)**

Figure 6   Network of conformity with Azerbaijan's long-term development plan for the second CPS project

5   Conclusion

The aim of this study has been to analyse whether Korean ODA projects for Azerbaijan meet that country's national demand well, and whether they meet the ODA strategy for Azerbaijan in Korea. For this purpose, the aid projects provided by Korea to Azerbaijan between 2012 and 2020 were analysed. Social Network Analysis was used as the analysis method, and the degree to which Korean ODA projects meet Azerbaijan's national long-term development plan and Korea's Azerbaijan ODA strategy was analysed numerically.

As a result of the analysis, it can be said that Korean ODA projects for Azerbaijan are generally well suited to the national demand of Azerbaijan, but that some projects are not included in Korea's development strategy. In view of this, it is necessary in the future to make various efforts to ensure that Korean ODA projects are well-matched to the national demands of countries receiving aid. The best way of achieving this is to introduce a system that thoroughly analyses and filters individual projects on the basis of demand conformity from the project discovery stage.

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