



How to Use Community Conditional Cash Transfers and Inter-Village Competition for Rural Development, South Korea (1970–1979)

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Introduction and Context

On December 10, 1976, a village leader¹ of Saemaul Undong, Myeong-gyu Jeong triumphantly recounted how her village, Munjeong 2-ri, had more than tripled its per household income within a few years: “In 1972 my family began the cultivation of chili peppers... and now it has spread throughout the entire village reaching the size of a commercial farm.” She described how her village overcame hardship and cynicism to establish itself “as a cultivator of chili peppers” as well as tobacco. (Han 2013)

The Saemaul Undong (translation: “New Village Movement”) program in the 1970’s was an initiative of the government of South Korea to partner with local villages in an effort to hasten economic development. The success of the program virtually eradicated rural poverty within a decade. Almost all villages nationwide managed to modernize local infrastructure and significantly increase household incomes, which, by 1976, grew to be 3.25 times as high as 1971 (Han 2012). Even more impressively, rural incomes would continue to increase, reaching 10.35 times 1971 levels by 1981 (Han 2012). Remarkably, the modernization of rural infrastructure and the subsequent rise of income were primarily sustained by the efforts of villagers themselves (Han 2012). It was a comprehensive rural

1 A village leader of Saemaul is one leading and strategizing the development in each village, and a village leader (without the Saemaul designation) is a leader who takes care of administrative affairs with local offices.

development growth strategy that was fundamentally led at a grassroots level—villagers overcame rural poverty mainly through their own efforts (Han 2012). The government did, however, play a crucial role in incentivizing developmentalism in villages through a community conditional cash transfer (CCCT)² strategy that was the centerpiece strategy of Saemaul Undong. Under CCCTs, cash transfers are only made to villages that meet set criteria, making transfers conditional upon the actions of the community.

Saemaul Undong is one of the best examples of CCCTs, and the goal of the Saemaul Undong CCCT was to encourage villagers to take the reins of their own village's development. The strategy largely succeeded, leading South Korea's mostly underdeveloped villages to become relatively prosperous and self-reliant within a decade.

Prior to the implementation of Saemaul Undong, South Korea experienced a period of rapid industrialization and economic growth that mainly enriched its urban centers. In the 1960's, the Economic Planning Board³ had made a series of large-scale investments in the industrial sector and the urban areas that hosted industries. This created serious income inequality between urban and rural areas, leading to an exodus from the rural areas as villagers left to seek employment in urban areas. The unprecedented scale and chaotic nature of rural-urban migration placed a severe administrative burden on urban centers, Seoul in particular, and even threatened political and social unrest. (Brandt 1982)

This migration occurred despite the fact that following the Second World War, land-to-the-tiller reform programs had led to greater economic wealth and egalitarianism in rural areas, since owning private property created an incentive for increasing productivity (Reed 2010). Furthermore, investment in literacy led to high rural literacy rates that also enabled further productivity increases (Reed 2010). Yet, villager incomes languished.

The government implemented a number of programs aimed at improving rural incomes, with little success. Community development (CD) programs were introduced in 1958 by the Ministry of Reconstruction. Pilot villages were selected for the programs which followed the principles of CD by emphasizing cooperative and self-help development. In 1961, the movement for National Reconstruction was established to modernize people's attitudes and special projects for Rural People's

Income Increase. The achievement of these various programs were modest. The government also established several agricultural institutions to support rural development (Brandt and Lee 1981; Reed 2010). One such institution was the government-sponsored rural cooperative, Nonghyup, which was established in 1961 as an agency for purchasing and distribution, marketing, and for credit and government loans. The government set up an agricultural scientific and technological research body, the Rural Development Administration (RDA), which was founded in Suwon in April 1962. Investments were also made in irrigation expansion, mechanization, and in new varieties of rice with greater yields, along with fertilizers and other chemical products (Reed 2010). Investment in electricity and expanding transportation networks was also made a priority (Reed 2010). The government also adopted a pro-agricultural pricing policy in the late 1960's (Reed 2010). Despite the introduction of these policies, however, the 1960s saw a continued rural exodus and relatively stagnant villager incomes.

The historical social cohesiveness of Korean villages in and of itself failed to serve as a reliable foundation for the success of rural development initiatives (Han 2012). Even though villages had traditions of cooperative labor, they could not transition the traditions to modern forms of cooperation for income increase. Furthermore, by the 1960's, individualism and the self-interest of rational actors were undermining traditional behavioral patterns of some cooperative enterprises in decision making. As an illustrative example, a village leader of Saemaul Jeong Munja (1975) recalls, "I heard that our village organized a youth volunteers' organization that flourished for five years, but one of the leaders of that organization got a job in Seoul and ran off with the organization's common fund... As a result, no one was motivated to join another organization."

Favorable policies, investments in rural areas, and cooperative traditions largely failed to address rural poverty in Korea prior to the 1970's. This case study explores how South Korea overcame rural poverty through CCCTs under the Saemaul Undong program.

2 Under CCCTs, cash transfers are only made to villages that meet set criteria. Transfers are conditional upon the actions of the community.

3 An agency empowered by Korea's government to design five-year economic plans to guide Korea's government-led economic development. It merged with the Ministry of Finance in 1994 to form the Ministry of Finance and Economy (MOFE). As of 2017, The MOFE is The Ministry of Strategy and Finance.

First, the case study looks at some of the challenges experienced by rural South Korea during the 1970's. Next, it examines how the CCCT strategy was implemented. Finally, it traces the adaptations made to the CCCTs to help villagers overcome the challenges they faced in achieving self-reliance.

The Development Challenge: Overcoming Rural Poverty

In the 1960's, the majority of South Korea's population was based in rural areas. In 1970, this figure stood at 59.3% of the population.⁴ South Korea's overwhelmingly rural population suffered from abject poverty. 27.9% of rural households lived in absolute poverty (Kwon 2010). This equaled approximately 5,548,000 people of South Korea's total population of 32,240,000.⁵ Every spring rural areas would experience a period of food shortage that became symbolic of the chronic poverty of the time. Most villagers were low-income petty farmers who lived in thatched-roof houses with no electricity. They lived in villages that lacked adequate facilities, where poor infrastructure contributed to keeping productivity low and limiting sources of income. Villages typically lacked accessible roads, electricity, telephone lines, warehouses, modern bridges, and modern irrigation facilities. Infrastructure for comfortable living like modern housing, health facilities, and sewage systems were also absent. Alcoholism and gambling were rife, and an atmosphere of hopelessness, indifference, and cynicism was spreading and the central government was committed to eradicating that negativity through Saemaul Undong. Rural household income stood at slightly more than half that of urban households in 1969 (Rho 2014).

Delivery Challenges: Improving Local Government Performance and Engaging Villagers

Prior to the implementation of Saemaul Undong there were attempts to alleviate rural poverty, but they were typically met with little interest from local government officials and villagers themselves. One notable example is the Community Development Program (CDP) that

was established in 1957 by a subcommittee of the Korea-USA Joint Economic Committee. Like Saemaul Undong, it was envisioned as a village improvement project that would be grassroots-led. Villagers were expected to assume responsibility for the planning and development of village projects. (Chung 1986).

The CDP grew from 12 pilot villages in 1958 to 818 villages by 1961, with every county having one or two pilot villages. Community development workers were dispatched to pilot villages and it was hoped that pilot villages would inspire neighboring villages to launch their own development efforts. However, the development workers largely failed to engage villagers because they were seen as paid outsiders who had no real interest in the local community itself. The CDP operated until the late 1960's without any significant achievements, ultimately failing due to lack of interest from both local government officials and villagers, as well as the absence of a proper funding mechanism. (Chung 1986)

Two other significant attempts were the National Reconstruction Movement (1961–1964) and the “Special Project for Increasing the Income of Agrarian and Fishing Villages” (implemented in 1968). Both government programs were ultimately unsuccessful because they failed to engage villagers (Park 1981). Furthermore, government subsidies given to villages under the “Special Project for Increasing the Income of Agrarian and Fishing Villages” were largely ineffective (Park 1981). The same program also focused on individual farmers, neglecting the fact that even if individual household incomes increased, community problems would remain.

Four important lessons emerged from these failed programs. First, subsidies do not necessarily lead to income increase and can actually be harmful (Park 1981). Rather, it is important to have an effective and meaningful framework for subsidy provision. Second, the engagement of villagers is crucial to the success or failure of a rural development initiative (Han & Burmeister 2015). A bottom-up approach to development is necessary. Third, lack of interest and engagement from local government officials can have a detrimental impact on a rural development initiative (Han & Burmeister 2015). Local government officials needed to be incentivized to perform better. Fourth, rural development strategies should focus on the village unit (Han & Burmeister 2015). Household

⁴ World Bank. n.d. (b).

⁵ World Bank. n.d. (a).

incomes would be more likely to increase rapidly within a context of a village-wide cooperative effort (Han 2013).

In order to not repeat the failures of previous government programs, Saemaul Undong would have to address the following concerns:

How to Make Rural Development a Priority for Local Government Officials

Without the proactive involvement of local government officials, it would be difficult to enforce the CCCT mechanism of Saemaul Undong. Therefore it was necessary to motivate local government officials who could ensure that villages would be properly monitored and evaluated, and to protect the integrity of CCCTs through corruption controls.

How to Fund Rural Development

Nationwide rural infrastructure modernization could not be achieved through the efforts of government-funded private construction contractors alone. Likewise, income increase would not be sustained through the mere provision of subsidies, such as price support measures. The financial burden of such an approach would be too great (Kim 2007). Productivity and income increase could only be sustained by villagers themselves. Crucial to this process was finding an innovative way to encourage villagers to attain sustained income increase through self-sustained measures. Measures for top-down subsidization of a rural development project would not be viable if villagers did not contribute by taking the reins of the development effort, and it would be necessary for government to devise a model for self-funding that would allow villages to undertake their own development projects without any need for government assistance.

How to Create a Sense of Ownership and Self-Reliant Villages

Engaging villagers to take active roles in their village's development was a major concern following the failure of the CDP. Low villager participation could easily derail Saemaul Undong.

Proactive, visionary leaders would be needed to engage both their community and lead development projects. It proved important to have village leaders of Saemaul Undong who were motivated, competent, and accepted

by their local communities, as they would need to motivate villagers to participate in the process of making villages self-reliant.

How to Promote Leadership and Assist Villages That Fall Behind

Finding and cultivating competent leaders to lead the Saemaul Undong initiative in the villages would be crucial. To accomplish this, the government needed to put together intense training programs for village leaders of Saemaul to build their knowledge and capabilities as agricultural entrepreneurs with the business capacity to increase rural household income. Village leaders of Saemaul from successful villages can act as role models to those from unsuccessful villages. They can teach them how to develop their own struggling villages.

Tracing the Implementation Process

Chronological Sequence of Actions Taken to Address Delivery Challenges

Broadly-speaking, Saemaul Undong's implementation of CCCTs can be divided into three overlapping phases. Although the first and second phases had different targeted outcomes (i.e. infrastructure modernization versus income increase), income increase was the priority in both phases. Without any increase in incomes, Saemaul Undong would have failed to engage villagers. Saemaul Undong should thus be understood primarily as an income improvement program that sought to transform the village that sought to "harness cooperative traditions to enable villagers to undertake entrepreneurial endeavors to develop their villages and increase incomes" (Han & Burmeister 2015). CCCTs and training were adapted and implemented with this orientation throughout Saemaul Undong.

In phase one (1970–1973), the primary aim was to lay the foundations for income-generation projects. The improvement of basic rural infrastructure and administrative reforms in local government were important first phase elements. Village infrastructure improvement projects were critical for income increase. For instance, the expansion of roads allowed for easier access to, and movement around and within a village. Expanded roads enabled automobiles access to villages

and farming machinery was more easily transported around villages. This resulted in improved farming and household income increase. (Goldsmith 1981; Han 2013)

Infrastructure modernization and income increase could only be achieved through the active participation of villagers. Accordingly, the government provided villages with resources and introduced CCCTs during this phase to motivate village participation. Monitoring the results of these initial CCCTs showed clear and visible distinctions between successful and unsuccessful villages, thus stimulating inter-village competition. In 1970, all villages were provided with equal material support and a list of important infrastructure projects to pursue. Then in 1971, villages were evaluated and only those that showed significant progress received further material support. The Saemaul Undong Leaders Training Institute (SLTI) was established in 1972 to improve village performance by training village leaders of Saemaul to engage villagers and manage projects. Public recognition of successful projects and the dissemination of their success stories was also a crucial component for encouraging villager engagement during this period. (Cheong 1981; Han & Burmeister 2015)

During the second phase (1974–1976), the priority shifted to implementing income-generating projects and constructing the appropriate advanced infrastructure for sustained income improvement. Income reinvestment projects (IRP) were introduced in 1973 as an adapted form of CCCTs for differentiated, performance-based support of self-reliant villages during the first phase. However, IRPs became the key funding mechanism during the second phase. IRPs were implemented at the time as a powerful instrument for self-sustained rural development.

The CCCT mechanism, however, not only served to reward successful villages, but it was also a means for the government to identify unsuccessful villages. This allowed the government to create appropriate policies for unsuccessful villages (Han & Burmeister 2015). Special measures were implemented in 1975 to train and support unsuccessful villages accordingly (Han & Burmeister 2015).

Phase three (1977–1979) was defined by the continued, broad-based efforts of government to expand the number of self-reliant villages. Increasing rural household income remained the priority during this phase. (Han & Burmeister 2015) This phase was also defined by projects that aimed to modernize infrastructure connecting rural villages, such as roads and bridges.

The evolution of CCCTs during this period is illustrated in [Table 1].

The government emphasized that the goal of Saemaul Undong and its CCCT framework was to increase rural household income (Han & Burmeister 2015). To achieve income increase, it incorporated the lessons of past failures. Accordingly, the government decided to base its new Saemaul Undong policy on interest-driven, voluntary participation. Participation would be encouraged by offering cash injections to villages through the CCCT framework. The government hoped this would lead to visible results that would encourage participation. A key aim of the program was to continuously improve the confidence, motivation, and skillset of villagers through visible results and by gradually increasing the complexity of Saemaul Undong projects. Ultimately, the aim was to make villages self-reliant by instilling the virtues of *diligence*, *self-help*, and *cooperation* (referred to as “development of the mind”). The following virtuous

Table 1: Adaptive Implementation of Community Conditional Cash Transfers

Evolution of Saemaul Undong Community Conditional Cash Transfers

Year	Period	Community Conditional Cash Transfer (CCCT) Principle
Phase One	1 st Year	October 1970 – February 1971, (agricultural off-season)
	2 nd Year	May 1971 – June 1972
	2 nd Year	October 1971 – February 1972
	3 rd Year	1973
Phase Two	5 th Year	1975

Figure 1: Action Plan of Saemaul Undong

Source: Han and Burmeister 2015.

circle for Saemaul Undong was conceived as a means to instill the Saemaul Undong virtues and thereby increase productivity and income, (adapted from Han 2013; further illustrated in Figure 1):

1. Stimulation through government material support
2. Undertake small community projects
3. Gain experience
4. Observe visible results and benefits
5. Induce confidence and motivation for rural infrastructure renovation
6. Greater community participation
7. Cultivate the spirit of voluntary participation
8. Undertake larger community projects

The government's rural development strategy relied on engaging villagers. The main instruments for community engagement utilized by government were CCCTs and village leaders of Saemaul. CCCTs would reward village development accomplishments and thereby stimulate inter-village competition. CCCTs included in-kind material transfers, contracts with government and presidential grants. These CCCTs served as sources of funding for successful villages. Crucially, the integrity of the CCCT framework could only be maintained by ensuring the active participation of local government.

Engaging Local Government

When Saemaul Undong was first implemented in 1970, local governments were largely unprepared for playing a proactive role in local rural development. They traditionally deemed community development the responsibility of the central government (So 2013). At its introduction, Saemaul Undong thus faced the immediate challenge of making rural development a priority for local government officials.

The first step to facilitating rural development in South Korea was to reform the organizational culture of local

government. A series of organizational policy changes were undertaken at the local government level with the aim of motivating local government officials to play a proactive, supporting role in rural development (Aqua 1981). Whereas they were previously desk bureaucrats, local government officials were now to be incentivized to be out in the field communicating with villagers and monitoring Saemaul Undong projects. Reforming government-village power relations to encourage villager engagement required a transformation that would lead to development-oriented local government (Han and Burmeister 2015).

In achieving these aims, the government needed to incentivize local government officials and introduce a new system of monitoring and evaluation (M&E) that would promote a culture of mutual accountability between villagers and local government officials. This was executed with a 'one public official for one village' system (So 2013).

Under this system, the evaluation of local government officials was tied to village performance (So 2013). As a result, development activity by local governments was much greater than before (Brandt 1982). Linking individual reputation and promotion opportunities to village performance resulted in greater cooperative partnership between local government officials and villagers. Officials would no longer supervise projects from their desk, but undertake frequent on-site visits. They also received Saemaul Undong and capacity building for development training to help them to adjust to their new role. (Aqua 1981; Han and Burmeister 2015; Kim 2013).

The process of performance evaluation was kept transparent through periodic and continuous M&E of village progress by high-level officials. Officials from the Ministry of Home Affairs and other officials from the national, provincial, and local levels would typically visit villages more than once a month (Ministry of Home Affairs 1981; So 2013). The result was a multi-tiered M&E

system of cross-checking that would monitor and evaluate the performance of both villages and local government officials. (Han and Burmeister 2015; So 2013).

Activating Villager Participation

Encouraging villager participation represented the most critical challenge for Saemaul Undong. The previous program for community development, the CDP had failed to engage villagers. It failed as a result and was absorbed into Saemaul Undong (Chung 1986). In response, the government devised a strategy for CCCT utilization that would incentivize villager participation.

CCCTs were implemented as follows.

(1) Providing Villages with Equal Opportunity

In the first year (1970–1971), Saemaul Undong was launched as the experimental *Village Improvement Saemaul Project* (also known as the *Make-Saemaul Project*). It was launched in the agricultural off-season when farmers were mostly idle. The primary aim of the CCCTs in the first year was to stimulate villages by providing them with resources. This distinguished it from regular village improvement projects (Han and Burmeister 2015). The government sought to emphasize the fairness of the Saemaul Undong's CCCTs by giving all villages equal opportunity for development by providing them with equal resources (Han and Burmeister 2015). Each of 33,267 villages nationwide were provided with 335 bags of cement and 0.5 ton of rebar for community development projects. Significantly, Saemaul Undong did not start with pilot projects (Han 2013). Villagers were free to undertake any project they chose. They were, however, encouraged by the government to consider projects from the following list of recommended tasks: (1) village hills reforestation; (2) broadening village access roads; (3) upgrading stream beds for embankment construction for flood prevention; (4) compost facility construction; (5) ditch dredging for drainage and other purposes; (6) communal well construction; (7) repairing sewage facilities; (8) constructing communal laundry facilities; and, (9) disposal of rats and other pests (Han 2013; Han and Burmeister 2015).

In order to encourage villager participation, the government emphasized that projects should be decided by a village assembly according to a set of codified operation regulations (Han 2013; Han and Burmeister 2015). This was done with the aim of promoting

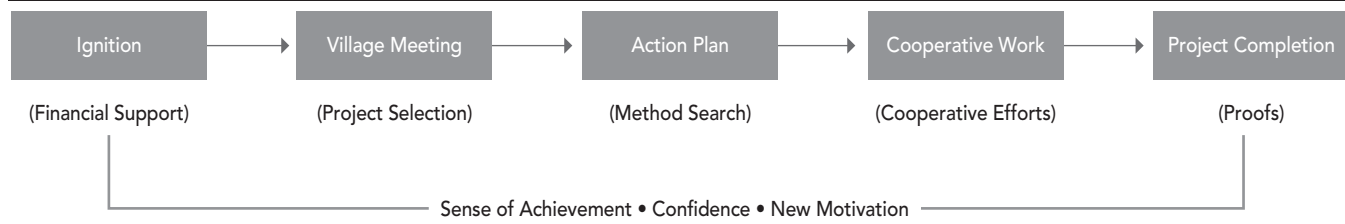
cooperation and self-reliance among villagers. Decision-making power was given to communities to choose, plan, and implement projects. Leadership of a village's development efforts was effectively transferred into the hands of villagers themselves. This policy innovation ensured a village-wide, inclusive democratic decision-making process that empowered villagers.

The consensus-building village assembly, tasked with discussing project implementation strategies, was a key driver of participation and effective coordination. The institutionalization of village-wide democratic decision-making resulted in transparent and efficient documentation of the Saemaul Undong project selection and implementation process. The minutes and records of village assembly meetings as well as labor records that were maintained are a testament to this (Han 2012).

Alongside the village assembly, a village development committee (VDC) was designated as a steering body for village projects. The VDC would play a more executive role of recommending and selecting projects after receiving the consent of villagers. The VDC's role included village development planning, overseeing the implementation of projects, and supervising various village organizational units. The VDC was comprised of up to 15 members, including the village leaders of Saemaul Undong, the village administrative head, and other influential villagers, such as the credit union chair and the youth assembly chair. Significantly, village leaders of Saemaul could be removed from their position by the community and replaced with another candidate, which actually did happen from time to time. (Han 2012; Han 2013; Kim 2013).

The VDC was also tasked with maintaining records of resource usage and to provide frequent project progress updates to the village assembly (Han 2012). Furthermore, detailed logs of resource usage were kept. The receipt and utilization of resources also had to be verified through seals of the beneficiaries, the village leaders of Saemaul, and a local government official (Han and Burmeister 2015). Both of these processes ensured transparency and the protection of the integrity of the CCCT system. Resource distribution and usage under the Saemaul Undong CCCT framework adhered to these processes, which worked to limit corruption (Han 2012). This in turn motivated better village performance.

The village assembly and VDC were collectively tasked with the cooperative utilization of resources for the improvement of the village environment.

Figure 2: Project Completion Process and Concomitant Feelings

Source: Han and Burmeister 2015.

The five stages that characterized this phase are as follows (Han 2013; Figure 2 further illustrates this process):

1. Government stimulation of villages through material support
2. Village assembly selects what projects to undertake
3. Planning of details by village assembly
4. Cooperative implementation of the project
5. Visible results are highlighted to encourage confidence and motivate villagers to undertake new development projects

When villages were evaluated after a year, approximately 50 percent of villages received positive evaluations, which amounted to 16,600 villages (Han and Burmeister 2015). However, the results of the first year were not entirely satisfactory. In unsuccessful villages, villagers typically did not work cooperatively for the achievement of village improvement projects, but instead divided the cement and iron rods amongst themselves for individual projects. In some villages the cement was entirely unused and simply went to waste. Conversely, successful villages displayed strong cooperation between villagers and good leadership.

Analysis of the experimental period of Saemaul Undong revealed that the following three elements were important for success: (1) competent village leaders of Saemaul (Goldsmith 1981; Han & Burmeister 2015); (2) engagement of villagers (Han & Burmeister 2015); and (3) competitive allocation of government subsidies (Han & Burmeister 2015).

In response, the government made two important changes in the second year. First, it adopted a meritocratic policy of resource distribution. The CCCT system was adapted accordingly. Successful villages would receive additional resources for the continued improvement

of their village environment. Second, it established the SLTI on January 14, 1972. Training for village leaders of Saemaul was prioritized as a means to improve the leadership skills of village leaders of Saemaul.⁶

(2) Giving Differentiated, Performance-Based Support

In the second year, only the 16,600 villages that received positive evaluations after the first year were selected for an additional material subsidy of 500 bags of cement and one ton of rebar. This supplementary subsidy further bolstered the efforts of motivated villagers to be self-reliant. The additional subsidies allowed them to make considerable progress in improving their basic village environment (Han and Burmeister 2015). In the second year, project selection and implementation took the following course (Han 2013):

1. Selection of the project by the villagers
2. Application for government's material support
3. Detailed planning (including the amount of villagers' input)
4. Cooperative work
5. Completion and follow-up

The successful transformations seen in the 16,600 villages that received additional support encouraged half of the unsuccessful villages to carry out environment and infrastructure improvement projects with their own resources and without any governmental support (Han 2013; Han and Burmeister 2015). Inspired by the strong leadership role of the village leaders of Undong, these villages were motivated to catalyze and lead efforts that were guided by the popular sentiment, "Our village

⁶ Korea Saemaul Undong Center. n.d.

Figure 3: Village Types

Source: Han and Burmeister 2015.

cannot fall behind the neighboring villages.” (Han 2013). The principles of diligence, self-help, and cooperation that successful villages internalized were thus disseminated to formerly unsuccessful neighboring villages. In this way CCCTs encouraged a competitive environment that capitalized on inter-village competition for development (Han 2013).

This dynamic was evident in the competition that arose between Jene-Ri Village and Seongdeok Village. Jene-Ri Village engaged in Saemaul Undong in 1971, but rested in 1972. Village Saemaul leader Se-Yeong Yi (2003, in Han 2013) of Jene-Ri Village recalls, “After we took a break in 1972 and looked around, neighboring villages and other villages had developed significantly and were transformed completely.” The neighboring Seongdeok Village had noticeably developed during that period (Han 2013). This prompted villagers of Jene-Ri Village to remark after witnessing their neighbor villages’ improvement on livelihood environment and increased income, “Look at Seongdeok, we should also do Saemaul project” (Yi 2010, in Han 2013). Yi says, his village resolved, “We cannot fall behind, we should engage in Saemaul Undong again” (2003, in Han 2013).

In 1973, motivated by the massive infrastructural and income improvement observed in Saemaul Undong villages, villagers were more motivated to participate in Saemaul Undong (Han and Burmeister 2015). And the government sought to strengthen Saemaul Undong by shifting the focus from basic village infrastructure improvement projects to cooperative income generation projects (Han and Burmeister 2015). This was because without sustained income increase, popular enthusiasm for Saemaul Undong would wane.

In 1973, in order to determine suitable, targeted village support measures for income increase, the Ministry of Home Affairs evaluated all villages nationwide and categorized them as *basic*, *self-help* (intermediate), or *self-reliant* (advanced) depending on their level of development, as illustrated by [Figure 3]. Set criteria were used for classification, as illustrated in [Annex A]. Likewise, projects were also divided into three types:

basic, government-supported, and income-generation. This served the important function of ensuring the Saemaul projects were compatible with the capabilities and priority areas of a village.

Giving targeted, meritocratic support to villages consolidated the CCCT mechanism of Saemaul Undong of prioritizing support for successful villages. As a result, the credibility of the CCCT system was established.

The CCCT system’s credibility motivated villagers to cooperate for village improvement by guaranteeing support for successful villages. Village Saemaul leader Mu-Hong Yang recounts (in Han 2013):

“Contrary to our will, our village was not funded by the cultivation project of 1972. Not being discouraged, at a village assembly meeting we resolved to press on with the electricity project on our own. We all could witness the outcome of self-help and cooperation when on the day the construction of the electric infrastructure was completed, 264 households were provided with bright light, all thanks to 13 million KRW in support, which was comprised of six million KRW raised by 53 village people and a loan of seven million KRW. Highly appreciated by the regional province and local Council, in 1973 our village was elevated to the status of a ‘self-help village,’ drawing benefits from the Saemaul Undong and raising morale.”⁷

Mu-Hong Yang’s Sinpung-Ri Village was recognized as a self-help (intermediate) village in 1972 after it managed to secure electric power on its own, without government support. It subsequently received material support from the government in 1973. It used these materials to construct a village hall and entrance road. (Han 2013).

(3) Consolidating Income Increase Measures for Sustainable Development

In 1974, the government formally marked Saemaul Undong’s transition from the “Groundwork Foundation Period” to the “Self-Help Growth Period” (Han and

⁷ The nominal exchange rate was 398.3 South Korean Won (KRW) per United States Dollar (US\$) in 1973 (Nam and Kim 1999); 6,000,000 KRW = US\$15,064.02; 7,000,000 KRW = US\$17,574.69.

Burmeister 2015). Even greater emphasis was placed on projects that lead to income increase. This marked a clear turning point for future development projects in villages (Han and Burmeister 2015).

Villages were encouraged to make the transition to self-sustained community funding for village development. Creating a culture of saving and investing in villages was prioritized. CCTs were modified to promote such a culture. The income reinvestment project (IRP) modality was initially introduced in 1973 within this context as a mechanism for sustained income increase for self-reliant villages. There were approximately 4,000 self-reliant villages by the end of 1973. Self-reliant villages were awarded IRPs to help them make this transition. From the case of Chulpo-Ri village, the process of receiving and applying CCTs can be explained as following a series of steps (Han 2013):

1. Successful Saemaul project implementation in 1972
2. Designated as self-reliant village
3. Receive self-reliant village award money
4. Invest in income generating projects
5. Receive presidential award money
6. Engage in IRP

IRPs essentially functioned as a public-private partnership (PPP) that created jobs for villagers and ensured that they were the direct recipients of the wages associated with a project. The IRPs had two main goals: (1) rural household income increase and (2) village development fund growth. The village development fund was a community credit cooperative that was introduced with IRPs for investments in village income increase projects. (Han 2012)

Instead of providing construction projects to companies, the government decided to rely on the capacity of self-reliant villages to successfully implement projects as part of the IRPs. The government intent was to foster developmentalism at the villages. Villagers implement development projects. On behalf of villagers, the Village Development Committee (VDC) becomes 'a co-op type of company' led by the leaders as well as the villagers. The VDC, as a business entity, signed a business contract with the government. Accordingly, the VDC was compelled to take responsibility for the completion of IRPs by being held legally accountable as a result of entering into a business contract with government.

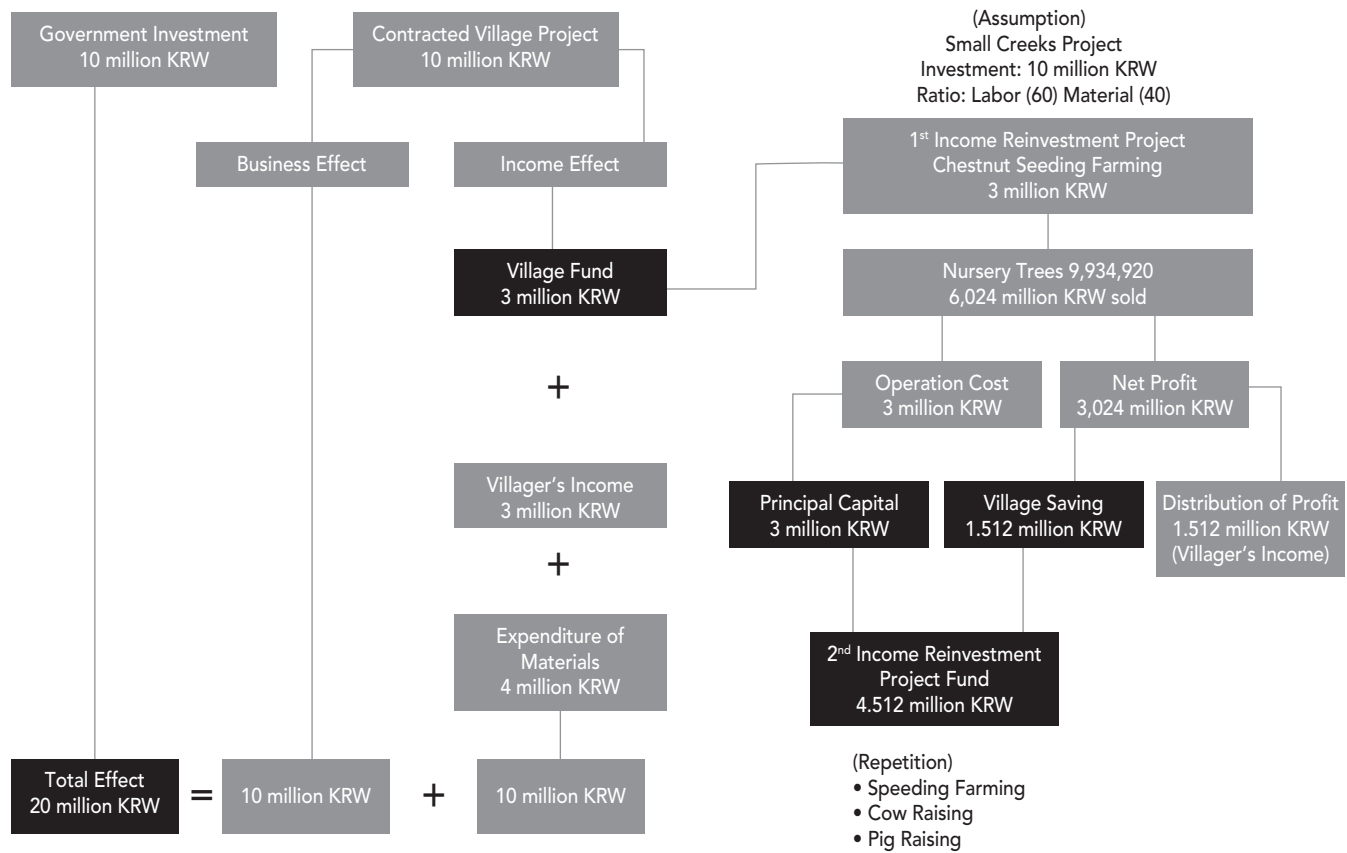
Under the framework of IRPs, the government awarded villages with small-scale construction projects

valued at less than three million KRW (US\$7,532.01 in 1973). The government also stipulated that half the wages earned by villagers through the project should be saved in a village development fund. This helped to promote a culture of saving. The village development fund was to be run according to shareholder principles and to be specifically used for future investments in income-generating projects. The village development fund was managed in the same way as a stock company with division of profits determined by the amount invested. Villagers who invested more were thus guaranteed to get a greater share of the profits. A matching fund principle was utilized as the foundation of the government-approved IRP projects, which asked villagers to invest some into the village development fund. Government did not award contracts valued at more than three million KRW (US\$7,532.01) because it believed such contracts would be too complex for villagers. Annex B outlines the framework of IRPs (Han 2012; Han 2013).

Figure 4 provides a concrete example, even though it is not from a real village, but hypothetical. In the Figure 4 case study, the government bestowed an initial grant for a small creek project for better irrigation and flood control. It was assumed that the ratio of labor cost to material cost would be 6:4. Thus, the VDC spent 40 percent of the government grant on operational costs and the purchasing of materials; 60 percent of the fund was allotted to labor costs. From the labor income, half was saved for the establishment of a village fund. In this hypothetical case study, the village fund was established at three million KRW (US\$7,532.01). This fund was utilized for reinvestment in other income generating projects. The village decided to initiate chestnut seedling farming as its first IRP. This project added results in an initial windfall of 3,024,000 KRW (US\$7,592.27) and the village fund grew to 4,512,000 million KRW (US\$11,328.14).

Self-reliant villages were awarded with contracts, thereby continually raising their incomes through reinvestment of their profits. Through repeated application of IRPs, villages could eventually achieve sustained income increase without government support. By stipulating that the village fund was only meant for income-generating projects, the government guaranteed the establishment of a virtuous cycle of income increase. The IRP thus introduced four important developmental components for income increase. First, it distributed the profits of government construction projects directly to

Figure 4: Example of Income Reinvestment Project



Source: Han 2012.

villagers. Second, it allowed the village development fund to grow, which gave self-reliant villages the means to invest in income-generating projects. Third, it served as an effective corruption control mechanism by emphasizing transparency and accountability. The VDC that served as the project implementation committee was accountable to not only the government, but also the village assembly. Fourth, it provided villagers with work experience that would further instill the principles of diligence, self-help, and cooperation (Han 2012; Han and Burmeister 2015).

Presidential and government grants were also awarded to successful villages as another form of CCCT to fund community development projects in ‘self-reliant’ villages. Chulpo-Ri Village’s experience is illustrative of the entire process of CCCT obtainment and application. It benefited from both a presidential grant and IRPs that served as employment-creating PPPs for income reinvestment for future income-improvement project generation.

Chulpo-Ri Village was awarded a government grant on February 1, 1973, after it achieved the status of a

self-reliant village. The prize money was worth 1.2 million KRW (US\$3,012.80) (Han 2013), which was a substantial amount at the time. Villagers at the village assembly decided to use the grant to fund various village development projects, including cattle farming, creek reclamation, clam farming, roof renovation, and tree planting. For the cattle farming project, part of the fund was used to lend money for livestock purchase to farmers who wanted to engage in cattle farming but had no cattle. The farmers were expected to repay these loans in-kind (Han 2012).

The same village was also granted a contract from the government for a creek improvement project. The contract outlined the following specific terms and conditions (Han 2012):

- Project amount: 277,000 KRW (US\$695.46)
- Project period: April 27, 1973 – May 31, 1973
- Village provided a two-year warranty for their work (June 1, 1973 – June 1, 1975)

As a precondition, the VDC had to guarantee the quality of the work, effectively holding the VDC accountable to the local government and its fellow villagers alike. After successfully completing the project, the village was awarded another 1.2 million KRW (US\$3,012.80) presidential grant on October 24, 1974. A village assembly meeting followed where villagers discussed how to use the presidential grant. It was decided to use the grant under the framework of the IRP to initiate new income increasing ventures. Approximately 88 percent of all household heads in Chulpo-Ri Village participated. (Han 2012).

IRPs evidently developed the capacity of villages to engage in self-directed development and grassroots innovation for income increase, without the need for government support. Having an embedded democratic decision-making process in villages was a critical component for ensuring transparent, accountable, self-directed development that satisfied the needs of villagers at large.

The meeting minutes kept by Gwangmuk Im, village leader of Saemaul Undong for Chulpo-Ri Village, reveals the process of an empowered village assembly utilizing CCCTs for village income improvement projects in order to gain additional CCCTs. The meeting minutes of October 24, 1974, include discussion on securing an Income Reinvestment Fund, (see Annex C), and on determining the projects where the Income Reinvestment Fund would be invested, (see Annex D). Both illustrate this process of independent decision-making. The process of independent decision-making was also evident in the grassroots innovations seen in villages.

Importantly, village Saemaul leaders and fellow villagers had to continuously introduce grassroots innovations independent of government support in order to help their villages qualify for additional CCCTs by meeting income increase targets. In order to qualify for a governmental grant or an IRP, an average household income of 1.4 million KRW (US\$3,514.94) was required to be classified as a self-reliant village.

In the case of Chulpo-Ri Village, the village embarked on a land reclamation project that was much larger and ambitious than other Saemaul projects (Han 2013). Two businessmen had failed in the 1960's to reclaim the land, yet in 1971 the villagers decided to undertake a land reclamation project as a Saemaul project, despite having no government support (Han 2013). They failed twice and were frustrated when parts of the dam were destroyed, but by using very rudimentary and poor tools such as A-frame carriers and handcarts, they managed to successfully

complete the project (Han 2013). The government did not respond to their requests for assistance, yet the villagers and village Saemaul leader were able to reclaim the land from the sea. As a result, farming opportunities were improved. And the villagers successfully established an oyster farm in the sea to increase their income. After Chulpo-Ri Village's achievement was recognized by the government, the provision of electricity to Chulpo-Ri Village was prioritized (Han 2013). The policy of electricity prioritization to successful villages drew great envy from neighboring villages while increasing the pride of villagers. The government had a policy of supplying electricity and telephone services to successful villages, which was intended to both stimulate competition and allow those villages to undertake additional projects.

Despite these achievements, the village achievements of Chulpo-Ri Village ranked only 4th in the local county of Dangjin (Han 2012). This underlines the extremely competitive nature of Saemaul Undong. The system of CCCTs that awarded resources to a limited number of villages depending on their ranking and achievements thus encouraged fierce inter-village competition. This accelerated rural development and encouraged creative innovation at the village level (Han 2013), while further bolstering competition.

Many Saemaul Undong projects were implemented by villagers themselves without government assistance. The experience villagers gained in running, implementing, and completing IRPs and adapting grassroots innovations gave them the necessary experience and sense of self-reliance to continuously undertake successive and variegated projects for further income increase. Villager-initiated village Saemaul banks, consumer cooperatives, agricultural cooperatives, and grocery stores were established to consolidate this process and further stimulate the village economy and stimulate a culture of saving and investment, leading to impressive transformations in some cases. For example, the formerly impoverished village of Jibuk saw household incomes increase greater than sevenfold, and assets in the village increase from a negligible amount to over 33 million won (\$829.14) (see Table 2).

IRPs and creative innovation for income increase highlight the leading role of villagers in Saemaul Undong. It was essentially a process of village-led development, spurred by government stimulus. Government played an important supporting role, but Saemaul Undong was driven at the grassroots level.

Table 2: Rise in Household Income and Growth of Village Fund in Jibuk Village, 1971–1979

	1971	1979
Assets of the Village Fund	23,000	33,568,000
Household Incomes	245,000	1,839,000

Source: Ministry of Home Affairs 1979. | Unit: KRW.

(4) *Selecting and Training Transformational Leaders*

Village Saemaul leaders were instrumental to the processes involved in village infrastructure and income improvement. They played the important roles of motivating villagers and also overseeing project implementation. Furthermore, village Saemaul leaders made numerous innovations for income increase themselves. The government was at times hesitant to support projects it saw as “too ambitious” or “too risky,” stipulating that such projects should be avoided by villages. Saemaul village leaders were described by Kim Yeong-Mo in 2003 (in Han, 2013) as “imaginative and democratic leaders.” They were also entrepreneurs with the business capacity to successfully implement profitable Saemaul Undong projects.

(a) *Selection*

Prior to Saemaul Undong, professional community development workers were dispatched to villages under the National Reconstruction Movement (1962–1971). Yet, villagers were very reluctant to follow them since they were outsiders, unilaterally chosen, and paid professionals. Villagers were unable to empathize with them and questioned their sincerity (Han 2013).

Under Saemaul Undong, the government thus decided to ask villagers to nominate members of their own community for village Saemaul leader positions (Han 2013). It was decided that these leaders would be unpaid, and elected as volunteers so that they could act as an inspiration to fellow villagers. Having village Saemaul leaders who could connect, communicate, and share a sense of unity with villagers was an important means to engage villagers. Kim Gi-myeong (2009, in Han, 2012), a professor at the Saemaul Leadership Training Center, recalls that:

“I think the biggest motivation came from the fact that Saemaul Leaders were the same as any other resident in the village and they volunteered to lead without pay. So people thought ‘Hey we can’t just watch. We need to help our village leader. The leader is putting aside their own work to take on various village tasks. We can’t ignore our village Saemaul Leader.’ Next thing they know everybody is participating. This dynamic process is very important.”

Government typically favored the election of energetic persons in local communities to be trained as village Saemaul leaders. Government emphasized a rural development policy of discovering and nurturing not only excellent farmers, but also people with leadership potential (Han 2013). At an earlier stage, the government realized that by only selecting candidates from a pool of outstanding farmers for training, the potential impact of Saemaul Undong would be limited. Therefore, government encouraged the nomination of individuals who had not only a strong agricultural background but strong leadership skills (Han 2013). To reflect this change, the name of the central training institute was changed from ‘Advanced Farmer Training Center’ to the ‘Saemaul Leaders Training Institute.’

(b) *Training*

Leadership was identified as the key variable determining the success of a village within the Saemaul Undong framework (Goldsmith 1981). Although leaders were fellow community members, in many unsuccessful villages people often felt indifferent and even cynical towards Saemaul Undong. This represented a real threat to the sustainability of Saemaul Undong as a nationwide community-based growth strategy that was heavily dependent on villager participation. Leadership training was thus emphasized as a means to standardize Saemaul Undong as a growth strategy in villages nationwide.

Although CCCTs could drive the strategy of competitive incentivization, it was still necessary to have competent village Saemaul leaders who could persuade villagers to participate and expend significant energy and make personal sacrifices for the sake of their community’s development. Village Saemaul leaders needed to proactively engage with their community and oversee the transformation of their village. CCCTs could only be

effective with development-oriented leaders who could persuade villagers to take it seriously. Village Saemaul leaders were needed to share the vision of Saemaul Undong with villagers and show them the potential gains from participation.

As a result, the SLTI was established in 1972 along with many other training centers nationwide with the purpose of increasing the quality of leadership at the village level. The SLTI served as the most important and influential locale for training. The education and training programs were practical in nature and incorporated successful case study analysis, peer teaching, life story sharing, and group discussions. Trainees stayed in on-site dormitories and were cut off from the outside world for the duration of their training. This was done for the purpose of delivering a profound, intensive, and immersive pedagogical experience and to ensure the absolute dedication of trainees while instilling a sense of pride and belief. The SLTI aimed to transform ordinary farmers into agricultural CEOs and emphasized practice over theory. This underscored the importance of ‘learning by doing.’ Saemaul business practice and practical leadership as well as attitudinal training were key components of the curriculum. The curriculum was designed to equip village Saemaul leaders with the skills to plan and execute community projects and run their village as a communal company or cooperative enterprise. Village Saemaul leaders were also taught leadership and social skills to engage and persuade villagers to participate. These leaders were to serve as role models of achievement who could inspire fellow villagers into action. Some described the training, which targeted attitudinal change, as being so thorough and life-changing a program that it was akin to a ‘blasting furnace’ or a ‘charcoal kiln.’ Village Saemaul leaders were essentially taught the skills to manage a village as a company. A sample curriculum is outlined in Annex E. Technical skills, including construction technology competence, were also taught by the Rural Development Administration (Han 2013; Han and Burmeister 2015).

Village Saemaul leaders needed to possess strong communication skills, in addition to entrepreneurial, accounting, organizational management, and agricultural skills (Han 2013). The training they received imparted a strong entrepreneurial mindset, which was conducive to grassroots innovation. Having village Saemaul leaders with strong entrepreneurial skills and the business capacity to oversee the implementation of successful Saemaul Undong projects was crucial to the success of Saemaul

Undong as a growth strategy. Village Saemaul leaders also needed to possess the ability to build consensus and coordinate village development and communication as well as inspire unity. Two integral components of the training they received were the integration of storytelling where leaders learned to effectively share success stories of overcoming poverty as a persuasive technique. Visits to successful villages to review successful projects were also incorporated into the training (Han 2012). Group discussions formed an important part of training, and the following topics were typically discussed: Desirable Leadership Types, Ways to Increase Income, Increasing Residents’ Motives for Participation, Developing the Village Credit Cooperative, and My Plan to Implement Saemaul Undong (Han and Burmeister 2015). Continuous, scheduled correspondence would take place between the director and village Saemaul leaders following training (Han and Burmeister 2015). Following a survey of Saemaul leaders from 36 villages, trainees indicated that the most helpful training components were mental/attitudinal training (42.5 percent) and presentations of success stories (20.3 percent) (Hwang 1980).

Nevertheless, village Saemaul leaders faced many challenges in persuading villagers to participate in Saemaul Undong, particularly in cases where villagers were expected to donate land (Han and Burmeister 2015). The basic principles of Saemaul Undong, such as visible results for motivation, and the leadership skills taught to village Saemaul leaders at the SLTI were instrumental to overcoming these difficulties. They often had to use different techniques to persuade villagers. Notably, village Saemaul leaders could not solve all of the village’s problems on their own and had to function within the context of the VDC as part of a leadership team. However, their importance as dynamic and adaptable agents of change cannot be understated (Han 2013).

One illustrative case of these challenges was that of village Saemaul leader Chang-Gyu Jeon’s village roof improvement project. His village needed to tear down ten houses and build them anew for roof improvements. The houses were too shoddy to support a modern roof. This particular project occurred over a two-year period and required plenty of persuasion. Jeon (2008, in Han 2012) recalls:

“Even when they claimed not to oppose it, that was a lie. I would visit once, twice... twenty times until they would agree. Villagers would say things like,

‘You’re just like a leech that won’t let go.’ . . . I used to say, ‘If we intend to farm, we’ll have to carry out the Saemaul Undong. So, we’ll have to widen the roads and improve the walls and the roofs too. We’re going to need a lot of materials.’ ‘I guess you’ll have to donate some of your land.’ . . . I’d start with the land of owners who had moved into the city. After observing the donation of former villages in cities, villagers finally joined this donation drive.”

Village Saemaul leader Yeong-Mo Yu (2008, in Han 2013) said he implored his fellow villagers, “Our Cheongpung-Myeon [a sub-county] consists of 27 villages. How can we be the last place out of those 27? I started from there. I united them first and started working seriously in 1973.”

As such narratives show, by building the capacity of village Saemaul leaders, the government facilitated villager participation. Village Saemaul leaders were imbued with a faith in developmentalism and trained to be entrepreneurs who had the business capacity to carry out projects for income improvement. They differed significantly from traditional village heads, who possessed purely administrative responsibilities. Once villagers experienced modest success in completing such projects, bigger and more ambitious projects would be developed. As village performance improved, they gained more support from government through CCCTs. Importantly, village Saemaul leaders were not just passive messengers of government policies, but were trained to proactively implement Saemaul Undong (Han 2013). They adapted government-sponsored projects to local conditions. They also at times undertook projects without the consent of government. For instance, Dongmak Village undertook the following projects without government support: chestnut tree farming, cattle farming, pig farming, construction of a barn, and water pipe installation (Han 2013).

(5) *Womens’ Empowerment*

During the Saemaul Undong, every village had two village leaders of Saemaul Undong: one male, the other female. In light of lower status of women in rural Korea, the establishment of women leadership is remarkable. Female village leaders also received modern training to be village leaders. These trained leaders led mainly women’s Saemaul Undong through women’s associations. Active participation of women was indispensable for the success of Saemaul Undong. Women and their female leaders

were very active in the campaign of anti-gambling and of women’s economic advancement. Additionally, women developed credit cooperatives, savings movements, consumer cooperatives, and cooperative income projects during Saemaul Undong. Although they were referred to as so-and-so’s wife or mother before, through Saemaul Undong female village leaders of Saemaul Undong became public figures.

(6) *Leaving no Village Behind*

The purpose of the CCCT system was not only to reward successful villages. It also served to differentiate successful and unsuccessful villages in order to diagnose the problems unsuccessful villages faced. Through continuous M&E, the government could customize its policies to take a more targeted approach in supporting struggling villages (Kim 2013). The Saemaul Undong education programs offered by the SLTI and other institutes served as the main government support for unsuccessful villages (Kim 2013). This policy became especially pronounced from 1975.

Successful villages were used as dynamic educational case studies nationwide to train village Saemaul leaders from unsuccessful villages. Prior to being sent to advanced villages, village Saemaul leaders from unsuccessful villages would undergo a week’s preliminary training at the SLTI. Typically, three to six leaders from unsuccessful villages would stay in a successful village for a period of three nights and four days to observe the best practices of successful Saemaul villages. These successful villages would typically be similar to their own villages in term of geographical conditions and economic activities. The host village Saemaul leader would prepare a detailed program schedule with themes such as ‘Business project introduction and description,’ ‘Environmental renovation project,’ ‘Income Reinvestment Projects,’ ‘Income generating projects,’ ‘Explaining the roles of the various village organizations,’ and ‘Create long term plans for village development (by trainee).’ Trainees were expected to write a detailed evaluation following their visit, answering prompts such as (1) What especially impressed me?, (2) What should our village do? (3) What do I wish to do after returning? and (4) What did I learn? This served as an opportunity for village Saemaul leaders to benchmark more successful villages. This training had a follow-up stage as well. After leaders from unsuccessful villages returned to their villages and applied what they

had learned, leaders from self-reliant villages would visit unsuccessful villages to evaluate their progress (Han 2012; Han 2013; Han and Burmeister 2015).

Furthermore, the sharing of success stories and the associated know-how served as another important mechanism to assist unsuccessful villages. Stories of poor villages achieving prosperity and of poor farmers becoming relatively wealthy portrayed the ultimate goal of Saemaul Undong. The success story of Sa-Yong Ha, a famous village leader of Saemaul Undong, became a national sensation and was dramatized into a film called *The Light in a Prairie* (1971). Individuals such as Sa-Yong Ha were requested to lecture at the SLTI and at various other training institutes nationwide (Han 2012).

To further inspire unsuccessful villages and successful villages alike, the Ministry of Home Affairs published an annual magazine entitled, *Saemaul Undong*.⁸ Some of the cases were presented at the National Convention of Saemaul Leaders and received medals of commendation from the president of Korea. Government thus stimulated competition through formally recognizing successful villages (Han 2012).

These measures alongside the CCCT incentivizing system and the training of village Saemaul leaders resulted in the mass engagement of villagers nationwide, as illustrated in Annex F.

Development Outcomes

Within a decade more than 5.5 million villagers were lifted from absolute poverty, rural infrastructure was

modernized, and the annual rural household income increased from 255,800 KRW (US\$642.23) in 1970 to 2,275,000 KRW (US\$5,711.78) by 1979—an increase of 771% within a decade. Significant improvements were made in the provision of basic services, notably sewage systems and electrical power, along with road infrastructure and communication. This represented a significant improvement in rural living conditions. Tables 3 and 4 and Annex G highlight the impact of Saemaul Undong.

Lessons Learned

Fostering Government-Villager Partnership

A paradigm shift took place in South Korea in the 1970's with regard to power relations between government officials and villagers. The central government sought to establish a platform for rural development by improving the competency of local governance institutions and by implementing important reforms that prioritized rural development. A key part of this process was ensuring, through performance-based evaluations, that local government officials would actively engage rural communities. This paradigm shift signaled the formation of a new type of farmer-government relationship by changing the very nature of government officials and empowering villagers. The positive government-villager

⁸ It was published from 1973–1979.

Table 3: Composition of Villages by Level by Year, 1972–1979

Year End	Total	Self-reliant Village [Advanced]		Self-help Village [Medium]		Basic Village [Low]	
		Number of Villages	Percentage [%]	Number of Villages	Percentage [%]	Number of Villages	Percentage [%]
1972	34,665	2,307	7	13,943	40	18,415	53
1973	34,665	4,246	12	19,763	57	10,656	31
1974	34,665	7,000	20	21,500	62	6,165	18
1975	35,031	10,049	29	20,936	60	4,046	11
1976	35,031	15,680	45	19,049	54	302	1
1977	35,031	23,322	67	11,709	33	—	—
1978	34,815	28,701	82	6,114	18	—	—
1979	34,815	33,893	97	976	3	—	—

Source: Ministry of Home Affairs, "10 Year History of Saemaul Undong." 1980.

Table 4: Average Annual Household Income of Rural Farmers and Urban Workers, 1970–1979
(thousands of KRW)

Year	Rural Farmers (A)		Urban Workers (B)		Difference	
	Income per household	Percent Increase	Income per household	Percent Increase	A–B	A/B %
1970	255.8	28	381.2	39	(125.4)	67.1
1971	356.4	39	451.9	18	(95.5)	78.9
1972	429.4	20	517.4	14	(88.0)	83.0
1973	480.7	12	550.2	6	(69.5)	87.4
1974	674.5	40	644.5	17	30.0	104.6
1975	872.9	29	859.3	33	13.6	101.6
1976	1,156.3	32	1,151.8	34	4.5	100.4
1977	1,432.8	24	1,405.1	22	27.7	102.0
1978	1,884.2	32	1,916.3	36	(32.1)	98.3
1979	2,227.5	18	2,629.6	37	(402.1)	84.7

Source: Economic Planning Board and Ministry of Agriculture and Fisheries, in ADB, 2012 | Unit: KRW.

partnership that existed helped village Saemaul leaders to present the Saemaul Undong vision and promote Saemaul Undong projects at a grass-roots level. Cooperative partnerships between local government and village Saemaul leaders were critical to ensuring localization. (Han 2013).

Empowering Local Communities by Using Inter-Village Competition-Based Differentiated Support

Saemaul Undong is notable for engaging stakeholders at the local level. By emphasizing democratic decision-making and voluntary participation, the government encouraged villager participation and interest in Saemaul Undong (Han 2013). Villages were tasked, first, with improving their infrastructure and, second, with increasing their income. Democratic decision-making provided the means for the successful implementation of development projects. By fostering a learning environment, villagers could learn from project failures and gradually cut dependency on government for project support. The localization of development efforts was essential to the success of Saemaul Undong.

Connections, communication, and unity between villagers were much more important than government policies and orders. Unity and cooperation between villagers cannot be created through the backing of government alone. Presenting and sharing a vision is

critical. In the case of Saemaul Undong, this vision was founded on a developmentalist platform that prioritized improving living conditions and increasing income. Saemaul Undong was a socio-economic growth strategy with practical aims that sought to overcome fatalism and dependency in villages through the tools of self-help, diligence, and cooperation. It was not an ethical movement that sought to engage villagers through slogans and theories. It was a growth strategy that underscored the importance of actual project implementation (Han 2013). Successful village Saemaul leaders embodied Saemaul Undong's core principles, which can be defined as 'the great transformation of farming-for-subsistence, to agriculture-for-making profit.' (Han 2013)

This 'great transformation' occurred by providing incentives for infrastructure improvement and income increase through CCCTs. Providing communities with resources and rewarding successful ones stimulated the development process as well as inter-village competition. This grassroots engagement mechanism was a crucial aspect of Saemaul Undong.

As a result of the grassroots nature of Saemaul Undong, participants at the village level were able to promote entrepreneurial spirit among themselves, overcoming a cynical atmosphere toward despair as they solved community problems. The government achieved behavior change in villages by instilling the principles of diligence, self-help, and cooperation by training and supporting local leaders and incentivizing villages local

public officials through the mechanism of inter-village meritocratic CCCTs.

By empowering rural communities through CCCTs, the government could use CCCTs to encourage villagers to innovatively use the resources at their disposal to achieve development targets, and thereby qualify for and further benefit from government support. This process encouraged self-reliance in villages. Changing the behavior of rural households was at the heart of Saemaul Undong and its emphasis on locally-driven development. Saemaul Undong, through CCCTs, effectively transformed villages into business units.

Fostering Village Entrepreneurial Leaders with Business Capacity Building

The government identified and trained talented individuals as village leaders of Saemaul Undong. Female village leaders were also elected and trained. Village leaders of Saemaul Undong were intermediaries between villages and government. Additionally, they also took charge of local Saemaul Undong projects. Villagers were included as stakeholders in this process, and were expected to nominate the leaders who would undergo training. Through CCCTs and training, the government empowered enterprising Saemaul leaders to encourage their own rural communities to participate in development-oriented cooperative projects.

Furthermore, female village leaders of Saemaul Undong greatly enhanced village development efforts. They were particularly helpful in fostering a culture of saving by actively combating cultures of gambling and alcoholism (Han 2012).

Preventing Community Failure

The government took active measures to ensure that villages with unsuccessful results on initial projects were not abandoned by the Saemaul Undong program. Village

Saemaul leaders received adequate training to prevent such failure and CCCTs were used to motivate unsuccessful villages. Study visits and other important tools were used to support and build the capacity of the village Saemaul leaders of unsuccessful villages. Local government officials also were required to carefully monitor and evaluate villages in order to report difficulties.

Relentless Focus on Villager Outcomes

Throughout the implementation and adaptation of Saemaul Undong's CCCT mechanism there was a focus on how villagers would benefit. CCCTs were always implemented and adapted with a view as to how they would lead to rural infrastructure modernization and income improvement. Visible results were important in highlighting Saemaul Undong's villager-orientation. Saemaul Undong gained legitimacy in the eyes of villagers as a pro-village growth strategy as a result of its strong focus on villager outcomes. As a result, villagers participated and achieved self-directed development mainly through their own grassroots efforts.

Adaptive Implementation

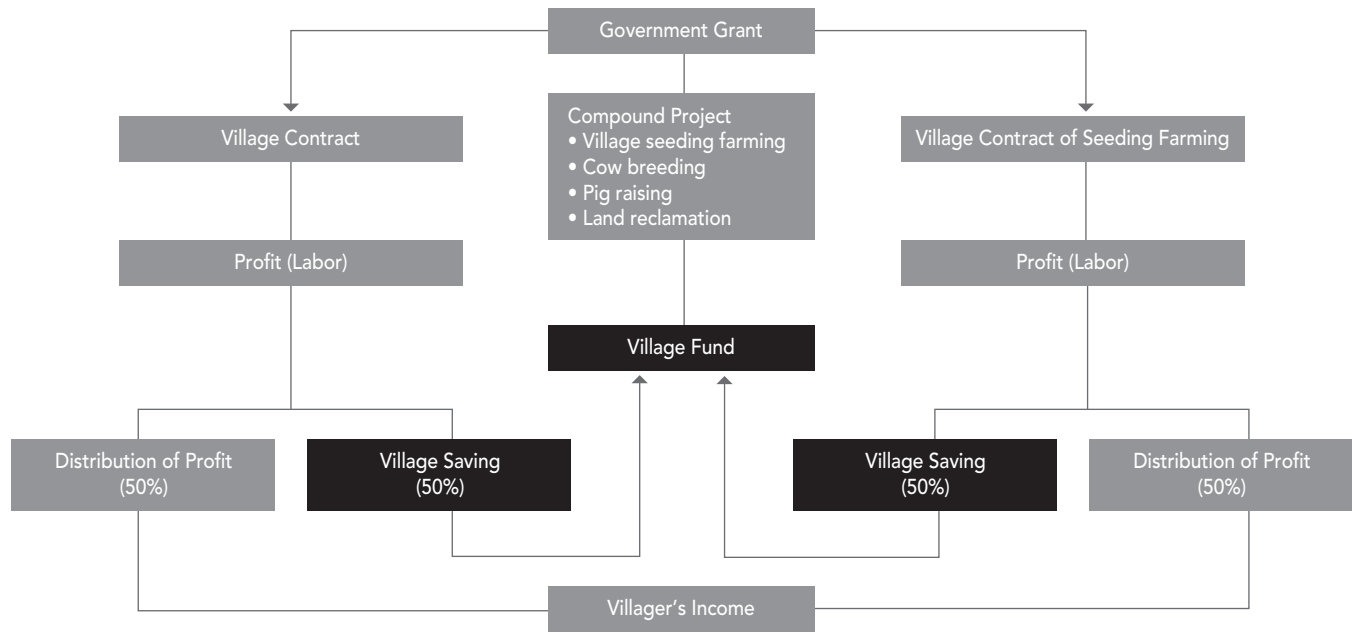
The government realized the need to change the culture of rural development initiatives. It sought to transform village culture by emphasizing local-level decision-making capacity and also sought to effect a similar transformation in bureaucratic culture at the local level. By devolving authority over project selection and implementation to the grassroots-level, as represented by the empowerment of village assemblies, projects in villages could be adapted to local conditions and be customized to address local needs and concerns. This led to greater efficacy and efficiency, improved public official and villager accountability, and allowed for a flexible, iterative approach to project selection and implementation, as was evident in the gradual increase in the difficulty of projects year-by-year.

Annex A: Criteria for Classification of Villages

Project	Required Factors	
	Self-help Village	Self-reliant Village
1. Farm Roads	<ul style="list-style-type: none"> • Completion of village roads • Improvement of village roads 	<ul style="list-style-type: none"> • Completion of main road to village • Construction of bridges less than 20 meters
2. Housing Environment	<ul style="list-style-type: none"> • Roof renovation for 70% of village houses • Embankment of creeks 	<ul style="list-style-type: none"> • Roof renovation for 80% of village houses • Fence-remodeling for 80% of village houses
3. Farming Base	<ul style="list-style-type: none"> • Farmland Irrigation: over 70% • Reclamation of streams in villages 	<ul style="list-style-type: none"> • Farmland irrigation: over 85% • Reclamation of streams surrounding villages
4. Cooperative Life	<ul style="list-style-type: none"> • Must have one or more of the following: community hall, warehouse, workshop, etc. • Total assets in village development fund must be over 500,000 KRW 	<ul style="list-style-type: none"> • Must have two or more of the following: community hall, warehouse, workshop, etc. • Total assets in village development fund must be over 1 million KRW
5. Income Projects	<ul style="list-style-type: none"> • Must have one or more community income creation project • Average annual income per household: over 800,000 KRW 	<ul style="list-style-type: none"> • Creation of non-farming income project • Average annual income per household: over 1.4 million KRW

Source: Ministry of Home Affairs, "10 Year History of Saemaul Undong." 1980, in Kim 2013.

Annex B: Income Reinvestment Project Framework



Source: Han 2012.

Annex C: Meeting Minutes for Securing Income Reinvestment Fund, October 24, 1974

- Date: October 24, 1974
- Location: Village Office
- Participants: 82 persons – (blank) male, (blank) female (Village General Assembly)
- Contents of Discussions

Discussion on securing Income Reinvestment Fund:

1. 20% of the total construction cost should be secured for the Income Reinvestment Fund.
2. In order to secure the Income Reinvestment Fund, 25% of the daily wages shall be deducted before paying the rest to the participating workers.
3. However, the money collected for the Income Reinvestment Fund shall be reinvested into a business project that will improve the residents' welfare; such a decision shall be passed by the village General Assembly. The breakdown of the Income Reinvestment Fund is as follows: men 820 x 25/100 (won), women 530 x 25/100 won.
4. Total construction cost: 1,200,000 won

(Signatures) As representatives of the village residents, the Village Development Committee members sign and seal this document.

Source: Gwangmuk Im. 1974. "Meeting Minutes (Oct 24, 1974)." Gwangmuk Im, the Leader. The Saemaul Undong DB, The Saemaul Undong Central Training Institute, Seongnam, Republic of Korea.

Annex D: Meeting Minutes for Securing Income Reinvestment Fund, December 31, 1974

- Date: December 31, 1974
- Location: Village Office
- Participants: 72 persons – (blank) male, (blank) female (Village General Assembly)
- Contents of Discussions

Determination of a business project into which the Income Reinvestment Fund will be reinvested:

1. This village shall reinvest the Income Reinvestment Fund into oyster farm repair project.
2. The fund shall be used to supplement stones and reorganize the pre-existing oyster farm, which is 20 ha.
3. Further details of the business plan shall be created by the Village Development Committee.

(Signatures) As representatives of the village residents, the Village Development Committee members sign and seal this document.

Source: Gwangmuk Im. 1974. "Meeting Minutes (Dec 31, 1974)." *Gwangmuk Im, the Leader*. The Saemaul Undong DB, The Saemaul Undong Central Training Institute, Seongnam, Republic of Korea.

Annex E: The Curriculum of the Saemaul Leaders Class (2-Week Course)

Subject		
Title	<i>General Subjects – course titles are examples only</i>	Hours
Development of the Spirit of Saemaul	'Basic Mentality for Rural Modernization', 'How Long Should We Live Like This?', 'Elevation of Cooperative Spirit'	32
Maintaining Autonomous Local Order	'Public Social Order'	2
Farm Leadership Skills	'The Attributes of Leaders for Saemaul Undong'	6
<i>Special Subjects</i>		
Village Improvement Project	'Farm Road Development', 'Basic Construction Skills'	11
Saemaul Practice	'Roof Improvement', 'Operating Agricultural Equipment'	11
Income Increasing Projects	'Farm Specialization Project', 'Cash Crop Production Increase'	11
Cooperatives	'Farmers' Cooperatives', 'Farm Managers in Cooperatives'	5
Successful Case Stories	'Village Improvement', 'Farm Roads'	15
Group Discussions	'Group Discussions '	18
On-Site Training	'Office of Rural Development and Advanced Saemaul Village'	6
<i>Miscellaneous Subjects</i>		
Miscellaneous	'Physical Ed', 'Events', 'Evaluation'	20

Source: Han and Burmeister 2015.

Annex F: Village and Villager Participation in Saemaul Undong, Year by Year

Year	Villages	Total People (approximately)	Average Number of Participants Per Village
1971	33,267	720,000	22
1972	34,665	3,200,000	92
1973	34,665	6,928,000	200
1974	35,031	10,685,200	305
1975	36,547	11,688,000	320
1976	36,557	11,752,800	322
1977	36,557	13,719,300	375
1978	36,257	27,092,800	747
1979	36,271	24,207,800	667

Source: So 2013.

Annex G: Village Living Environment and Infrastructure Improvement, 1970–1979

Project	Unit	Target (set in 1971)	Progress by 1979	% of target
Expansion of village roads	km	26,266	43,506	165
Pavement of farm roads	km	49,167	61,201	124
Construction of small bridges	number	76,749	76,195	99
Village assembly hall	dong (regional unit)	35,608	35,950	101
Storage house	dong (regional unit)	34,665	21,792	63
Workspace	number	34,665	5,755	17
Animal stalls	number	32,729	4,352	13
Small reservoirs	number	10,122	13,079	129
Dikes	number	22,787	29,131	128
Waterways	km	4,043	4,881	121
Small river arrangements	km	17,239	9,180	53
Housing improvements	1,000 dong (regional unit)	544	185	34
Community resettlements	villages	—	2,102	—
Beautification of small towns	small towns (do, eup)	1,529	748	49
Portable water supply	number	32,624	23,764	73
Sewage systems	km	8,654	14,758	170
Electrification of farming and fishing villages	1,000 households	2,834	2,777.5	98
Village communication	ri, dong (regional unit)	18,633	18,633	100
(administrative villages and towns)	ri, dong (regional unit)	(36,313)	(24,633)	(68)
Magnetic telephone facilities	circuit/cable line	—	345,240	—
Saemaul factory	factories	950	666	70
Village reforestation	ha	967,362	569,804	59

Source: Ministry of Home Affairs, "10 Year History of Saemaul Undong." 1980.

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