

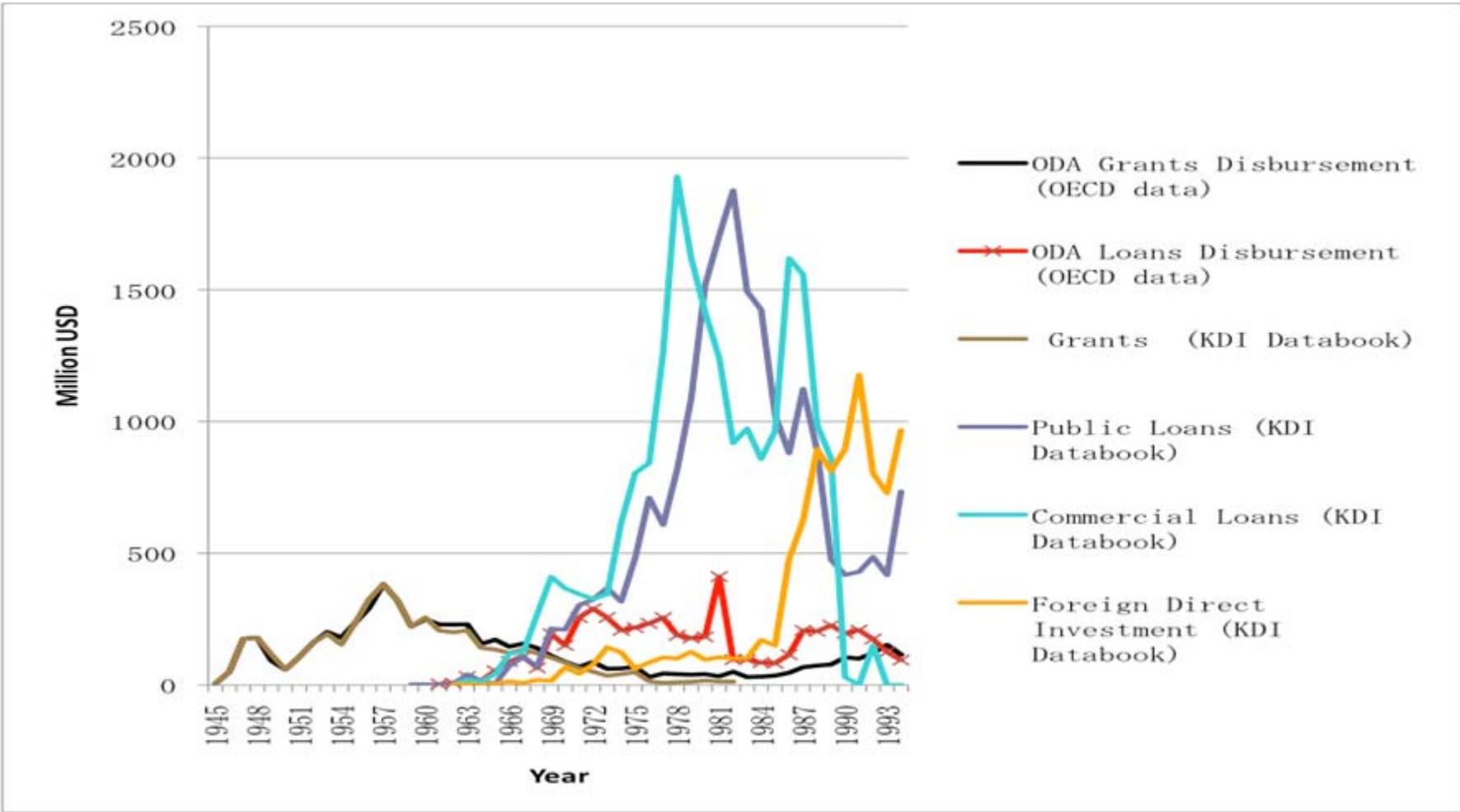
The Korean Experience within the Context of Development Cooperation Effectiveness

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Trends of Aid to Korea





Research Questions

1. How did South Korea, as one of the largest aid recipients next to Egypt in the 1950's and 60's, successfully make aid effective in terms of achieving economic growth and poverty reduction?
2. What was the nature of the international assistance to Korea and how did the Korea government, in different political regimes, respond to international development assistance?

Specifically:

1. Who dominated which processes and was responsible for which output?
2. What were the institutions and policies to build institutional and human capabilities in particular in terms of ownership and control over policy?



Conceptual Framework

Challenging the mainstream views which are:

- a. vague about the value premises that development policies, be they aid or non-aid, should be based on, such as equity, solidarity and democracy which are the main components to fight against poverty (UNRISD, 2010)
- b. operating in silo rather holistic approaches to economic and social development
- c. consider little of the opportunities in power relationship from the recipient's perspective and more focused on the technicality in aid architecture



Defining Development Cooperation Effectiveness

Development cooperation effectiveness is defined as the extent of the coherence and consistency of aid and non-aid policies enhancing human and societal capability by partners in development cooperation (donors, recipients and stakeholders) based on the recipient country's sovereignty. In this development cooperation, synergies within and between production, redistribution, protection and reproduction are explored and created in an equitable, democratic, sustainable manner.



Key Findings

1. Ownership
2. Policy Coherence
3. Capacity
4. Partnership
5. Accountability
6. Redistribution



Redistribution

- Redistribution is critical to making development effective since it can make a basic political, social and economic foundation upon which economic development and social cohesion is built upon.
- Example of land reform in South Korea:
The distribution and redistribution of rice collection systems and significantly of land ownership by USAMGIK were some of the most significant economic, social and political policy actions undertaken in the development story of Korea.
 - Progressive land reform: decrease of tenancy rate from 73% to 40% in 1948
 - Provided a pre-condition for further land reform
 - Consequently contributed to generating social and economic equality



Ownership

Defining ownership?

Recipient government control over the making and implementing policies as opposed to commitment to implementing the policy decision of other (Whitfield, 2009).

- key resources of country ownership: ***human and organisational capability under the government leadership with a clear mandate for development, implementation power and negotiating capital.***



Ownership

- Ownership in one sector alone cannot guarantee sustainable development
Example: exchange rate ‘negotiation capital’ by President Rhee

- Recipient ownership in Korea through the Economic Planning Board - 5 mandates:

1. establish comprehensive economic development plan
 2. budget planning and implementation
 3. procuring foreign and domestic resources
 4. coordinating investment and technology advance
 5. managing economic cooperation with domestic and foreign institutions
- Most significant is the sole mandate to compile and distribute budget based on information from other ministries – ‘super-ministry’



Policy Coherence

Policy coherence is required to be achieved not only in aid sector but also across aid and non-aid sectors.

For Korea, nationally owned planning is seen as vital to achieve policy coherence across the sectors.

Example 1: The Rhee government's coherence was fundamentally undermined by the institutional separation of budgeting and spending of aid resources and neglect of planning.

Example 2: With the overarching economic development plan and a 'super ministry' planning organisation, the Park government coordinated macro and micro economic process in the way to govern the market through either inflationary or deflationary policy measures such as incentives, taxes



Capacity

Capacity should be assessed not by a standard of perfection (skill development etc) but the extent to which it reflects recipient country's context.

Capacity to plan requires:

1. Human capabilities

2. Organisational capabilities

(for 1 + 2: Checks, monitoring, human capital development planning discussed by Hyunjoo Rhee)

2. Governance Capability: in South Korea, the process was 'good enough governance'?

- not by current standards: ongoing training of bureaucrats, knowledge exchanges in learning by doing.



Partnership

Incorporating non-state actors (firms and CSOs) into the development planning?

- The private sector, particularly large private companies were controlled by government rather than removed from the market.

Being incorporated into the national planning these large private companies could gain the returns mutually beneficial to business growth and overall national development.

This partnership was initiated and led by the government with a strong mandate for economic and human capability development.

- CSO partnerships were extremely limited: faith based, relief



Accountability

Conflicting nature of accountability?

Accountability to whom, for what and how always involve power relationships and the priority of resource allocation.

Accountability towards donor alone

Example: Rhee's accountability towards US security concerns, distorts the aid management and usage of aid resources and results in short-termism in economic development planning.

Accountability for broad, long term development outcomes

Example: Park's policy space to capitalise on a wide range of opportunities (Korea-Japan diplomatic normalisation, and Vietnam War etc.)

Thank you