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IN INDONESIA:
DEVELOPMENT DEMANDS, PROJECTS
PERFORMANCE, AND
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Faradina A. Maizar
Teuku Riefky
Ghany E. Wiguna
Raka R. Fadilla
Yoshua C. Justinus
Jahen F. Rezki

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Institute for Economic and Social Research
Faculty of Economics and Business
Universitas Indonesia (LPEM-FEB UI)

Salemba Raya 4, Salemba UI Campus Jakarta, Indonesia 10430
Phone : +62-21-3143177
Fax : +62-21-31934310
Email : lpem@lpem-feui.org
Web : www.lpem.org

Analysis of Korean's ODA Projects in Indonesia: Development Demands, Projects Performance, and Satisfaction*

Faradina A. Maizar¹, Teuku Riefky¹, Ghany E. Wiguna¹, Raka R. Fadilla¹, Yoshua C. Justinus¹, and Jahen F. Rezki¹★

Executive Summary

The study evaluates Korea's Official Development Assistance (ODA) in Indonesia, focusing on its effectiveness and local perspectives. Information gathered from 112 stakeholders that received ODA from Korea indicates satisfaction with Korean ODA due to inclusive project identification, effective planning, substantial implementation budgets, knowledge transfer, capacity building, direct communication, and stringent monitoring. Despite these strengths, issues like rigid expectations, language barriers, prolonged negotiations, and bureaucratic inefficiencies persist. Further improvement will be needed to improve the impact of the ODA; it includes setting flexible targets, employing interpreters, streamlining regulations, enhancing monitoring, reducing consultant reliance, following up on projects, and simplifying bureaucratic processes. Addressing these challenges can enhance the impact of Korea's ODA, strengthening bilateral cooperation and sustainable development.

JEL Classification: F35; H81; O19

Keywords

ODA — Korea — Indonesia — Evaluation

¹ *Institute for Economic and Social Research (LPEM), Faculty of Economics and Business, Universitas Indonesia*

★ **Corresponding address:** Institute for Economic and Social Research (LPEM) Universitas Indonesia, Gedung Ali Wardhana, Campus UI Salemba, Salemba Raya St., No. 4, Jakarta, 10430, Indonesia. Email: jahen.fr@ui.ac.id.

1. Introduction

Korea, once an Official Development Assistance (ODA) recipient, has transformed into a prominent donor country, achieving a high-income status with a GDP per capita rising from USD932 in the 1960s to USD28,675 in 2019. Korea's successful economic development has enabled it to join the OECD Development Assistance Committee (DAC), focusing its ODA on Asia and Africa. With an ODA budget of USD2.9 billion in 2021, Korea emphasizes support for health, vulnerable groups, infrastructure, and green transitions. Significant portions of its aid are directed towards the least developed and lower-middle-income countries, aiming to contribute to sustainable development and reduce dependency on aid.

To implement the ODA projects, the National Research for Council for Economics (NRC) is carrying out ODA projects in Indonesia to assess the efficacy of the ODA support program, comprehensive analysis of ODA support strategies, implementation systems, and project performances reflecting local opinions is required to overcome the limitations of existing general and segmented ODA project evaluations by country. This study evaluates the effectiveness of Korea's ODA support program in Indonesia, focusing on:

1. Analysing Indonesia's developmental challenges and priorities.
2. Developing a comprehensive understanding of ODA support strategies and implementation systems.

3. Assessing the coordination and management of ODA.
4. Comparing the effectiveness of Korean ODA against other major donors.
5. Proposing improvements based on strategic importance and potential for expanded cooperation.

The assessment uses a mix of qualitative methods:

1. Literature review to examine development policies and ODA strategies from various donors.
2. Survey that targets relevant ministries and organizations to gather insights on ODA's impact.
3. In-depth Interviews to engage key stakeholders to delve deeper into the results and areas for improvement.
4. Data analysis by integrating findings from primary and secondary sources to refine the assessment of Korea's ODA.
5. Local workshop to disseminate findings and gather feedback from key Indonesian and Korean stakeholders.

A survey involving 112 individuals from national and subnational governments as well as universities and non-governmental institutions experienced with Korea's ODA was carried out to gain insights into various aspects of the partnership between Korea and Indonesia. The survey aimed to assess the relevance, alignment, and responsiveness of Korea's CPS with Indonesia's development needs, along with the coherence of Korean aid efforts with other development partners and the efficiency of interactions between Korean and Indonesian agencies. The effectiveness of ODA project management, capacity-building efforts, and the overall challenges faced by Korean aid agencies were also key exploration points. Conducted online, the survey utilized a snowball sampling technique facilitated by the Korea Institute for International Economic Policy (KIEP), and its

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findings are set to be analysed to evaluate the impact of Korean ODA in Indonesia.

In-depth interviews were conducted with five respondents from five different governmental institutions, all of whom had previously participated in the survey to complement the survey. These interviews aimed to delve deeper into the respondents' experiences with Korean ODA, exploring elements of success, comparative advantages, and the effectiveness of Korea's aid compared to other partner countries. The interviews, which were recorded and summarized in written form, are part of a qualitative analysis to understand better the nuanced impacts and operational dynamics of Korean ODA in Indonesia.

2. Literature Review

2.1 ODA Concept

Official Development Assistance (ODA) is a critical form of government aid aimed at fostering economic development and welfare in developing nations, introduced by the OECD Development Assistance Committee (DAC) in the late 1960s. This international forum assesses and updates the eligibility of countries for ODA every three years, focusing on their per capita income. Despite a United Nations target for donor countries to allocate 0.7% of their Gross National Income (GNI) to ODA by 2030, the actual average contribution was reported at 0.33% between 2018 and 2022. The commitment to this target, while voluntary and lacking legal enforcement, significantly influences a country's global standing and reflects its dedication to the Sustainable Development Goals (SDGs).

ODA serves as a stable financing source for the world's poorest nations, particularly effective during economic downturns, and supports major infrastructure projects and public services that require substantial capital. It also plays a vital role in enhancing the effectiveness of domestic financial markets and the private sector. Although the impact of ODA on economic growth varies, studies have shown its significant positive effects in nations with robust fiscal, monetary, and trade policies, particularly in the agricultural, service, and manufacturing sectors. However, debates continue regarding its overall efficacy, with some studies suggesting that higher aid levels could correlate with increased corruption and governance challenges.

ODA is segmented into bilateral and multilateral aid. Bilateral aid involves direct transfers from donor to recipient countries, fostering close partnerships and aligned with the donor's Country Partnership Strategy (CPS), which is tailored to address the specific needs and goals of the recipient. In contrast, multilateral aid comprises contributions to international agencies like Multilateral Development Banks (MDBs), which then redistribute these funds according to the development priorities of various countries. This type of aid also includes the donor country contracting multilateral agencies to execute projects on its behalf, sometimes classified as bilateral aid due to the direct relationship created between donor and recipient.

The OECD categorizes ODA into grants and loans, with the former being non-repayable and the latter offering concessional terms that are more favourable than commercial loans. This includes lower interest rates and longer repay-

ment periods, making them particularly suitable for development projects in recipient countries. Additionally, ODA is classified further into types such as budget support, project-type interventions, and technical assistance, each defined by specific goals and implementation strategies. To more accurately measure the effort of donor countries, the OECD shifted from a flow-basis method to a grant-equivalent basis in 2018, where only the grant component of loans is considered in ODA statistics, highlighting the real contribution and effort of the donor countries more effectively.

To measure the actual effort of donor countries, the method to produce ODA statistics was transformed from a flow-basis to a grant-equivalent method. Until 2018, grants and loans were valued similarly to report ODA statistics in the flow-basis method. However, this method did not reflect the actual donor effort. A grant represents a bigger effort than a loan, and a low-interest rate loan with a long repayment period represents a bigger effort than a higher-interest rate loan with a shorter repayment period. Therefore, in the grant-equivalent method, only the grant-equivalent of loans would be recorded as ODA. Grant-equivalent is measured by multiplying the annual loan disbursement by the grant element with a differentiated discount rate according to income level at the time of approval.¹ The grant element is calculated as the difference between the principal of the loan and the present value of the repayments the borrower will make over the lifetime of the loan, as a percentage of the principal.

2.1.1 Priority Areas of Korea's ODA in Indonesia

Korea's ODA in Indonesia is strategically focused on priority areas including transportation, government and public administration, climate change and environment, and water management, sanitation, and health (WASH), as delineated in Korea's CPS. These areas were chosen in alignment with Indonesia's national development plans and Korea's capacity to impact these sectors effectively alongside other international donors. Specific objectives within these sectors include enhancing the integration and management of transport infrastructure, improving policy implementation efficiency through legal and administrative reforms, strengthening response capacity to climate change and environmental challenges, and upgrading public health and water management systems. These initiatives reflect a comprehensive approach to supporting Indonesia's development goals through targeted and collaborative international aid. The goal and outcome of Korea's ODA in Indonesia for each priority sector are presented in Table 1.

2.2 Current Condition of ODA

Korea ranks among Indonesia's top eight sources of ODA, contributing 7.02% of the funding in 2021. The amount of ODA from Korea has consistently risen each year from

¹Grant Equivalent = Grant Element × Gross Disbursement (by year);
Grant Element = $\left[\frac{(\text{Principal} - \text{Present Value of Principal with differentiated discount rate})}{\text{Principal}} \right] \times 100\%$;

Differentiated discount rate: Least Developed Countries and other Low-Income Countries (at least 45% grant element with a 9% discount rate); Lower Middle-Income Countries (at least 15% grant element with 7% discount rate); Upper Middle-Income Countries (at least 10% grant element with 6% discount rate).

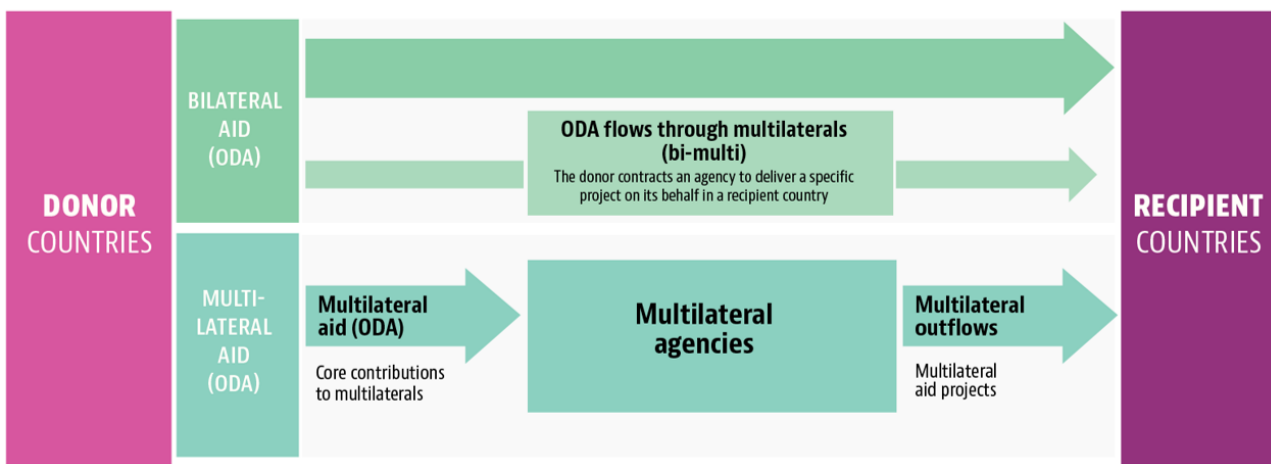


Figure 1. ODA Flow
Source: OECD (2023)

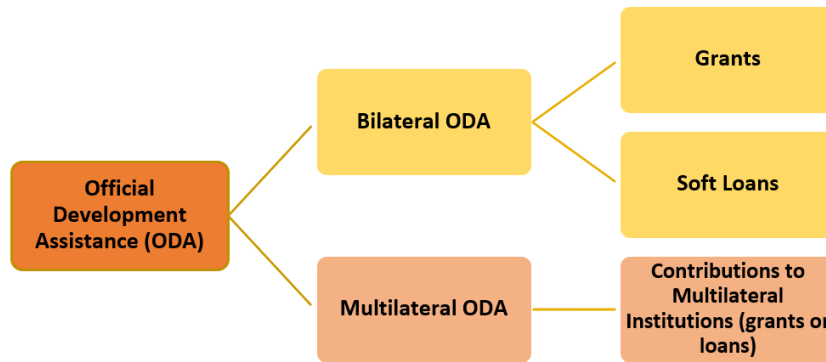


Figure 2. Types of ODA
Source: OECD (2021)

Table 1. Goals and Outcomes of Korea's ODA Priority Areas in Indonesia

Priority Area	Goals	Outcomes
Transportation	<ul style="list-style-type: none"> To support balanced national development through transport infrastructure linkages and improved management capacity 	<ul style="list-style-type: none"> Establishment of transportation networks to provide reliable transport services Construction of a transport database and training of experts
Government and Public Administration	<ul style="list-style-type: none"> To enhance the efficiency and capacity of public policy implementation 	<ul style="list-style-type: none"> Improvement of related legal systems Improvement of public services Enhancement of the government's effectiveness and transparency
Climate Change, Environment	<ul style="list-style-type: none"> To strengthen the capacity to respond to climate change and manage the environment 	<ul style="list-style-type: none"> Improvement of access to clean energy
Water Management, Sanitation, Health (WASH)	<ul style="list-style-type: none"> To strengthen the water management system 	<ul style="list-style-type: none"> Strengthening the climate disaster response capacity Reduction of disasters and damage related to water resources Improvement of public hygiene and the environment

Source: Korea's ODA (2022)

2015 to 2021. However, the number of projects funded saw a decline in 2020 before rebounding in 2021.

Examining the flow of ODA from Korea to Indonesia reveals fluctuations in the proportion of grants and loans over the year, with a significant rise in loans amounting to USD314.8 million in 2021. Despite this increase, the grant scheme has consistently dominated in terms of the number of projects. This suggests that while loans may represent a

larger nominal value, there are fewer loan projects compared to grants.

From 2015 to 2021, the nominal values of sectoral funding from Korea's ODA to Indonesia have shown variability, with significant increases in the sectors of Government & Civil Society, Banking & Communication, and WASH & Health observed in 2021 compared to the previous year. In terms of the number of projects, the most substantial

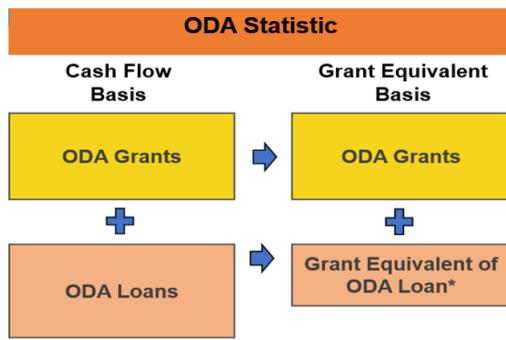


Figure 3. Cash-Flow Basis vs Grant-Equivalent Basis
Source: OECD (2021)

portions of ODA were allocated to Government & Civil Society (41.59%), Banking & Communication (24.02%), and WASH & Health (16.81%). A considerable portion of the budget in the Government and Civil Society sector has been dedicated to initiatives, including the digitization of government processes.

From 2015 to 2021, project-type interventions accounted for the largest share of Aid Funding in nominal terms, comprising 81.6% of the total. This was followed by sector budget support at 8.5% and other forms of technical assistance at 3.6%. (Figure 10). However, regarding the number of projects, the most frequent category of projects funded by Korea involved scholarships and training in the donor country, followed by other technical assistance and project-type interventions (Figure 11).

Regarding nominal funding, the Export-Import Bank of Korea is the leading provider of ODA, offering the highest average value per project at 62.1%. Conversely, when considering the volume of projects, the Korea International Cooperation Agency is the predominant agency, delivering 60.6% of ODA projects in Indonesia.

2.3 ODA-Related Regulations

In Indonesia, the regulations governing ODA are primarily derived from Law No. 1/2004 on the State Treasury, which manages the scope and administration of national debts and receivables. However, specific guidelines regarding the types of debts and grants managed by the Central Government are detailed in subsequent regulations, notably Government Regulation No. 10/2011. This regulation specifically addresses the procedures for obtaining and managing foreign loans and grants, defining foreign loans as financing that must be repaid under agreed conditions and grants as non-repayable resources received from foreign entities. These financial instruments are designed to support a range of national priorities, from budget deficit financing to disaster response and humanitarian assistance.

Furthermore, Government Regulation No. 10/2011 sets strict principles for managing these financial tools, including transparency, accountability, and effectiveness, while prohibiting political influences and threats to national security. The procedural framework established under this regulation encompasses the planning, negotiation, disbursement, and monitoring of foreign loans and grants, ensuring rigorous oversight and efficient use of funds. Complementary regulations issued by the Ministry of Finance and the

National Development Planning Agency (Bappenas) provide additional guidelines on monitoring, evaluation, and financial management of loans and grants, supporting the overarching governance structure and enhancing the strategic deployment of ODA within Indonesia.

3. Findings

Based on results from the survey, in-depth interviews, and local workshops, recipients of Korean ODA, including national and subnational governments, universities, and non-governmental institutions, are generally satisfied with Korean ODA. This is due to several key strengths during the process of ODA.

While other donors may not involve Indonesian recipients in designing a project, **Korean aid agencies include Indonesian recipients in finding a suitable project during the project identification phase.** It is crucial to have projects that match local needs and to ensure the projects are aligned with the national development agenda. Korea's responsiveness in addressing Indonesian recipients' needs is also a key strength of the Korean ODA. This responsiveness reflects Korea's ability to align its assistance with the immediate needs and priorities of its partner countries, facilitating efficient and effective cooperation. The project identification phase oftentimes involves high-level officials from the two countries. It would also be beneficial to include technical officers during this phase to ensure the understanding of all stakeholders and to prevent miscommunication during the next phase of the projects.

The success of Korean ODA can also be attributed to effective planning. Compared to other donors, the planning concept for Korean ODA is clearer and more comprehensive, as it contains project stages, targets, and division of labour. Well-formed planning helps guide the related stakeholders in completing their tasks, knowing which tools to use and when, and tracking performance.

Regarding budget, **there is a higher allocation of money for main activities or implementation compared to supporting activities,** such as planning, meetings, and socialization, **in Korean ODA projects.** The budget allocation helps prioritize resource allocation where it is most needed and focuses on the expected outcomes and results of the projects. Spending more on the implementation would ensure that the project targets are achieved or, in other words, the projects are more impactful.

During the implementation phase, **South Korean ODA projects offer opportunities for Indonesian stakeholders to increase their productivity through knowledge transfer.** This happened because Korean ODA projects are supported by technical experts who assist the Indonesian recipients during the implementation phase. The knowledge spillover allows Indonesian stakeholders to adopt the best-practice system introduced by Korean aid agencies or experts, resulting in a more productive or efficient process. Apart from knowledge transfer, **Korean aid agencies' commitment to capacity building contributed to the success of Korean ODA projects.** Capacity-building initiatives are crucial in empowering local institutions and individuals in partner countries by enhancing their skills, knowledge, and technical expertise. Indonesian recipients can function more

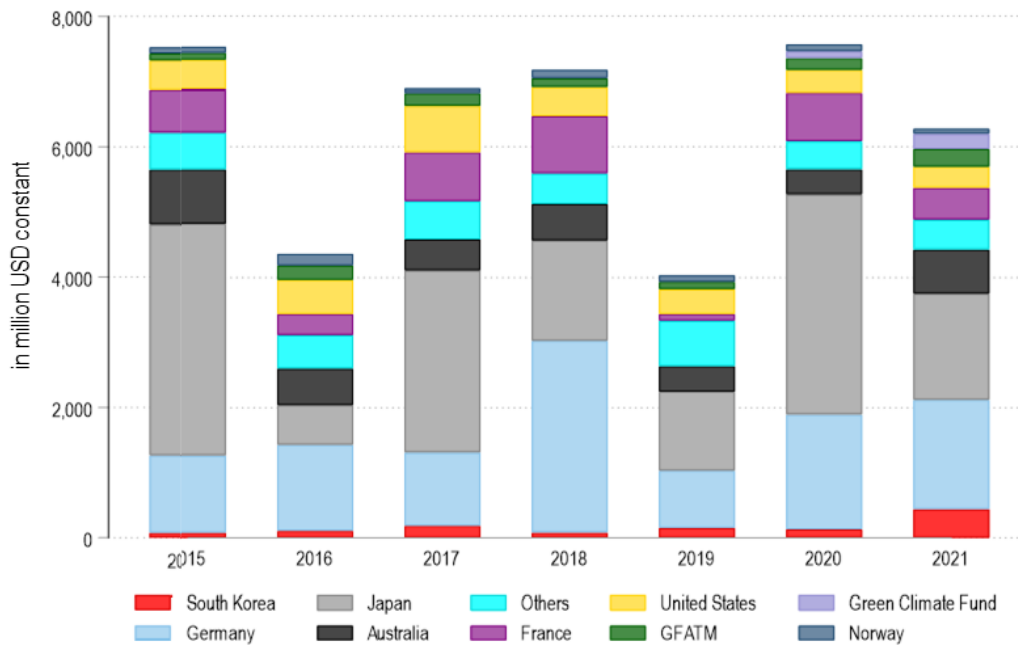


Figure 4. ODA Funding for Indonesia Based on Country Partner, 2015–2021

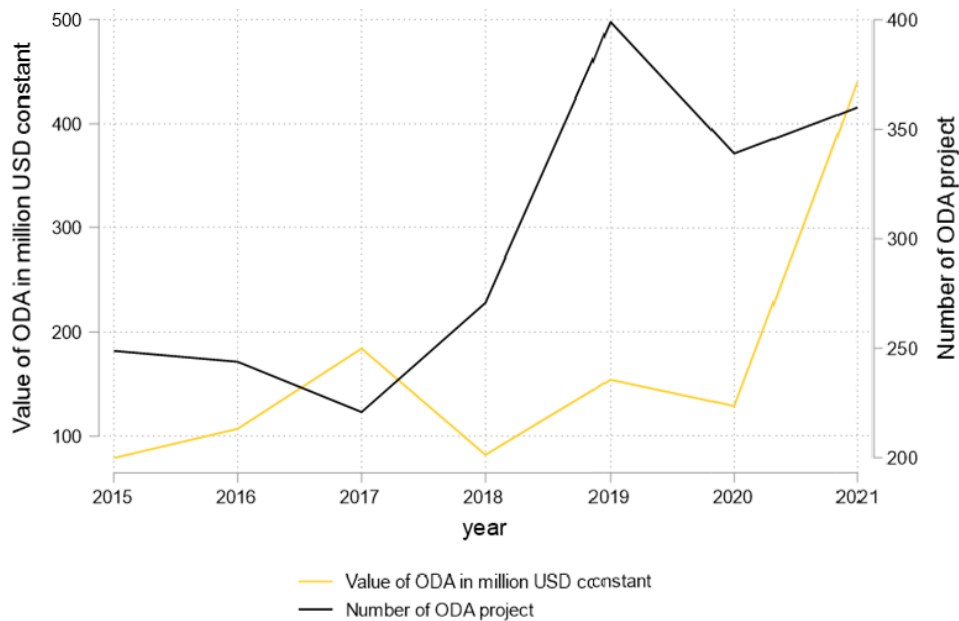


Figure 5. ODA Funding for Indonesia from Korea, 2015–2021

Source: Lowy Institute Southeast Asia Database (2023)

effectively and efficiently when their capacity is increased. Better decision-making, more productivity, and better service delivery may result from this.

Direct communication between Korean aid agencies and Indonesian recipients also helps the success of Korean ODA projects. The survey results show a high satisfaction rate for communication and coordination between Indonesian recipients and Korean aid agencies. This is further confirmed by how survey respondents agree that there is a clear single communication channel to collaborate with Korean aid agencies. While direct communication contributes to the success of a project, there are other factors in terms of communication that inhibit projects from achieving high performance. This will be discussed in the next section.

The last key strength of Korean ODA projects is how the monitoring and evaluation phases are carried out in a detailed and strict manner to ensure the project targets are met. South Korean aid agencies always expect projects to achieve the agreed targets; hence, when something may cause the project outcomes to deviate from targets, Indonesian recipients need to take corrective actions immediately.

3.0.1 Addressing the Challenges

While the findings from the survey, in-depth interviews, and workshop activities suggest numerous positive aspects and key strengths of the Korean ODA in Indonesia, few challenges remain. Addressing these key issues could further the efficacy of future prospective Korean ODA as they provide room for improvement of the current Korean ODA practice

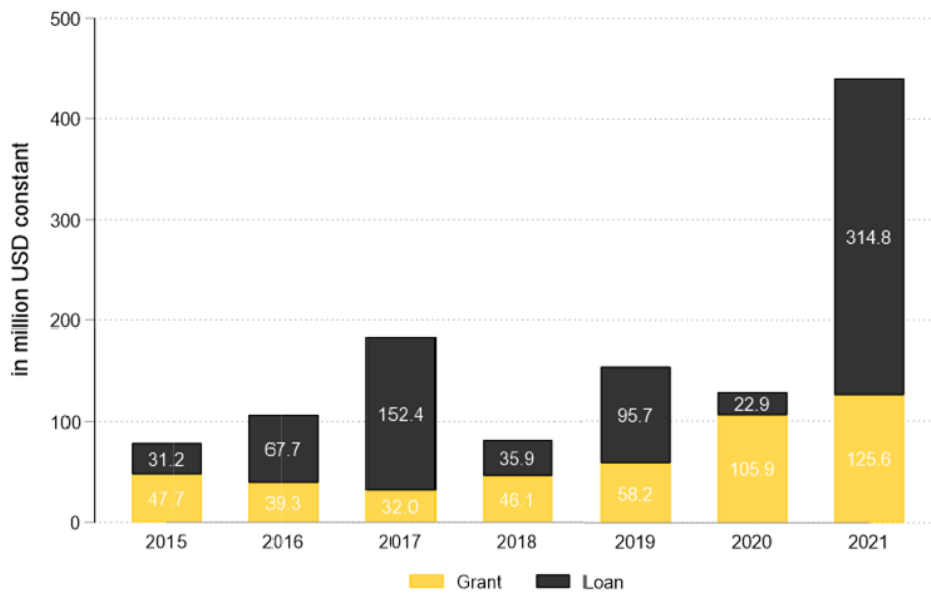


Figure 6. ODA Funding from Korea Based on Type of Flow, 2015–2021

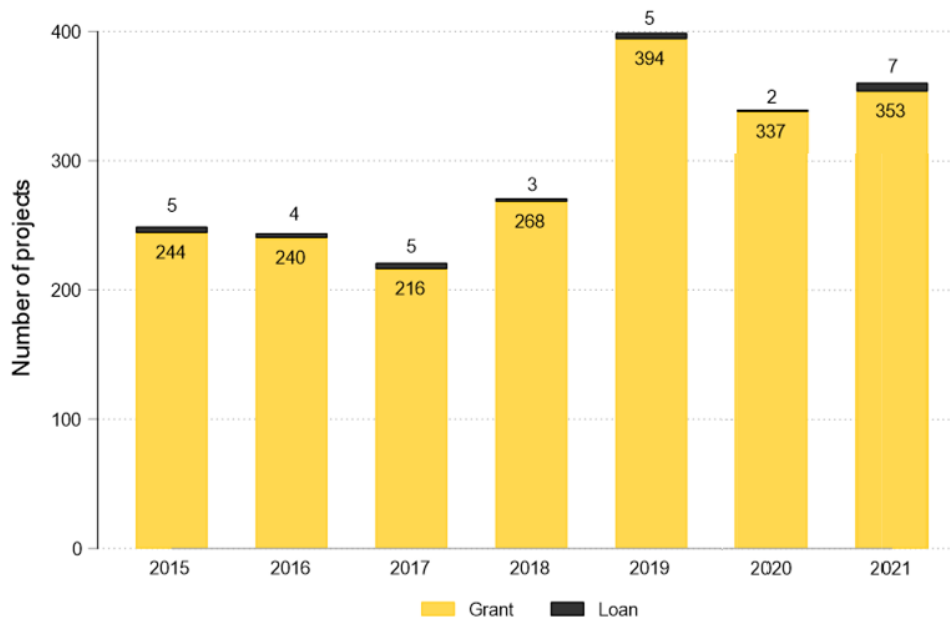


Figure 7. Project’s Number of ODA from Korea Based on Type of Flow, 2015–2021
Source: Lowy Institute Southeast Asia Database (2023)

in Indonesia.

These challenges stem from various aspects of Korean ODA practices in Indonesia, ranging from planning to implementation matters. While the result suggests that the Korean ODA process involves clear expectations and comprehensive planning at the beginning of the process has repeatedly emerged throughout the study activities, there is still room for improvement.

The first challenge is that the current practice still has an issue in the form of the **expectations that are being set by the Korean ODA agency is considered to be relatively rigid**. While thorough and detailed planning is imperative in setting the agenda, the target set by the Korean ODA agency tends to be too ambitious on a few occasions. It leaves almost no room for deviation in the realization. This makes the project execution and results assessment too rigid

or inflexible should any contingencies happen. The study found an occurrence of such a case in the peatland restoration project as the planting success rate was set at 96%, which is actually way above the average rate of 80%. In reality, unexpected obstacles could occur in the form of bad weather that could hamper the plants’ growth. As the Korean aid agency deems any rate below 96% as a failure, the only way to achieve ‘success’ status is for the recipient to plant new trees until the success rate reaches 96%, even though the shortfall of planting rate stems from weather conditions that is beyond the recipient’s control. This rigidity of set targets to accommodate any external disturbance also resulted in a project completion delay that exceeded the planned timeline.

Korean aid agency tends to set ambitious targets for their project and tolerate minimum deviation in the realization.

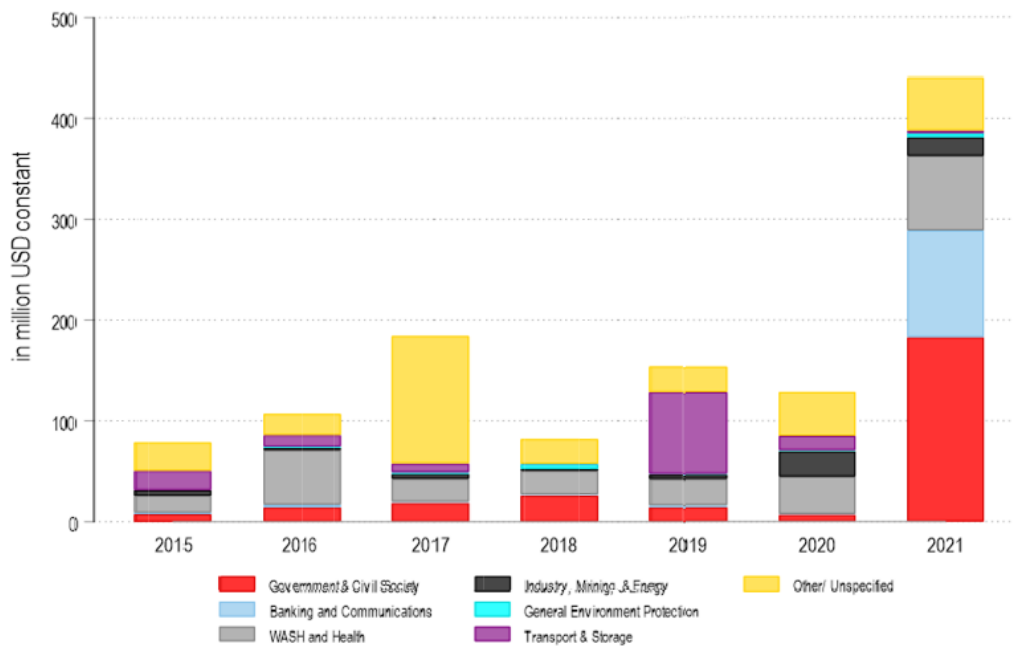


Figure 8. ODA Funding from Korea Based on OECD Sector Classification, 2015–2021

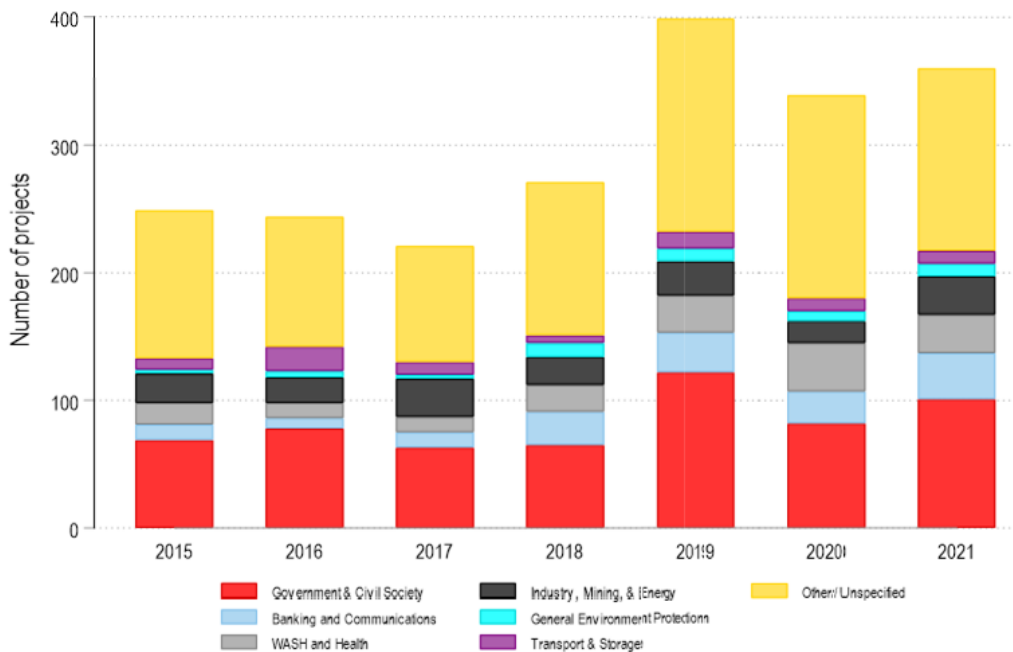


Figure 9. Project's Number of ODA from Korea Based on OECD Sector Classification, 2015–2021
Source: Lowy Institute Southeast Asia Database (2023)

On the other hand, this detailed planning could make the project too rigid and inflexible. For example, in the peatland restoration project, the planting success rate must be at least 96%, above the average rate of 80%. If unexpected obstacles occur, such as weather obstacles preventing plants from growing, the recipient must plant new trees until the target is achieved. This condition could cause the implementation to exceed the planned timeline.

One potential solution to address this rigidity issue is to openly **communicate the achievable target at the beginning by both parties and introduce a certain degree of flexibility in the target set**. Introducing the degree of flexibility could be realized by putting conditionality. For

instance, in the case of the peatland restoration project, the Korean aid agency could set two targets, such as a 96% success rate if there is no occurrence of bad weather and 90% if there is the occurrence of bad weather. This should be noted that both targets are still beyond the average success rate of 80%, and both targets are still better than the business-as-usual scenario. However, implementing this type of target setting should be complemented by a proper monitoring and evaluation process to keep the progress and results accountable. Integration of a degree of flexibility could minimize the risk of delay in project completion.

Another remaining issue in the process of Korean ODA in Indonesia stems from **language barriers and cultural**

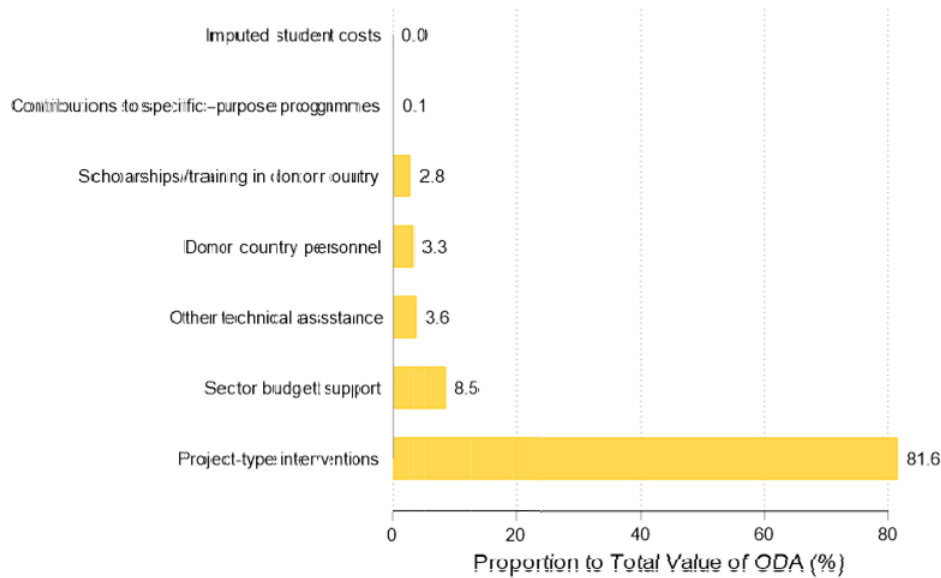


Figure 10. ODA Funding from Korea-Based Aid Funding, 2015–2021

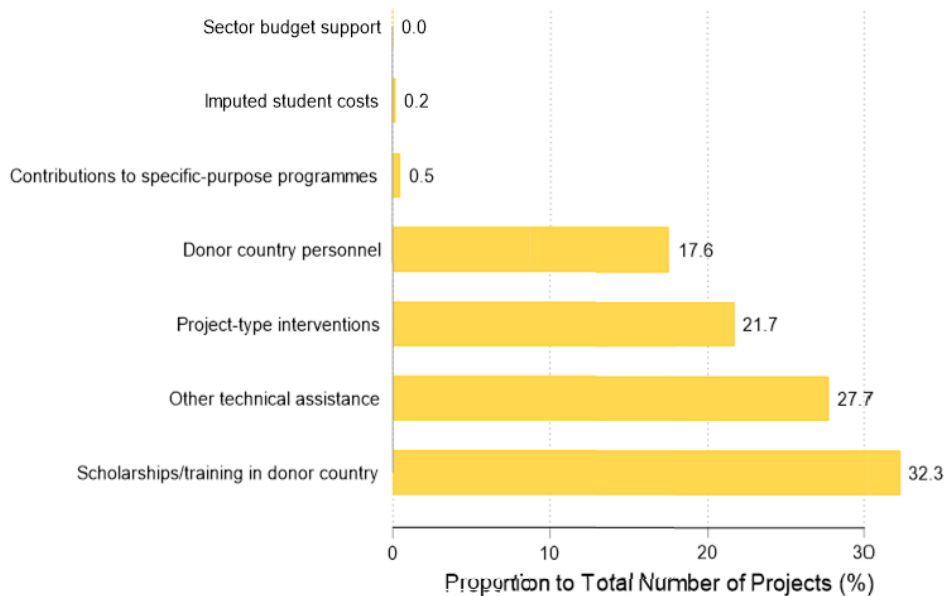


Figure 11. Project's Number of ODA from Korea Based on Aid Funding, 2015–2021

Source: Lowy Institute Southeast Asia Database (2023)

differences. While in most cases, this did not cause any significant disturbance to the effectiveness of Korean ODA, this might cause inefficiency in the daily ODA implementation activities. Based on the study findings, there are several occurrences where Indonesian government officials who are involved in the Korean ODA projects are not highly fluent in English. Similarly, not all Koreans who are involved in the ODA projects in Indonesia are highly fluent in communicating in English. When this happens, it might cause inefficiencies in communications and increase the risk of misinterpretations. Beyond language barriers, cultural differences could cause delays and inefficiencies due to disturbances in communications and coordination between the parties involved. While this is rare, it has occurred in the past and resolving this issue could improve the efficiency of further Korean ODA conduct in Indonesia.

To overcome this issue, the **presence of individuals who play the role of an interpreter** could be useful. This

could be achieved by hiring a dedicated interpreter for the Korean ODA projects on both sides. Furthermore, Korean aid agencies could also hire Indonesian staff to assist them with coordination and communication purposes, specifically assigned to overcome the language barrier and cultural differences. To ensure the effectiveness of the solution and avoid any disruption, a dedicated interpreter or Indonesian staff at the Korean aid agency, the specific individual, should be involved in the project from the beginning until project completion. While the issue of the language barrier and cultural differences has not caused in a not caused in significant disruptions in the past Korean ODA practices, addressing this issue could eliminate the risk of any potential communication and coordination issues in the future.

The next aspect that can be improved from the Korean ODA process in Indonesia is the **prolonged negotiation process due to differences in expectations and set of regulations between Indonesia and South Korea.** On

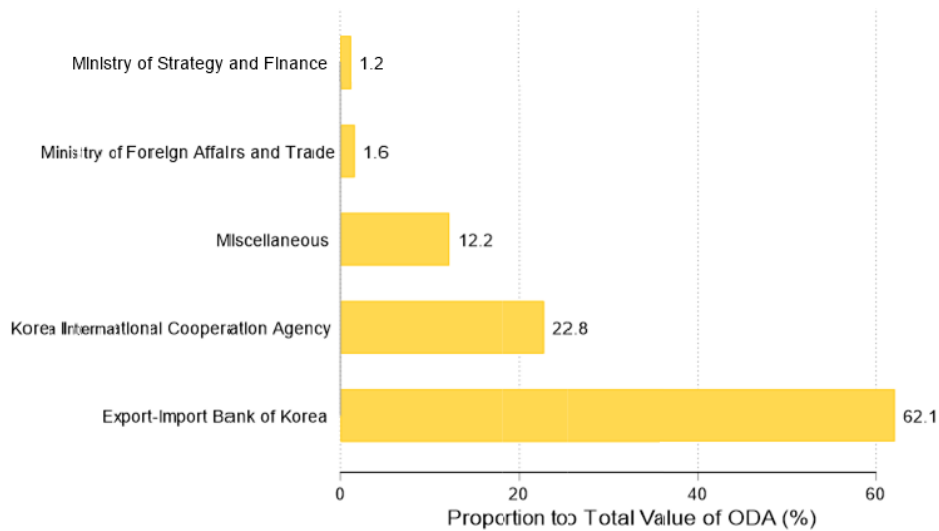


Figure 12. ODA Funding from Korea Based on the Agency Name, 2015–2021

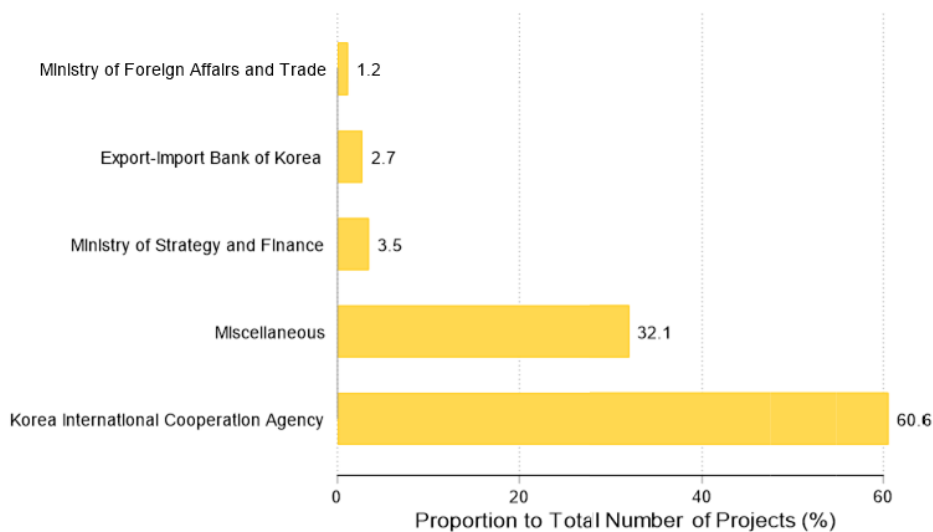


Figure 13. Project's Number of ODA from Korea Based on the Agency Name, 2015–2021

Source: Lowy Institute Southeast Asia Database (2023)

certain occasions, project implementation has been halted due to regulation restrictions that forbid specific activities to be executed. In addition, the planning and negotiation process of Korean ODA in Indonesia sometimes took a long period of time to reach an agreement due to differences in expectations. During this challenge, the negotiation process had no specific deadline, which created uncertainty in terms of the project timeline.

Going forward, the unnecessary delay in the ODA process could be minimized by setting expectations at the beginning of the process. In terms of regulation, it could be resolved by highlighting and understanding all the regulations in Indonesia before implementing the ODA. In the planning phase, **it should consider all the regulations that could modify the original plan and try to revise the ODA execution plan.** In terms of the prolonged negotiation process of Korean ODA, this should be resolved by setting a specific timeline and a **clear deadline for the negotiation process** to minimize any uncertainty in terms of duration.

In terms of operations, there is an issue in the form of regular monitoring. It emerges from the study analysis that

the Korean ODA that was implemented at the regional level in Indonesia is not made aware of at the central or national level by the line ministries. From the Korean side, there is no close monitoring, **and it has been mentioned that there was no report on the regional activities of Korean ODA to the national-level line ministries.** Lack of adequate monitoring and reporting could cause misalignments of programs between national and regional levels. Considering the amount of Korean ODA activities that were conducted at the regional level, the potential for miscoordination and program misalignment could be substantial.

This issue could be resolved by **increasing monitoring activity both from Indonesian ministries and related institutions and Korean aid agencies.** To improve the issue of asymmetric information across the governmental level in Indonesia, improvement in reporting activity by the Korean aid agency and regional institutions of government might serve as a potential solution. In addition, clear monitoring and reporting activity should be set since the beginning of Korean ODA projects. With proper monitoring and reporting systems, all involved stakeholders should receive the

same amount of information and updates on the ongoing Korean ODA projects, especially at the regional level.

In terms of chain-of-communications, there have been some inefficiencies that arise from the utilization of third-party consultants. While the third-party consultant might benefit the ODA process, the extensive role granted to the consultant could add an unnecessary communication chain and delay the decision-making process. Furthermore, adding layers to the communication and coordination could result in potential distortion, misinterpretation, and misalignment of interest between Indonesian and Korean parties. In addition, it has been reported that third-party consultants have possessed excessive authority in the Korean ODA process. This resulted in confusion on the Indonesian side as to whether the decisions made by the consultant serve in the best interest of Indonesia's development program and Korean ODA's objectives.

To weed out any distortion caused by the utilization of third-party consultants, the most efficient solution is to minimize the involvement of consultants **in the engagement process of Korean ODA**. Relying less on third-party consultants, whenever feasible, shall enhance efficiency in the coordination and communication activities within Korean ODA projects. The principle to be adopted should be to lean more on direct communications and collaboration processes between Indonesian officials and Korean ODA agencies. This environment could be ideal for reducing the risk of misinterpretations and misalignments of interest.

One pattern that emerges from the analysis of the Korean ODA projects in Indonesia is that there were **no follow-up activities on the completed ODA projects**. After project completion, Korean ODA usually shifts towards other sectors or different projects. In comparison, some other ODA programs have follow-up projects to develop further the previous sector or type of projects. This might result from the objective of the Korean ODA to reach various sectors and execute different types of projects. However, there is a potential to enhance the development progress of past projects.

While this is not necessarily an issue, future Korean ODA in Indonesia could be improved in terms of the development continuity agenda of specific project types by **providing follow-up actions or projects on the completed projects in Indonesia**. Various Indonesian government officials who have been involved in Korean ODA suggest that by following up on the previous projects, the development potential is substantial as the capacity building and knowledge transfer have been accumulated from the previous projects, making it more efficient to execute follow-up actions on the completed projects in Indonesia.

The last aspect that could be improved to enhance the effectiveness and efficiency of Korean ODA programs in Indonesia is the bureaucracy. It has been found that there is a rather **complex bureaucracy process and chain of command that consequently results in project activity delays**. This bottleneck could potentially increase the risks of miscommunications, resource waste, and time delays.

The last issue in Korean ODA programs in terms of complex bureaucratic processes and chain of command might take time to be resolved. While the solution is to **reduce the bureaucracy process and shorten the chain-**

of-command, it might take an iterative process to ensure that the bureaucracy and chain-of-command efficiency improvement process will not cause any deterioration in the aspect of governance and proper implementation. Regardless, the effort to increase the efficiency of bureaucracy and chain-of-command should be taken immediately to gather feedback and insights on the iterative process in a swift manner.

4. Conclusion

The Indonesia and South Korea relationship is stronger in its 50-year history. To better understand the performance of the ODA support program from Korea in Indonesia, which is expected to strengthen the bilateral relationship between Korea and Indonesia, this study conducted an assessment to analyse the key development challenges of Indonesia's economy, to develop a comprehensive analysis of ODA support strategies, to assess ODA coordination and management policy at the institutional level, to evaluate Korean ODA compared with other major development partners, and to derive the improvement plan of Korean ODA. To answer the research objectives, this study uses several methods, such as literature review, survey, in-depth interview, primary and secondary data analysis, and local workshop.

Findings from surveys, in-depth interviews, and local workshops confirm that, for the most part, Indonesian recipients are satisfied with Korean ODA. This was due to several key strengths of Korean ODA, which are:

1. Korean aid agencies include Indonesian recipients in finding a suitable project during the project identification phase.
2. Effective planning.
3. Higher allocation of money for main activities or implementation compared to supporting activities.
4. Korean ODA projects offer opportunities for Indonesian stakeholders to increase their productivity through knowledge transfer.
5. Korean aid agencies' commitment to capacity building.
6. Direct communication between Korean aid agencies and Indonesian recipients.
7. The monitoring and evaluation phases are carried out in a detailed and strict manner.

Nevertheless, there are remaining challenges that need to be addressed by both Korean aid agencies and Indonesian recipients to improve the efficacy of Korean ODA. Possible strategies to tackle these challenges are as follows:

1. Expectations that are being set by the Korean aid agencies are considered to be relatively rigid.

Korean aid agencies and Indonesian recipients should communicate the achievable target initially for both parties and introduce a certain degree of flexibility in the target set. This is important because, during the program's implementation, several things will change due to external factors (e.g., different priorities from the related ministries, economic disruption, etc.).

2. Language barriers and cultural differences.

It is highly suggested to have a presence of individuals who play a role as an interpreter as it makes it easier to transmit information across different stakeholders. It is also important to reduce misinformation that could

hinder the objective of the programs/

3. Prolonged negotiation process due to differences in expectations and set of regulations between Indonesia and South Korea.

In the planning phase, all the regulations that could modify the original plan should be taken into account, and the ODA execution plan should be revised. Regarding the prolonged negotiation process of Korean ODA, this should be resolved by setting a specific timeline and clear deadline to minimize any uncertainty in terms of duration.

4. There is no close monitoring, and it has been mentioned that there was no report on the regional activities of Korean ODA to the national-level line ministries.

Increasing monitoring activity from Indonesian ministries and related institutions and the Korean aid agency will also ensure that the projects do not deviate from the initial objective.

5. Inefficiencies that arise from the utilization of third-party consultants.

Whenever possible, minimize the involvement of consultants in the engagement process of Korean ODA.

6. There were no follow-up activities on the completed ODA projects.

Korean aid agencies will provide follow-up actions or projects on the completed projects in Indonesia. Therefore, the sustainability of the projects can be achieved, potentially having a long-lasting impact on the beneficiaries.

7. Complex bureaucracy process and chain-of-command that consequently result in delays of project activities.

It is recommended to reduce the bureaucratic process and shorten the chain of command.

To conclude, significant progress has already been made between these two countries, especially regarding bilateral cooperation. South Korea has played an important role in Indonesia's development via its ODA. Obviously, there is room for improvement in order to maximize the impact of Korean ODA on Indonesia's economy and also to boost Indonesia's national capacity. Therefore, encouraging more collaboration, especially related to ODA between Indonesia and South Korea will be pivotal and benefit these two countries.

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Gedung LPEM FEB UI
Jl. Salemba Raya No. 4, Jakarta 10430
Phone : +62-21 3143177 ext. 621/623;
Fax : +62-21 3907235/31934310
Web : <http://www.lpem.org/category/publikasi/workingppers/>

