제4회 ODA 서울 국제컨퍼런스
The 4th Seoul ODA International Conference

- 발표자료 모음 -
오프닝 세례모니
The 4th Seoul ODA Conference

Catalyzing Development: A New Vision for Aid

Cho, Yoon Sun
Member of the National Assembly
Republic of Korea
Time to Change the Paradigm

• 2011 in Busan

→ The 4th High Level Forum (HLF-4)

• The role of the “Busan Declaration”

☞ Churning out the universal principles of ODA for next 5 years
Meshing all together

G20 Seoul Summit “Development” Agenda
“9 pillars in Multi-year Action Plan, Annex 2”

- Infrastructure
- Human Resource Development
- Trade
- Financial Inclusion
- Private Investment and Job Creation
- Food Security
- Growth and Resilience
- Domestic Resource Mobilization
- Knowledge Sharing
“9 PILLARS”

Infrastructure
- Develop comprehensive infrastructure action plans
- Establish a G20 High-level Panel for Infrastructure investment

Human Resource Development
- Create international comparable skills indicators
- Enhance national employable skills strategies

Trade
- Enhance trade capacity and access to markets, such as duty-free and quota-free (DFQF) market access

Private Investment and Job Creation
- Support responsible value-adding private investment and job creation

Food Security
- Enhance policy coherence and coordination
- Mitigate risk in price volatility and enhance protection for the most vulnerable
“9 Pillars”

**Growth with Resilience**
- Support developing countries to strengthen and enhance social protection programs
- Facilitate the flow of international remittances

**Financial Inclusion**
- Establish the global partnership for financial inclusion
- SME finance challenge and finance framework for financial inclusion
- Implement the action plan for financial inclusion

**Domestic Resource Mobilization**
- Support the development of more effective tax systems
- Support work to prevent erosion of domestic tax revenues

**Knowledge Sharing**
- Enhance the effectiveness and reach of knowledge sharing
**Meshing all together**

"Joint Research Project" by KOICA, JICA and Brookings

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New focuses on Future ODA

1. Coordinating Frameworks with New Players Participation
   - the Role of the Recipient Countries should be expanded towards
   - More Responsibilities and More Rights of RC

2. New Development Partners and Global Development Partnership
   - the Role of the Emerging Donors
   - Increasing ODA from Emerging Donors should be articulated within a guideline which can make a harmony with the existing principles

3. Private Philanthropy
   - Finding ways toward creating Reciprocity between Private Development Assistance and Official Development Assistance.
   - Increasing role of NGOs and private philanthropist group should be mutually cooperated with ODA to make complementary effects
**New focuses on Future ODA**

4. Private Corporations

- Sustainable Development and Growth should be implemented to the private sector
- Building the basic consensus among the business leaders of the recipients countries that Inclusive environment-friendly Development of private sector will contribute a lot for the growth
- Acknowledging that private sector should be able to assist the government in regards to develop strategies on what they have given

5. Fragility

- Classify the vulnerable countries to capacity trap and legitimacy trap to suggest effective policy

6. Capacity Development

- Not only concentrating on the Recipient Countries' capacity to operate properly on what they have given, but also developing the capacity of giving-process in regards to bring more effective outcomes
Climate Change, which has been gradually recognized as one of the Global Public Goods, has affected on the ODA trends.

Does the Assistance to Climate Change can possibly create mutually beneficial incentives at world wide level?

To churn out South-South Cooperation in positive way while putting aside the side-effects and controversies on it

In order to complement the flaws of South-South Cooperation, Triangular Cooperation should accompany with South-South Cooperation

Existing Regional Actors such as ADB should be considered as a platform to system

the Role of the Private sector in South-South Cooperation and Triangular Cooperation should be counted

What Works in South-South Cooperation
10. Transparency

- International Data Platform
- How to establish International ODA Data Platform in order to share the successful experiences for Development

11. Scaling-up

- Expand ODA scale generally in order to prevent Aid-Fragmentation and Ineffectiveness from small scale project
Thank you for your attention
세션 1
- 진행 Homi Kharas -
Catalyzing Development: New Vision for Aid

Homi Kharas

4th Seoul ODA International Conference

November 29, 2010
Agenda

- The Emerging Aid Architecture
  - New Players, New Challenges, New Approaches
- What works in aid – 4 case studies
- A New Vision for Aid
- The Paris ++ Agenda
- 10 Game Changers for Busan HLF4
The Emerging Aid Architecture – New Players

• In such a heterogeneous environment, official aid continues to grow
  » $200 billion/year industry
    – $90 billion in Official Bilateral Aid from OECD DAC countries
    – $30 billion in Official Multilateral Aid
      › $3.8 billion in Vertical Funds
    – $60 billion from Private NGOs
    – $10 billion from New aid donors
The Emerging Aid Architecture – New Challenges

- As development priorities in each country differ, so do aid mandates:
  - Growth
  - Debt relief
  - Anti corruption
  - Climate change and environmental sustainability
  - Political stability
  - State building
  - Humanitarian relief
  - Human capital development

- All Developing Countries are not alike:
  - Over two dozen developing countries expanding rapidly
  - But over 940 million people living in 35 fragile states
The Emerging Aid Architecture – New Approaches

Aid is now

- Fragmented across many agents
  - 80,000 separate aid activities
  - 197 bilateral agencies
  - 263 multilateral agencies
  - Small size

- governance of aid is seen to be bureaucratized and costly with over $5 billion in transaction costs
New Players, New Challenges, New Approaches

New Players
- New Development Partners
- Private Development Aid
- Private Corporations
- Aid Coordination

New Challenges
- Capacity Development
- Fragile States
- Climate Change

New Approaches
- Scaling Up
- Transparency
- South – South Knowledge Exchange
What Works in Aid – Korea

• **Overview** – Devastated by war in the 1950s, Korea transformed itself from one of the poorest nations to now an aid donor

• Lessons from Korea’s success:
  » **Strong country leadership** - In 1961 launched an Economic Planning Board to prepare for 5-year plans
  » **Capacity building** - Between 1962-71 over 7000 Koreans received training abroad
  » **Stable long term donors**, - Japan and the US, who recognized the unique situation of the country
  » **An aid exit strategy** - less concessional loans were phased in and grants phased out as economic conditions and creditworthiness improved

• Korean aid experience warns us against:
  » **too much conditionality** by donors during the aid process
What Works in Aid – Vietnam

- **Overview** – dramatically reduced poverty from 58% in 1993 to 12% in 2009
- Lessons from Vietnam's success
  - Strong relationship with major donors (Japan, World Bank and Asian Development Bank)
  - Strong country leadership and ownership of projects led by Ministry of Planning and Investment
  - Good alignment of aid with national objectives through aid being given as budget support and for large infrastructure projects
- Challenges to Vietnam’s aid effectiveness:
  - Fragmentation of aid as Vietnam increasingly becomes a donor darling.
What Works in Aid – Cambodia

• **Overview** – devastated by the Khmer Rouge regime, but seen as an aid success story

• Lessons from Cambodia’s success:
  » Capacity building and **training of local talent** in key technical areas; capacity cannot be built by traditional technical assistance
  » **Sequencing of activities**; management trained before technical staff to ensure that new skills are properly used
  » **A long time-horizon** is needed for an effective state machinery to be created

• Challenges to Cambodia’s aid effectiveness:
  » Lack of middle aged (30-34), highly skilled people (due to civil war)
  » Corruption
  » **Fragmentation of effort** with civil society and new power donors like China and Thailand also playing active roles
What Works in Aid – Indonesia

• **Overview** – largest country in ASEAN, East Asia miracle, reduced poverty from 40% to 11% between 1976 and 1996

• Indonesia’s success is built upon the following factors:

  » Strong, long-term and continuous relationship with primary donor, Japan. (30% of power plans developed or enhanced by Japan)

  » Country ownership of the aid agenda, encouraging a division of labor and coordination of aid efforts – US focused on education, governance and health, ADB on infrastructure.

  » Capacity building and training of local talent as part of a scaled-up approach to a significant development problem.

• Challenges to Indonesia’s aid effectiveness:

  » Spreading development equitably throughout the country, especially in lagging provinces
A New Vision for Aid – Aid as a catalyst for growth

A New Vision for Aid: Catalyzing Development

- Growth + MDGs + GPGs
- Results at scale
- International Development Cooperation
- Effective Governments
  - Enabling
- Productive Businesses
  - Competitive
- Engaged Citizens
  - Inclusive
Paris/Accra declarations are relevant to a shrinking core of development aid.
Growth in aid has been absorbed by fragile states

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<thead>
<tr>
<th></th>
<th>Average 1995-98</th>
<th>Average 2005-08</th>
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<tr>
<td></td>
<td>billions</td>
<td>per capita</td>
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<tr>
<td><strong>Net ODA from DAC Donors</strong></td>
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<tr>
<td><strong>Fragile States</strong></td>
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<tr>
<td>Total Aid to Fragile States</td>
<td>15.3</td>
<td>21.4</td>
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<tr>
<td>Total Aid to Fragile States less Iraq and Afghanistan</td>
<td>14.7</td>
<td>21.8</td>
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<tr>
<td><strong>Non Fragile States</strong></td>
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<tr>
<td>Total Aid to non Fragile States</td>
<td>39.3</td>
<td>10.3</td>
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<tr>
<td>Total Aid to non Fragile States less India and China</td>
<td>33.9</td>
<td>20.6</td>
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### The Paris++ Agenda

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<thead>
<tr>
<th>New Challenges</th>
<th>DAC Donors</th>
<th>New Development Partners</th>
<th>Private Aid</th>
<th>Corporations</th>
<th>Organizing Networks</th>
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<tbody>
<tr>
<td>Core Development Activities</td>
<td>Meet Paris Declaration targets</td>
<td>Provide low-cost infrastructure</td>
<td>Support social development</td>
<td>Improve investment climate</td>
<td>Country based, country led</td>
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<tr>
<td>Fragile States</td>
<td>Focus on capacity and legitimacy</td>
<td>Protection of vulnerable populations</td>
<td>Implement OECD/UN guidelines</td>
<td>Country based, donor assisted</td>
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<td>Capacity Development</td>
<td>Holistic approach</td>
<td>Organize South-South knowledge exchange</td>
<td>Build local civil society capabilities</td>
<td>Skills training; supply chains</td>
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<tr>
<td>Climate Change</td>
<td>Separate mitigation from aid; support NAPA and NAMA</td>
<td>Advocacy; community resilience</td>
<td>Support Green Growth Institute; new funds and technologies</td>
<td>Global and sectoral organization; national plans</td>
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<tr>
<th>New Approaches</th>
<th>Transparency</th>
<th>Results at Scale</th>
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<td>Provide up-to-date, complete data, linked to budgets</td>
<td>Include Scaling Up in mission statements</td>
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<tr>
<td>Meet minimum agreed data standards</td>
<td>Provide hybrid financing partnered to investments</td>
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<tr>
<td>Publish aid volumes and evaluation lessons</td>
<td>Mobilize Southern civil society</td>
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<td>Endorse transparency standards</td>
<td>Support Base of Pyramid / inclusive business models</td>
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<tr>
<td>Establish standards and databases, globally and nationally</td>
<td>MDGs (UN-led), growth (G20-led), climate change (UNFCCC-led)</td>
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10 Game Changers Busan HLF4

For New Players:

- Establish a 3-tiered approach to aid effectiveness principles with minimum standards to be developed by new development partners.
- Add Northern and Southern civil society representation to the OECD DAC Ministerial from groups committed to establishing and implementing PDA norms and responsibilities.
- Select pilot countries and sectors to form Public-Private Partnerships for sustainable growth
- Promote aid coordination led by aid recipient governments.
10 Game Changers Busan HLF4

For New Challenges:

- Provide broad-based, long-term support in fragile states, focusing on the formation of a legitimate state.
- Further mainstream capacity development and promote it through flexible, long-term and sequenced approaches that specify capacity “for what”.
- Link aid and climate change financing in a “resources for development” framework.
For New Approaches:

- Encourage aid agencies to introduce scaling-up into mission statements, operational guidelines, internal incentives and evaluations.

- Develop regional approaches to south-south cooperation that can then be linked into a Global Network for South-South Cooperation (GNSSC)

- Commit all aid providers to promote transparency, development evaluation and beneficiary feedback at the recipient country level by systematic use of new IT tools and open, web-based provision of information.
세션 1
- 발제 Akio Hosono -
Inside the Black Box of Capacity Development for Development Effectiveness

The 4th Seoul ODA Conference
“Catalyzing Development: A New Vision for Aid”
29 November 2010

Akio HOSONO
JICA Research Institute
Contents of this presentation

• An Overview: Paris process and CD
• Inside the black box of CD for development effectiveness
• Comparative analysis of cases
• Conclusion: The case for further CD mainstreaming in a changing world
MDGs, Paris Process and CD: Why CD now?

- **Outcome document of UN MDGs Summit in Sept. 2010 repeatedly feature the CD centrality in achieving and sustaining MDGs**

- **Paris Declaration (PD), the principal framework for aid reform in support of MDGs,**:
  
  ✓ PD further mainstreamed CD: CD was highlighted as one of the key cross-cutting themes for aid effectiveness
  
  ✓ In Accra Agenda of Action (AAA), with emphasis on result, CD was featured even more strongly
Next step: From CD perspective to operational practice

- As CD is at the center of the global agenda incl. Paris agenda, the next challenge will be to translate CD meaningfully into operational practice.

- This paper tries to make a step forward to more informed CD practices and CD support based on insights from past and recent CD studies as well as comparative analysis of selected cases.
Bottom-line understanding of CD: the basis of our comparative analysis

- CD is a continuous and **endogenous** process
- CD is a holistic and **multi-layered** process
- Capacity as a legitimate end and not simply a means to an end; Capacity includes both cross-cutting capacity (functional, **core** or generic capacity) and **specific capacity** linked to certain issues
- Donors as external, but active players can provide CD assistance only, not CD itself
Looking Inside the black box of CD for development effectiveness

• The bottom-line understanding on CD is widely accepted and, therefore, is the basis of our comparative analysis

• However, within this conceptual framework, CD appears to be a black box, as it has been in most previous studies

• Accordingly, it is essential to look inside and open the black box in order to operationalize the CD perspective/concept into workable practices in the field
5 factors and bottom-line CD understanding

Context of “the CD process”

- Stakeholder Ownership: Strong awareness of stakeholders of their own issues & determination to take action on their own
- CD is an endogenous process (continuously enhancing both core and specific capacities)
- CD is a holistic process encompassing multiple layers of capacities
- CD pathways from innovative practices to scaling up
- Specific drivers related to issues
- Mutual learning for co-creation of innovative solutions
- External actors could assist to create “Ba”, an essential enabling context
- External actors could support sensitization, skills training, etc.
- External actors could support improvement of enabling environment
- External actors could be catalyst for drivers
- External actors could support institutionalization and other actions for scaling-up
- External actors could jointly identify entry point(s) by CD assessment, CD mapping, etc.
Key 5 factors and role of external actors: in “catalyzing development” effectively with CD mainstreaming (some examples)

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<thead>
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<th>Mutual learning/mutual trust for co-creation</th>
<th>External actors could assist to create “Ba”, an essential enabling context</th>
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<td>Stakeholder ownership: awareness, determination and commitment</td>
<td>External actors could support sensitization, skills training, etc.</td>
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<td>Drivers for specific situation in CD process</td>
<td>External actors could be catalyst for drivers</td>
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<td>CD pathways from innovative practices to scaling up</td>
<td>External actors could support institutionalization and other actions for scaling-up</td>
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<tr>
<td>CD support: Strategic entry point(s), the roles and approaches of CD support</td>
<td>External actors could assist to identify entry point(s) by CD assessment, CD mapping, etc.</td>
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CD as a dynamic process

- Stakeholder Ownership: strong awareness of stake-holders’s own issues (needs) as well as the commitment and desire to take their own actions: The foundation of an endogenous CD process

- Drivers: Enabling environment / CD context

- CD pathways from Innovative practices to scaling up: Mutual learning among stake-holders to co-create innovative solutions to effectively address to local needs

- CD support by external actors: Strategic entry point(s), the role(s) and assistance approach
Multi-layered CD perspective: Selected case studies

**Niger**
- Society/State
- Local government/Independent agencies
- People/Community
- Entry points
  - Field Officer: F.O.
  - COGES

**Indonesia (Sulawesi)**
- Society/State
- Local government/Independent agencies
- People/Community
- Entry points
  - Field Officer: F.O.
  - SISDUK
  - COGES

**Bangladesh**
- Society/State
- Local government/Independent agencies
- People/Community
- Entry points
  - LGED
CD pathways from innovative practices to scaling up (Some examples)
Community-driven rural development in South Sulawesi, Indonesia

Central Government
South Sulawesi Provincial Government

Takalar Regency
(Local government body)

S I S D U K
Field Officers

Community Group
Village

Decentralization
Democratization

Lessons learned spread to other regencies

External Advisers
Local CD Service Providers
- University
- Local NGOs
Niger Primary Education Development Ecole pour Tous (EPT) Initiative

Primary Education Sector Development Program (PDDE)

- Basket Fund EFA-FTI (Fund)
- Decentralization
- Education Ministry COGES Unit
- Regional Basic Education Office COGES supervisor
- Office of Inspector COGES officer

COGES Forum

COGES Federation

COGES

COGES

COGES

COGES

COGES

School

PTA

Village

EPT Support Team

Local NGO

Advisers

*COGES = School Management Committee
Niger / School for All
Bangladesh Rural Infrastructure
Local Government Engineering Department

Ministry of Local Government, Rural Development and Cooperatives
(Local Government Division)

Divisional Commissioner
Deputy Commissioner Office
Upazila Nilbahi Officer’s Office
Zila Parishad
Upazila Parishad
Union Parishad

Donor Support
Technical Cooperation
Loan & Grant Support

Headquarters
Chief Engineer
Regional Office
District Office
Upazilla Office

LGED

Local Infrastructure Projects
NGOs
Community Groups
Union Development Coordination Committee
Local Contractors

2010/11/29
Road construction and Road Side Tree Plantation

Women Labourers Engaged in Road Maintenance
Implications from case studies (1)
CD as a “dynamic” process

5 key factors for enhancing dynamic CD process

- **Stakeholder ownership**: The foundation of an endogenous process
- **Specific drivers** for sustained CD process
- **Mutual learning** through time and space (“Ba”)
- **CD pathways** from good practices to **scaling up**
- **CD support: the role of external actors** including the strategic entry point, the role and approach for effective CD support
Implications from case studies (2)

Strengthening MDGs with CD perspective

• A growing recognition: MDGs should be met through enhancement of the developing countries’ own capacities; they should set and achieve objectives themselves.

• CD is an endogenous and continuous process of change for achieving and sustaining MDGs’ numerical goals. (JICA 2006, p.9).

• Multi-sectoral approaches are often more effective and efficient than vertical sectoral approaches. Most of the MDGs – health, access to safe drinking water, education & gender equality – are interrelated.

  ➢ Upfront multi-sectoral approaches maybe desirable,
  ➢ But, if not feasible, locally driven concrete practices of CD with stakeholders addressing a particular issue would not only enhance the specific capacity linked to the issue, but also enhance generic (or “core”) capacity which can then be mobilized to resolve other issues.
Implications from case studies (3)
Better CD support: Catalyzing the CD process

◆ CD perspectives into practice as a current major CD challenge through the development and refinement of approaches, methods and tools for more effective CD support including;

✓ Develop and further refine capacity assessment tools
✓ CD monitoring mechanisms, benchmarks and indicators to capture short-term and long-term outcomes
New challenges, emerging actors in CD

CD and emerging issues

- Emerging issues such as climate change etc.
- CD perspective can be extended to emerging issues and can provide insights into the issues that can be addressed sustainably by ensuring and supporting local CD processes.

An example: Disaster prevention initiatives in the Caribbean and Central American countries

- CD process both at community and local government levels strengthened their capacity to effectively respond to various disasters including flooding and landslides, possibly linked to climate change.
- Integrated community-based disaster prevention management field trials with the government support have provided a space (or “Ba”) for country stakeholders to experiment and learn improved risk communication techniques using various concrete actions such as hazard maps, early warning system and disaster prevention plans.
**Bosai** Project in Central America

- *Mutual learning and co-creation of innovative solutions: An example*
- Used tires to avoid land-slide (an innovative practice developed in Honduras)
New challenges, emerging actors in CD

Emerging actors in CD support

- Actors in CD support increasingly diversifying
  - Non-OECD donors
  - South-South / triangular cooperation
  - International NGOs and foundations
  - Support through local CD service providers

- Better coordinating frameworks especially at the country level for more harmonized CD support
CD and South-South/ Triangular Cooperation

From NSC–led CD Process* to enhance CD for SSC

- Local knowledge
- Local resources
- Mutual learning
- Co-creation of innovative solutions
- And Scale-up
- Self-sustained CD Process
- Innovative practices for third countries

Technology
Finance
External actors including donors, such as Japan

2010/11/29

Final remarks 0

Ongoing global CD-related actions

- **Various CD actions** at both global and country levels are ongoing.

  - **Global Level**
    - Global CD networks: eg. CD Alliance & Learning Network on CD (LenCD)
    - Sector & thematic specific CD practices: eg. EFA-FTI Guidelines for Capacity Development / Health systems and human resources for health (HRH) / Public Financial Management / Statistics

  - **Country Level**
    - Activities at the country level: eg. A joint government and donor taskforce on CD in Ghana and Cambodia.
    - National CD strategy documents
Final remarks 1 on CD mainstreaming

*Suggested actions at global and regional level*

• Ensure that the CD perspective and approach are prominent in both discussions and activities pertaining to attainment and maintenance of the MDGs – and beyond – as well as for coping with emerging challenges.

• Strengthen global CD networks with broader stakeholders participation

• Further promote global CD learning with better access to innovative practices

• Promote joint global effort in enhancing and strengthening CD methodologies, tools, benchmarks and indicators for capacity assessment, monitoring and evaluation of CD support practices
Toward further CD mainstreaming

Partner countries
- Promote capacity assessment
- Mapping out strategies for CD
- Monitoring processes & mechanisms for mutual learning

External Actors (including donors) at partner county
- Timely and harmonized assistance
to become the most appropriate catalyzer

Donors organization HQ
- Promote better understanding of CD
- Further mainstream into policies, strategies, evaluation, etc.
- Promote CD understanding among the general public

CD-related actions at global and regional levels
Final remarks 2 on CD mainstreaming

*Suggested actions by donor organization HQs*

- Promote better understanding of CD among staff, including those in leadership positions, by providing adequate learning opportunities.
- Further mainstream CD into policies, strategies, guidelines, aid delivery procedures, monitoring and evaluation.
- Promote CD understanding among the general public.
Final remarks 3 on CD mainstreaming

Suggested actions at partner country level

(Actions to be taken mainly by partner country actors, particularly by their governments)

- Promote capacity assessments for identifying “capacities for what for whom and in what context”
- Mapping out strategies for CD, including how to scale up in conjunction with other development interventions. Whenever possible, work jointly with other stakeholders, including external actors.
- Devise adequate monitoring processes & mechanisms, which will ensure “Ba” for mutual learning among country stakeholders & external actors.
Final remarks 4 on CD mainstreaming

*Suggested actions at partner country level*

*(Actions to be taken by external actors)*

- Deploy timely and harmonized assistance including both financial and technical support instruments, which are carefully programmed to enhance local CD.

- Consider what the most appropriate roles are for external actors to play, given the local context, in order to enhance CD and produce sustainable results.
Thank you very much

• Comments welcome
• For further details, see Hosono, Akio, Shunichiro Honda, Mine Sato and Mai Ono (2010), “Inside the Black Box of Capacity Development for Development Effectiveness”
• See also JICA (2006), “Towards Capacity Development (CD) of Developing Countries Based on their Ownership—Concept of CD, its Definition and its Application in JICA Projects –” and other references included in Hosono, Akio et al.(2010)
세션 1
- 발제 Jane Nelson -
PUBLIC-PRIVATE PARTNERSHIP

Jane Nelson
Catalyzing Development: A New Vision for Aid
Seoul ODA Conference

The 4th Seoul ODA Conference
November 29, 2010
1. The private sector as a development actor

2. Key trends in ODA-business engagement

3. Recommendations for partnership
1. The private sector as a development actor
1. DEFINING the PRIVATE SECTOR

- **FOR-PROFIT ENTERPRISES**
  - Micro, small and medium enterprises
  - Corporations *(domestic and foreign)*
  - Private financial institutions
  - Social enterprises/ social businesses
  - Business associations and coalitions

- **OTHER PRIVATE ACTORS**
  - Non-governmental organizations
  - Philanthropic foundations
  - Faith organizations
  - Universities and research institutes
# U.S. Private Donations to Developing Countries, 2008

Source: *Index of Global Philanthropy and Remittances 2010.*

The Hudson Institute

- **Private & Voluntary Organizations**: US$ 11.8 billion
- **Religious Groups**: US$ 8.2 billion
- **Corporations**: US$ 7.7 billion
- **Foundations**: US$ 4.3 billion
- **Volunteerism**: US$ 3.6 billion
- **Universities**: US$ 1.7 billion

**TOTAL**: US$ 37.3 billion

(US ODA = US$ 26.8 billion)
The business role in development

1) CORE BUSINESS ACTIVITIES and VALUE CHAINS
   - Investing in key sectors and locations
   - Implementing responsible business standards and accountability
   - Innovating to solve development needs through market-based solutions

2) COMMUNITIES (local and beyond)
   Strategic philanthropy, social investment, employee volunteering, community development and consultation

3) SYSTEM-LEVEL IMPACT (industry-wide, national or global)
   Public policy dialogue; advocacy; institution building.
Potential private sector contributions

1. Creating jobs and income
2. Delivering products and services
3. Supporting local business linkages
4. Building physical and institutional infrastructure
5. Leveraging science and technology
6. Mobilizing financial resources
7. Investing in human capital and workforce development
8. Spreading international standards
MARKET barriers and failures
GOVERNANCE gaps
and policy constraints
MINDSETS & behaviors
2. Key trends in ODA-business engagement
2. Key trends in ODA engagement with business

Level #1:  *Supporting* Private Sector Development

Level #2:  *Spreading* Responsible Standards

Level #3:  *Catalyzing* Market-Based Solutions and Innovation

Level #4:  *Co-Creating* Systemic Solutions and Policies
2. Key trends in corporate engagement in development

- Charity to ... strategic philanthropy and social investing
- Basics compliance to ... industry standards and public reporting
- Humanitarian assistance and welfare to ... development and opportunity creation
- Short-term relief to ... long-term capacity & resilience
- One-off projects to ... strategic systems interventions
Partnership Examples

- **United Nations:** UN Global Compact; UNDP; UN private Sector Focal Points network

- **Bilateral donors:** Individual and joint action
  *(Bilateral Donors’ Statement in Support of Private Sector Partnerships for Development)*

- **Development finance institutions**

- **New multi-stakeholder institutions and funds**
3. Recommendations for partnership
3. Recommendations for Partnership

(i) *Increasing* domestic and foreign private investment

(ii) *Promoting* better corporate governance, responsibility and accountability

(iii) *Engaging* the private sector in development policy dialogues
(i) *Increasing* domestic and foreign private investment

- Cooperate to improve investment climates
- Jointly fund catalytic financing mechanisms and global funds
- Collaborate in key locations, corridors and sectors
- Undertake joint research, data collection and monitoring
- Untie aid
(ii) *Promoting* better corporate governance, responsibility and accountability

- Strengthen or implement internationally agreed instruments
- Support national voluntary standards and networks
- Strengthen government ministries and grievance mechanisms
(ii) *Engaging* the private sector in development policy dialogues

- Identify pilot countries to establish country-level multi-stakeholder ‘development forums’

- Create private sector advisory or consultation bodies for key donor agencies or programs

- Call on companies to join the UN Global Compact and Global Green Growth Institute
WHY BUILD PARTNERSHIPS?

- **LEGITIMACY** - to increase trust, influence, acceptance and license to operate
- **LEVERAGE** - to mobilize different resources and competencies and scale-up impact
- **LEVEL THE ‘PLAYING FIELD’** - to share risks and burdens and develop common standards and approaches
- **LEARNING** - to improve opportunities for information sharing and innovation
- **LEADERSHIP** - to shape the agenda and bring about systemic change
세션 1
- 발제 Lindsay Coates -
Private Development Assistance (PDA)

Changing the Development Landscape
THE RISE OF NON-STATE FUNDING, OR PDA
Increase in Private Development Assistance (PDA)

- In some places, PDA dwarfs the presence of the donor governments of the Development Assistance Committee (DAC).
- Total Official Development Assistance (ODA) from DAC countries in 2008 reached a record $121 billion. PDA was estimated at $49 billion, 40% the size of ODA.
Increase in Private Development Assistance

- PDA actors have no formal presence to engage at the decision-making table of the Paris Declaration or the Accra Agenda for Action.
PDA: A SHIFT WITHIN THE AID ARCHITECTURE
PDA Shift

- PDA adds distinct values, expertise, and motivation that can expand the potential of the aid system.
- PDA from 14 developed countries contributed $49 billion in 2008; $33.7 billion of that came from the United States.
PDA Shift

- The Hudson Institute, among other institutions, has been able to show that foundations, corporations, and INGOs comprise over 70% of U.S. PDA.
# U.S. Private Development Assistance

<table>
<thead>
<tr>
<th>Source</th>
<th>Total (billions)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Non-Governmental Organizations (INGOs)</td>
<td>$11.8</td>
<td>35%</td>
</tr>
<tr>
<td>Foundations</td>
<td>$4.3</td>
<td>13%</td>
</tr>
<tr>
<td>Corporations</td>
<td>$7.7</td>
<td>23%</td>
</tr>
<tr>
<td>Religious congregations¹</td>
<td>$8.2</td>
<td>24%</td>
</tr>
<tr>
<td>Universities</td>
<td>$1.7</td>
<td>5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$33.70</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

¹ This total represents contributions by congregations directly to local civil society organizations, or to support short-term or long-term missions. Contributions to faith-based NGOs, such as World Vision International and Catholic Relief Services, are represented in the international NGO category.
Innovation

• PDA encourages a high degree of independence, flexibility, and risk-taking.
• This allows for increases in entrepreneurial development.
From Local to Global

- PDA encourages the adaptation of these innovations to new cultural and geographic contexts.
  - PDA places a high priority on ideas that emerge at the community level, often investing in smaller scale efforts that are grounded in local context and culture.
  - PDA creates a global presence with global networks that act as conduits for sharing development knowledge and innovations within and across countries.
Impact

- PDA actors have evaluative capacity – 92% of the INGOs have evaluation systems.
- The field is evolving from project-level to program- and organization-level impact; efforts are underway to align data across organizations and sectors.
CHALLENGES FACING PDA
Coordination

- The proliferation of PDA actors has complicated coordination and rationalization initiatives.
- In 2008, 82 national NGO platforms came together to form a global alliance, the International Forum of National NGO Platforms, to serve as a permanent space for cooperation and joint initiatives.
Coordination

- The Open Forum for CSO Development Effectiveness is currently in the process of conducting a global consultation on development effectiveness norms.
Information-Sharing

• In an effort to solve these issues InterAction has begun a mapping project will detail where INGOs are investing in food security efforts around the world.
Power Imbalance

- Northern INGOs control significant resources and function primarily as donors to local partners, creating a power imbalance with Southern NGO partners.
- Some INGOs are trying to address these North-South tensions by becoming transnational organizations with multiple boards of directors.
PDA & ODA: DIMENSIONS OF THE RELATIONSHIP
PDA & ODA

For the most part, the channels ODA and PDA flow through remain separate. Yet PDA and ODA intersect in substantive ways, which creates potential for better development outcomes.
Complementarity

• ODA and PDA together comprise a more robust definition of “country ownership” than that suggested by the Paris Declaration.
  – ODA grows out of the strategic political considerations of donor countries.
  – PDA, primarily mission-driven, represents the personal engagement of private citizens in social issues.
Political Interdependence

• ODA is drawn from tax revenue.
  – Decisions about its deployment depend on the political will of public officials
  – Citizens have limited, if any, direct agency over the direction of those resources.

• PDA represents the ideals of self-selected private citizens.
Substitution

- Civil society has evolved to fill some of the public goods gap.
- INGOs are committed to developing effective state institutions.
  - This is complicated by INGOs’ responsibility to apply their resources, first and foremost, to meet people’s needs, even while the long-term process of building state sustainability is underway.
Substitution

• Governments in developing countries often try to structure or regulate the services being provided by civil society.
  – When this occurs, PDA resources inevitably flow to other countries.
  – This misses the opportunity to tap and leverage the capacity of local civil society.
Divergence

• Over the past 15 years, U.S. ODA donors have steadily moved away from funding U.S. NGOs that raise significant private funds.
• Simultaneously, private aid funding has grown significantly within the NGO community, InterAction members experienced a tripling of private funds from 2001 to over $6 billion in 2006.
Divergence

• The two funding streams have significantly diverged from one another.
  – This poses the risk of the development of two parallel aid systems.
Voice

• As Southern civil society grows, it provides a platform for citizens to engage in political processes, creating “demand-side accountability.”

• Increasingly, Northern INGOs represent the concerns of the poor during policy discussions at national and global levels.
SUMMARY & SIGNIFICANCE OF PDA
Private Development Assistance

- PDA represents a significant source of capital flows from rich to poor countries.
- It is increasingly devoted to core development activities and aimed at the long-term.
- PDA actors are adopting professional standards to manage their assistance.
Private Development Assistance

• The PDA community has a demonstrated ability to organize itself.
• The INGO community should be brought into the High Level Forum discussions.
The Way Forward

- **PDA Commitment 1**: Define PDA principles, Norms, and Commitments.
- **PDA Commitment 2**: From Information Translucency to Transparency.
- **ODA Commitment**: A Seat at the Table.
세션 2
- 발제 Johannes Linn -
A New Perspective on Aid Coordination

The 4th Seoul ODA Conference, 29 November 2010
“Catalyzing Development: A New Vision for Aid”
Johannes Linn, Emerging Markets Forum and the Brookings Institution
What’s the problem?

- Aid is highly fragmented with high transactions costs (esp. for recipient governments)
- Interests among donors and recipient stakeholders diverge
- Many (esp. small) donors lack effective country presence
- Collective action problem at the country level
  - No clear leader among donors
  - No incentives; no penalties for non-performance
- Costs of coordination are high
- Lack of trust between donors and recipients
- Therefore: Aid is less effective than it could be
Traditional approaches

Coordination has long been a challenge:

- Paris Declaration/Accra Agenda principles and benchmarks
- At global level, expand participants in aid coordination forums
- At country level, more coordination meetings with more donors
- Joint missions, joint sector strategies, SWApS, pooled lending
- Joint country assistance strategies
- But: Limited impact, high costs
A new perspective: from coordination to cooperation

Source: Adapted from N. Woods. 2010

Coordination
Act in parallel

- No coordination
- High-level coordination
- Joint assistance strategies
- (Sub-)sector strategies

Cooperation
Act together

- Project/program partnerships
- Sector/country-level pooling of resources
- Working through multilateral systems

Less effective

More intensive/difficult
Issues in coordination/cooperation: What essential ingredients?

Key supporting elements:

- Transparency in information sharing
- Focus on scaling up – reaching out to partners
- Create internal incentives in donor agencies
- Help build capacity for country leadership on coordination/cooperation
Issues in coordination/cooperation: Who’s in charge?

Country leadership – in principle best, but depends on capacity and trust:

- Fragile/post-conflict/very weak capacity/very low trust: donor led
- Low income/weak capacity/limited trust: joint country-donor led
- Lower middle income country, medium to strong capacity/high trust: country led
- Need clear default responsibility in cases where government cannot or does not want to lead
Issues in coordination/cooperation: At what level?

Four levels of coordination/cooperation:

- National – for country-level programs
- Sub-national – for local interactions
- Regional – for regional public goods; best done multilaterally, with regional organizations (River Blindness Eradication Program, CAREC, etc.)
- Global – for global public goods; best done multilaterally (GEF, GFATM, GAVI, etc.)
Regional cooperation and coordination: CAREC

- Central Asia Regional Economic Cooperation Program (CAREC) brings together 10 countries and 6 multilateral institutions (ADB, EBRD, IMF, IsDB, UNDP, WB) since 2002

- Supports regional strategies and investments in transport, trade facilitation and energy (e.g., $21 billion in regional transport projects 2008-2018)

- Investments are cooperative (cofinancing/consortiums) and/or coordinated (in regional sector action plans)

- ADB as a champion (vision; secretariat; funding costs of coordination; etc.); China plays a constructive partnership role

- Issues: keeping up cooperative momentum (among countries and multilateral institutions); increasing country ownership
Global Fund for AIDS, Tuberculosis and Malaria committed $4.2 billion during 2000-9 for global fight against AIDS, TB and malaria.

By June 2009, 4 million people who otherwise would have died of AIDS, TB or malaria over the past five years were alive.

Bundles donors (50 government, 100s private) at global level; supports scaling up strategies at country level.

GFATM’s Country Coordinating Mechanism brings together civil society, state actors, multilateral and bilateral agencies, the private sector, and affected communities at country level.

Generally country demand driven and country led implementation.

Issues: Narrow focus may bias country-level health services; coordination with other health sector providers and donors a concern.
Implications for HLF\textsubscript{4}

Some ideas for Busan 2011:

- Move beyond coordination to cooperation
- Invest in building country/regional coordination/cooperation capacity
- Give World Bank/RDBs “default” responsibility for leadership
- Invest in country-level, country-led aid information systems
- Commit to the “3 ones” at the (sub-)sector level
- Donors to focus much more on scaling up through multi-stakeholder partnership
- Set up South-South aid recipients’ network for sharing best practice in country-led coordination/cooperation
- Commit to consolidate bilateral aid agencies/limit creation of new multilateral agencies
Some further reading


• Johannes F. Linn. “Joint Country Assistance Strategies.” In Fengler and Kharas, op. cit.


• Ngaire Woods. “Rethinking Aid Coordination.” In Kharas et al., op.cit.
세션 2
- 발제 Zhang Lihua -
China’s Aid to Foreign Countries: Experiences and Contributions
China has experienced an extraordinary 60-year history of providing overseas aid.
As a major developing country, China focuses on its own development whereas stays committed to providing aid to other financially-strapped developing countries and undertaking its share of international obligation within its capacity.
Over the past 60 years, the Chinese government has upheld the principles of equality, mutual benefit and no attachment of political conditions. It focuses on helping recipient countries improve livelihood and enhance capacity for self-development, which has been welcomed by the developing world and the international community at large. China has made positive contributions to the common development of the mankind through overseas aid.
The Eight Principles for China's Aid to Foreign Countries
(Announced by Late Premier Zhou Enlai during his visit to 10 African Countries in 1964)

- The Chinese Government always bases itself on the principle of equality and mutual benefit in providing aid to other countries. It never regards such aid as a kind of unilateral alms but as something mutual.
- In providing aid to other countries, the Chinese Government strictly respects the sovereignty of the recipient countries, and never attaches any conditions or asks for any privileges.
- China provides economic aid in the form of interest-free or low-interest loans and extends the time limit for repayment when necessary so as to lighten the burden of the recipient countries as far as possible.
- In providing aid to other countries, the purpose of the Chinese Government is not to make the recipient countries dependent on China but to help them embark step by step on the road of self-reliance and independent economic development.
- The Chinese Government tries its best to help the recipient countries build projects which require less investment while yielding quicker results, so that the recipient governments may increase their income and accumulate capital.
- The Chinese Government provides the best-quality equipment and material of its own manufacture at international market prices. If the equipment and material provided by the Chinese Government are not up to the agreed specifications and quality, the Chinese Government undertakes to replace them.
- In providing any technical assistance, the Chinese Government will see to it that the personnel of the recipient country fully master such technique.
- The experts dispatched by China to help in construction in the recipient countries will have the same standard of living as the experts of the recipient country. The Chinese experts are not allowed to make any special demands or enjoy any special amenities.
China’s foreign aid is in the framework of the South-South cooperation. In the past 60 years, the aid that China has provided to other developing countries has become more diversified in form and content, mainly covering 12 areas, namely, infrastructure, agricultural cooperation, medical services, social welfare, industrial development, energy conservation and environment protection, culture and education, capacity building, volunteer service, emergency rescue and relief, multilateral cooperation and cooperation platform.
Up to now, China has accumulatively provided economic and technical assistance to more than 160 countries, among which around 100 countries, mainly in Asia, Africa, Latin America, the Caribbean and Pacific Region, receive China’s assistance on regular occasions.

China’s aid is widely accepted and appreciated by most developing countries. Its development experience is sharable, its skills and technology are more appropriate to the need of other developing countries, and its aid projects are more cost effective.
Principles & characteristics of China’s Aid

- Provides aid through bilateral channels and fully respects the will & request of the recipient countries in selecting and designing aid projects.
- Provides aid through project cooperation rather than direct cash disbursement.
- The repayment period may be extended when a partner country is in difficulty to repay a matured interest-free loan. If necessary, the loan may be even exempted to further ease the debt burden on the recipient country.
Modes of China’s Aid to Foreign Countries

Currently, there are three kinds of aid provided by China to foreign countries, namely, grant, interest-free loan and preferential loan

1. Grant
Grant is mostly used to help government of the recipient country to construct social welfare projects such as hospitals, schools, low-cost houses and wells for water supply. Besides, it is also used to provide goods and materials, emergency humanitarian disaster relief aid, training of personnel etc.

2. Interest-free loan
Interest-free loan is mostly used to help the recipient country on construction of infrastructure and civilian facility. In the future, to meet the urgent needs of the recipient country, the Chinese government will retain interest-free loan in an appropriate proportion for civil facility construction.

3. Preferential loan
Preferential loan refers to the mid-term and long-term low-interest loans with the nature of government assistance provided by financial institutions designated by the Chinese government. The government offers official subsidy to the financial institutions for the rate margin between the preferential rate and base rate publicized by the People’s Bank of China.
Contents of China’s Aid to Foreign Countries

The contents of China’s aid to foreign countries primarily include complete set of projects, technical cooperation, cooperation on human resources development, Chinese medical teams, common goods and materials, emergency humanitarian aid, youth volunteers etc.

1. Complete set of projects
Aid of complete set of projects refers to the kind of aid arrangement that Chinese side is responsible for the whole construction process from project review and inspection, design to construction, providing all or part of the equipments and construction materials, sending personnel to organize and give instruction on the construction, equipment installation and trial production, offering comprehensive technical assistance during the whole process, teaching the local personnel of related engineering technology by filed training to guarantee a smooth handover to the recipient country on accomplishment of the project.

2. Technical cooperation
Technical cooperation refers to the kind of aid that the Chinese side, requested by the recipient country, sends experts to the recipient country where they help the local personnel to develop a certain product by carrying out trial planting, trial cultivation and trial manufacturing, or pass on the traditional Chinese technology on agriculture and handicraft to the local, or accomplish a single task of professional review, exploration, study, consultation or the alike.

3. Cooperation on human resources development
The projects of human resources development refer to the efforts made by the Chinese government to train managerial and professional technical personnel, through bilateral or multilateral arrangement, for other developing countries. Moreover, the Chinese government initiates and sponsors numbers of seminars and workshops for managerial officials from other developing countries where they will share with their Chinese counterparts the experiences covering all sectors and fields through study and exchange of ideas.

4. Chinese medical teams
The Chinese foreign aid medical teams mean that the Chinese government sends teams of medical personnel to the recipient country, offering some medical equipments and medicines for free and providing medical treatment services at a designated place or going round visiting patients in the country.
5. Goods and materials
The common goods and materials aid is a kind of arrangement of utilizing grant, interest-free loan or other special aid fund provided by the Chinese government. According to the arrangement, the enterprises designated by the Chinese government purchase and supply the recipient country with goods and materials for production and living, or purchase and supply technical products and equipments as well as undertake related technical service tasks such as installation, debugging, operation instruction and training of technical personnel.

6. Emergency humanitarian aid
The emergency humanitarian aid refers to the kind of aid that Chinese government, either requested by the recipient country or voluntarily, provides emergency rescue materials or sends out rescue personnel to the country or area stricken by various severe natural disasters or humanitarian disasters, in order to alleviate loss in lives and properties and assist the government and people of the recipient country dealing with the difficult situation after disasters.

7. Youth volunteers
As one of the contents within the framework of China’s foreign aid fund, Chinese youth volunteers are selected and sent by Chinese special organization to friendly developing countries, serving directly for local people. Mostly, the volunteers are engaged in service sectors conducive to the public welfare courses of a developing country such as education, medical care and public health etc.
Since 2003 China has been dispatching volunteers to support foreign countries in Chinese language teaching, sports education, health care, information technology, agricultural technology and international rescue. By the end of 2009, China had dispatched 8,400 volunteers abroad.
multilateral cooperation

While providing most aid bilaterally, China continues to support multilateral aid efforts led by international organizations such as the United Nations. Since its first grant to the UNDP in 1973, China has made funding available to the best of its ability to some 30 international and regional multilateral development agencies. In recent years, China further increased its contributions to the UNFAO, WFP and other agencies and engaged more openly in international development cooperation.
Future contributions

With development of economy and growth of national power, China will continue to intensify its aid to developing countries, contributing to eliminating poverty and achieving the UN Millennium development goals.
China’s aid will favor the least developed countries, inland and small island developing countries.

Focus on livelihood projects that are urgently needed and welcomed by local people, such as hospitals, schools, water supplies and clean energy.

China’s aid will continue to focus on improving beneficiary countries’ capacity for independent development, helping them develop domestic industries and create employment opportunities.

Assistance from local governments and civil societies of China will be mobilized.
세션 2
- 발제 Woo-jin Jung -
Korea: The Road from a Successful Recipient to a Major Donor

The 4th ODA Seoul Int’l Conference

2010. 11. 29

Woojin Jung
Policy Analyst, Research Office
Introduction
Why Look at Korea’s Case?

<table>
<thead>
<tr>
<th>Partner (Recipient)</th>
<th>Donor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful episodes of growth and development</td>
<td></td>
</tr>
<tr>
<td>▪ Top ODA recipient</td>
<td>▪ Alternative donorship</td>
</tr>
<tr>
<td>▪ Entire spectrum of aid</td>
<td>▪ HLF-4 host country</td>
</tr>
<tr>
<td>Level</td>
<td>Lens</td>
</tr>
<tr>
<td>---------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>Country-Specific</td>
<td>Aid Effectiveness</td>
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<tr>
<td></td>
<td>Development Outcomes</td>
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<tr>
<td>Global</td>
<td>Aid Effectiveness Agenda</td>
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</table>
I. Experience as a Recipient
## Customized Aid

<table>
<thead>
<tr>
<th>Year</th>
<th>Purposes and Needs</th>
<th>Forms and Modalities</th>
<th>Sectors and Compositions</th>
<th>Reliance on Aid</th>
<th>Major Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1942-1952</td>
<td>Short-run relief</td>
<td>Grant (100%), Relief goods</td>
<td>Education, Land reform,</td>
<td>Only foreign savings</td>
<td>U.S.</td>
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<tr>
<td>Korean War</td>
<td></td>
<td></td>
<td>Consumer goods</td>
<td></td>
<td></td>
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<tr>
<td>1953-1961</td>
<td>Reconstruction</td>
<td>Grant (98.5%), TC</td>
<td>Non-project aid, Raw materials</td>
<td>Dependent on aid</td>
<td>U.S.</td>
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<tr>
<td>Rhee</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>U.N.</td>
</tr>
<tr>
<td>1962-1975</td>
<td>Long-term growth</td>
<td>Concessional loans (70%), TC</td>
<td>Project aid, Capital goods</td>
<td>The importance of aid ↓</td>
<td>U.S.</td>
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<tr>
<td>Park</td>
<td></td>
<td>Volunteers</td>
<td></td>
<td></td>
<td>Japan</td>
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<tr>
<td>1976-1996</td>
<td>Stability and growth</td>
<td>Non-concessional financing</td>
<td>Sector loans</td>
<td>Removal from the IDA lending list</td>
<td>Japan</td>
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<tr>
<td>Chun, Roh T.W.</td>
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<td>Germany</td>
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<tr>
<td>1997-2000</td>
<td>Financial crisis</td>
<td>IMF bailout packages</td>
<td>Structural adjustment program</td>
<td>Graduation</td>
<td>IMF/IBRD</td>
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<tr>
<td>Kim Y.S.</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Strong Ownership

- Central gov. leadership articulated needs.
- Embark on coherent, country-driven economic reforms for a sustained period of time
  - 5 yr-Economic Development Plans
- Backed up by the educated public & businesses
- Argued against donor prescriptions

<table>
<thead>
<tr>
<th>Korea</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth</td>
<td>Stability</td>
</tr>
<tr>
<td>Project-aid &amp; investment</td>
<td>Non project aid &amp; curbing inflation</td>
</tr>
<tr>
<td>Intermediary or Capital goods</td>
<td>Consumer goods</td>
</tr>
</tbody>
</table>
Targeted Sector

• Aid in Korea financed the government’s industrial policies implemented by Jaebeol in import-substituting & export-oriented large private enterprises
  – e.g.) POSCO, Chungju Fertilizer Plant
• Investment in health and education ↓
• Governance & Corruption ↓
Aid Management System

- Established a unique structure reflecting Korea’s needs to enhance harmonization
- Demanded Koreans’ involvement in aid management: CEB & OEC
- Decentralized structure of the OEC
- Linked aid management to the planning and budget processes
  - Economic Planning Board
Capacity building

• Teach “how to fish”
  – 1500 experts, 7000 trainees 1962-1971
  – Government personnel, entrepreneurs and academia exposed to foreign training.
• TC from two world economic powers.
• Implementation responsibilities in the hands of local people
• Significant local resources and time devoted to project implementation
  – Korea Institute of Science & Technology (KIST)
  – Gyeongbu expressway
Leveraging Partnership

- Had two long-term donors: U.S. & Japan
- Engaged with various donors. Ger, UNFPA
- Combined ODA with non-ODA instruments such as trade, military aid & export credits
II. Implications for Busan
Implications for HLF-4

• The principle of ownership needs to be clearly spelled out.
• Less need of a standardized offer from aid providers.
• Set out mechanisms that ensure long-term partnership.
• Invest in large economic infrastructure in support of broader development goals.
III. Korean Development Cooperation Model (KDCM)
Multidimensionality of the Korean ODA Model

- Unique
- Region
- Modality
- Universal
- Sector
- Volume
- Universal

Agreed Development Goals
III-1 Sector

The Supply Side
- Dev exp. by the gov.
- Proven results
- Technical skills
- Niche market

The Demand Side
- MDGs
- Demand from the P.C.
- Applicability
# Analytical Framework & Rating

## Criteria

<table>
<thead>
<tr>
<th>Supply</th>
<th>Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea's Experience</td>
<td>MDGs</td>
</tr>
<tr>
<td>Technical Competency</td>
<td>Needs of Partner</td>
</tr>
<tr>
<td>Complementarity</td>
<td>Replicability</td>
</tr>
</tbody>
</table>

### 44 Sub-sector Programs

- Future Industry

### SCORE

- 5 Point Scale
- 5 Or 1
- ±1
<table>
<thead>
<tr>
<th>Sector</th>
<th>Sub-sector</th>
<th>Sharing Korea’s Development Experience</th>
<th>Technical Competencies</th>
<th>Complementarity with Other Donors</th>
<th>KOICA’s Performance</th>
<th>MDG 5-point Scale</th>
<th>MDG 1-point Scale</th>
<th>Number of Requests</th>
<th>Request Score (5-point Scale)</th>
<th>Request Score (1-point Scale)</th>
<th>Applicability</th>
<th>Relevance to Korea’s Industrial Priorities in the Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>Basic Education</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>10</td>
<td>5</td>
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III-2. Region

- Cultural tie, Similar Dev. Conditions
- Presence of private actors
- PC’s Interest & Needs
- Aid orphans
III-3. Volume of Aid

- **Absolute volume**
  - Average of Major Donor ≤ KDCM or
  - DAC Average < KDCM

- **Relative proportion:** e.g.) Water supply & Sanitation

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<th>Japan: Primary Donor by Volume</th>
<th>Lux: Primary Donor by portion</th>
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<td>KOICA Avg/yr $ 0.35 mil</td>
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<td>DAC Avg/yr $ 29 mil</td>
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<td>Japan Avg/yr $ 58 mil</td>
<td>3% goes to the W &amp; S out of the total health sector</td>
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III-4. Aid Approach

Traditional Donors
- Governance, Aid Effectiveness Principles
- High Cost, Slow

Emerging Donors
- Fast and Responsive, Infra building
- Small scale Diffused admin Tied

Korea’s Strategic Positioning
- Policy+Infra+HRD High Tech +Cost Efficiency Aid Effectiveness

KOICA
Korea International Cooperation Agency
Changes in Aid Delivery

Past

- Project
- Volunteer
- NGO PPP
- Multilateral Emergency

Future

Country Assistance Strategy

- Policy
- Infra
- HRD
- Training, Consulting
- Project NGO PPP
- Volunteer Scholarship
Partner Organizations

- KDCM requires diverse skills and experiences
- KDCM should be applied in a participatory manner
- Extensively work with the PC govts (Central & Local), NGOs, Parliamentary, Research Institutes, local consultants & Multinational orgs.
  - Conducting a wide spectrum of consultation processes including grass-root-level stakeholders
Conclusion
## Convergence

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*Development Outcomes, Partner, and Donor are connected to Aid Effectiveness Agenda to indicate a successful strategy.*
More Information

- **KDCM:**

- **Successful Asian Recipient Countries:**

- **email:** [wjung@koica.go.kr](mailto:wjung@koica.go.kr)
Thank You.