

Executive Summary

ODA which a public development aid project contributes to the international community and contributes to the development of sustainable development in the economic and social development of developing countries, as well as political in terms of national interests of our country Diplomacy, Trade. It is making an important contribution to expanding its influence in security, and at the same time has a significant impact on the domestic economy. In this situation, recent changes in the environment surrounding the international community and domestic ODA have led to the era of changes in the view of the ODA which has led to the "Economic Effectiveness Analysis Study of Free Aid" seen in the need to estimate the economic impact of the international community and domestic economic impacts and domestic economic effects.

This study was conducted in three main directions. In the first direction, in view of the linkage between free aid and domestic economies, we analyzed the status of activities and expenditures of Korea's free aid projects linked to domestic industry for domestic and foreign leading research data on the economic ramifications analysis of free aid. Overseas leading studies tended to focus on empirical analysis on the impact of ODA on the economic growth of the recipient country, and domestic leading studies tended to conduct regression-based empirical analysis of how Korea's support for ODA public development aid affected the economy of the recipient country.

In the second direction, this study was conducted to develop a model that analyzes the ramifications of free aid on the domestic economy. We specifically defined and scoped the ODA industry, analyzed the characteristics and structure of the industry and explored the potential for economic ramifications analysis and model development.

In the third direction, we applied the above-developed methodology to the specific

data provided by KOICA to conduct a study that demonstrated the ramifications of free aid to the domestic economy. Based on this study concluded by presenting direction for the establishment of a strategy for free aid that can promote win-win national interests in the international community in the future and drawing suggestions for the development of free-cost projects with the direction to promote win-win national interests.

Since there is no prestigious definition of the ODA industry, it is necessary to set the scope of the ODA industry to which this study will follow in order to conduct the research. There is a leading study on this, which uses the OECD CRS aid code to define the industry ODA and it varies depending on how it defines the industry. However, the conclusion of this study is that the ODA industry is not suitable to classify as a specific industry group in the standard industry classification. In order for ODA to be recognized as an individual industry, there must be an industry that performs only ODA as a main business, but the performing institutions of the ODA project are not suitable for classifying them as specific industries enough to separately classify them as industry classifications because they participate in the aid projects of developing countries in addition to the main business, rather than carrying out only ODA projects as main industries, and most institutions carrying out free aid projects while carrying out state-owned businesses in their respective industrial areas. In another respect, the inability to establish a specific industry force related to free aid must conceptually span all areas of the country's industrial classification to help the economic development of the Suwon country. Therefore, ODA should be considered an issue of cross-cutting to all industries rather than a specific industry group, and when discussing the ODA industry ecosystem, it should be seen that the distribution of industries performing ODA projects is different from the standard industry classification system to the ODA industry rather than the way in which certain industries are defined as ODA industries. Based on this logic, the direction of the research was set by analyzing the distribution of the industry from the point of view of the purpose or the performing institutions of conducting ODA business through discussions on the ODA industry ecosystem and analyzing the ramifications to the

Korean economy through those industries. Accordingly, in order to utilize the emoticon data of the research, we set the direction of the specific research called industrial effect ripple analysis of the KOICA free aid project and conducted an industrial linkage analysis by linking the KOICA free aid expenditure amount with the industrial classification code of the industry linkage table by the amount of expenditure.

In order to analyze the industrial failure effect of KOICA free aid, KOICA free aid must be confirmed, which requires the construction of data to be preceded. Considering the problems and related issues in DB quantification of KOICA's atomic materials discussed in advance with the research purpose, DB was established with budget expenditures by business, contractors by business, project and development consulting business lists, and list of contracts by business as the original data, limiting the target period to 2019. Key issues that were discussed violently in the process of building DB include: First, the question was whether to apply budget expenditure historical criteria or down payment criteria for screening the data being analyzed. Both of the results of the discussion have limitations, but the 2019 budget expenditures were finally based on the purpose of this study and the research method. Second, it was a question of how much budget execution amount would be divided into domestic and foreign expenditures. This is because budget enforcement of ODA projects occurs across various regions across borders, so there is a realistic limitation that budget execution history alone can not be confirmed simply by domestic or foreign expenditures. Based on the purposes and definitions of the budget expenditures, a classification standard table for domestic expenditures and overseas expenditures was created and classified. Matching budget expenditures used a method of checking the business registration numbers of business owners and linking them to standard industry classifications using the main industry codes included in the business registration number.

Overall, in 2019, KOICA business budgets accounted for 2,476.90billion won in domestic expenditures and 1,584.44billion won in foreign expenditures, accounting

for 61 percent of domestic expenditures and 39 percent of overseas expenditures, and overall, the amount spent abroad is about half that. This is based on the view that KOICA's free aid project is only spent in overseas countries through overseas aid projects, and that the industrial wave effect spent on domestic industry is nearly half of the amount of business expenditures.

Koica's free aid project is analyzed to have ramifications in Korea by spending 2,476.90billion won in Korea, which is 61% of the total free aid budget project of KRW 4,061.35billion, based on the 2019 budget history. Production oil production in the domestic economy identified through industrial connection effect is KRW 4,400.51billion, value-added oil effect is KRW 2,146.57billion, employment-related effect is 4,624, employment-free effect is 4,624. This demonstrates that KOICA's free aid project is not just about aid assistance abroad, but also providing another channel of economic wave.

In this study, we looked at the state of the industrial ecosystem of KOICA free aid ODA by separating the domestic expenditures of KOICA free aid projects and separating the companies that are the performers of KOICA free aid projects in Korea and the industries to which they belong. And we have identified the quantified ramifications for domestic production, value-added oil, employment-free effects, and employment-free closures that ripple through the domestic expenditures of these KOICA free aid ODA. The analysis of the ramifications of the domestic industry of these free aid is said to be the first study to be attempted at home and abroad. And there will be small errence in applying two new methods in analyzing these ramifications, which has yielded new implications for KOICA free aid projects. In addition, the contribution of this study is that it quantitatively identified and analyzed the industrial distribution by purpose of KOICA free aid ODA and the industrial distribution by business conducting entity.

In addition, there are limitations of data and methodology in this study. First, we analyzed only the KOICA free aid budget history for 2019 due to the limitations of processing data and data acquisition, so we have a limitation in observing the change

trend of KOICA free aid project through many years of free aid effect analysis. In addition, there were practical limitations to obtaining or processing data based on the cost of the details of individual business projects. Methodologically, there are limitations in the linkage of industry classification tables. This is due to the fact that there is an industry classification that is not classified in the conversion of OECD CRS codes and industry classification codes, or that the official industry classification linkage table for the standard industry classification and the item-specific standards of the Bank of Korea's industry-related table is not published by the Statistics Office or the Bank of Korea, and the industrial classification must be created based on the characteristics of the industry and the linkage table of existing and industry classification standards.