

## Abstract

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The Korean government, with the new southern policy and the new northern policy, emphasizes cooperation between nations for peace and prosperity in the region. From the Korean government's perspective, the policies to the northern region aim to secure the roads to the Eurasian region and market diversification, and to reduce the possible conflicts in the region by expanding economic, political and diplomatic cooperation with China and Russia. It can also be seen that the importance of economic diplomacy focused on New South and New North area is emphasized from expanding from G2-centered security diplomacy. The policies against the northern region for the vitalization of the economy and the peace stability on the Korean peninsula has been continuously pursued and expanded from the previous governments, but there has been difficulties in establishing the practical basis for cooperation due to the tensions between the two Koreas, that it has been evaluated as lacking concreteness and actual implementation under the limited situation. The threats still remain, yet the government based on the existing cooperation in the Najin-Hasan logistics project and other railroad and power grid projects, seeks for not only relations improvements between the two Koreas, but also advance into Russia, China and Eurasia, practicing the Korean Peninsula New Economic Map.

Of the 14 countries that are subject to New Northern policy, excluding Russia and China, seven countries are lower middle income countries and five are upper middle income countries, based on the OECD DAC. Since the late 2000s, some Central Asian countries have experienced rapid economic growth, with some countries rising to the upper middle income countries; in order to promote economic cooperation with these countries, it is necessary to establish an ODA strategy that takes into account the policy direction of each country aiming for sustainable economic growth through industrial diversification. The target region for the New Northern policy includes inland countries in northern and middle-east of Eurasia that are emerging economic nations composed of various peoples and religions, going through considerable difficulties in the process of transition to a democratic and market economy. Mainly based on exports of energy and mineral resources, the economic growth rate is expected to grow 4.0% in 2017, 4.2% in 2018, and further expand in the mid to long term. And, the governments in the area are promoting practical integrations accelerating economic development; opening up the economy and effectively linking national development strategies among neighboring countries with reconciling conflicts in the past. Some Central Asian countries have recently elected new president and government, seeking differentiation by pursuing industrial diversification for long term economic growth, and constructing transport logistics infrastructure to overcome the geographical weaknesses of landlocked and double-landlocked economies.

According to the OECD, in 2017 the northern area received the total ODA of 5,474million USD, and it appears the share took up to 4% of the total ODA between 2010 -2013 and to 5% between 2014 -2017. The aid from the international community seems increasing while aid performance on an absolute scale is still considered poor. And the ODA generally increased in the Central Asia while its share of GNI showed a decrease. For better effectiveness of ODA, it would be more important to seek diversification and to serve as a centerpiece for investment, exports, and invite private sectors, rather than the size it self. As of 2018, KOICA provided 38,328 million KRW to 11 countries (1 Asia, 10 East Europe and CIS countries) in the New Northern Policy region, which is 7.28% of the total support of 526,768 million KRW. Mongolia and Uzbekistan are the 11th (2.7%) and 12th (2.7%) of the top 20 KOICA supporting countries.

New North Korea policy, with the vision to usher in the era of the northern economic community of peace and prosperity, is the core diplomatic policy to enhance cooperation between the Korean Peninsula and Northeast Asia, and secure new growth engines for the Korean economy - 4 major goals, with 16 major tasks and 63 detailed tasks by departments are being promoted. The New Northern policy suggests concrete action strategies in consideration of changes in existing performances, limitations, and the environment. While the Central Asian countries are expressing their willingness to cooperate to solve problems and lead economic growth, it can be the right time to bring about practical cooperation under the policy. Focusing on Uzbekistan, the government intends to expand its trade with Uzbekistan, Kazakhstan, Turkmenistan more than twice by 2023, and to suggest strengthening the cooperation by providing cutting -edge infrastructure such as roads, railways, airports, plants, and smart cities. Yet, unlike the government positioning ODA in the forefront of the New Northern policy, KOICA's role is mentioned as continuing the bilateral aid project under the CPS. New North Korea policy is a government-centered policy with the political and economic purpose, utilizing ODA as a mean of implementation for each sector's entry strategy. ODA itself is not the main purpose of the New Northern policy, yet the lack of KOICA's role in establishing the overall ODA strategy within the New Northern policy can be somewhat dismay. On the other hand, KOICA is also required to promote ODA strategies in line with national policies. Therefore, it would need to consider the linkage with new northern policy in establishing future regional strategies.

Based on the ongoing KOICA project list, it does not deviate significantly from the direction of the New Northern policy. Projects in public administration, rural and regional development, and in human resource development have been continuously carried out by KOICA, and they have sufficient strength to the new northern policy. Countries with economies based on energy resources, such as Central Asia, have shown considerable interest in innovation and digital growth, preparing for new economic growth engines from industrial diversification. Moreover, in the midst of new winds such as the change of regime, the government is developing related strategies by suggesting economic efficiency and improving the quality of life of citizens to maintain the new regime. And KOICA's projects in public administration and

education sectors may meet these demands; utilizing the strengths of the ICT field, digitization of various government systems would contribute significantly to the diversification of domestic industry and attracting foreign investment. KOICA's projects share in Central Asia shows that public administration and education is considerably higher than in other sectors, possibly providing good basis in seeking cooperation business in New Northern policy. In particular, the larger the infrastructure construction projects, the greater the likelihood of improving its effectiveness through various ODA projects, such as strengthening its related capabilities and establishing an administrative system. Further more, while the governments in Central Asian countries are putting efforts lowering the dependency on the remittance economy and revitalizing start-ups to create youth jobs, KOICA has already supported various start-up support projects. Quality job can not be created simply by nurturing manpower or transferring technology, and related industrial development must be carried out together. Hence if the education projects including nurturing manpower and transferring technology can be promoted along with the industrial development especially in the major sectors of the New Northern policy, such as medical and agriculture, it can be expected to create effective results and improving the economic and diplomatic relations between the countries as well.

The Korean economic cooperation project and the Korean ODA project, which are presented within the government's big frame of New Northern policy, are clearly different but have commonalities. Utilizing the existing development cooperation infrastructures and strengths of KOICA, and taking to the same direction as the large-scale cooperation projects presented in the New Northern policy, it will not only enhance the effectiveness of the project but also differentiate Korea's unique approach leading the relationships. As economic cooperation projects of the policy have not yet been specified, the possibility of cooperation on ODA projects is still open, and through active discussions it will be able to differentiate from previous policies and achieve actual results. It is also believed that further researches should be followed.