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# **Localizing International Transfer of Aid and Technology for the Promotion of Development**

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# Focal Points

- Influences of international transfer on the development and ownership of local authorities
- The capacity of localizing externally-transferred aid, knowledge, and technology
- Impacts of international transfer on trading patterns of the recipient country
- To draw policy implications through South Korea's success story



# Conceptualisation and Methods

- Dual processes between international factors and the response of local authorities
  - Macro-level: international efforts to enhance the aid effectiveness
  - Micro-level: the capacity development of local authorities
- Micro-macro link: middle-range approach with four institutional fronts
- Archival documents of USAID, and Korean governmental agencies
- Time span: 1950s (Rhee) and 1960s (Park)



# The Korean Experience

- Aid Transfers
- Knowledge Transfers
- Voluntarism Transferred
- Technical Transfers



# Aid Transfers

Year	United States				United Nations		Total
	GARIOA	ECA/SEC	PL480	ICA	CRIK	UNKRA	
1945	4,934	-	-	-	-	-	4,934
1946	49,496	-	-	-	-	-	49,496
1947	175,371	-	-	-	-	-	175,371
1948	179,593	-	-	-	-	-	179,593
1949	-	116,509	-	-	-	-	116,509
1950	-	49,330	-	-	9,376	-	58,706
1951	-	31,972	-	-	74,448	122	106,542
1952	-	3,824	-	-	155,534	1,969	161,327
1953	-	232	-	5,571	158,787	29,580	194,170
1954	-	-	-	82,437	50,191	21,291	153,925
1955	-	-	-	205,815	8,711	22,181	236,707
1956	-	-	32,955	271,049	331	22,370	326,705
1957	-	-	45,522	323,268	-	14,103	382,893
1958	-	-	47,896	265,629	-	7,747	321,272
1959	-	-	11,436	208,297	-	2,471	222,204
1960	-	-	19,913	225,236	-	244	245,393
1961	-	-	44,926	154,319	-	-	199,245
<b>Total</b>	<b>409,394</b>	<b>201,867</b>	<b>202,648</b>	<b>1,743,929</b>	<b>457,378</b>	<b>122,084</b>	<b>3,147,300</b>

Source: Bank of Korea (1963)

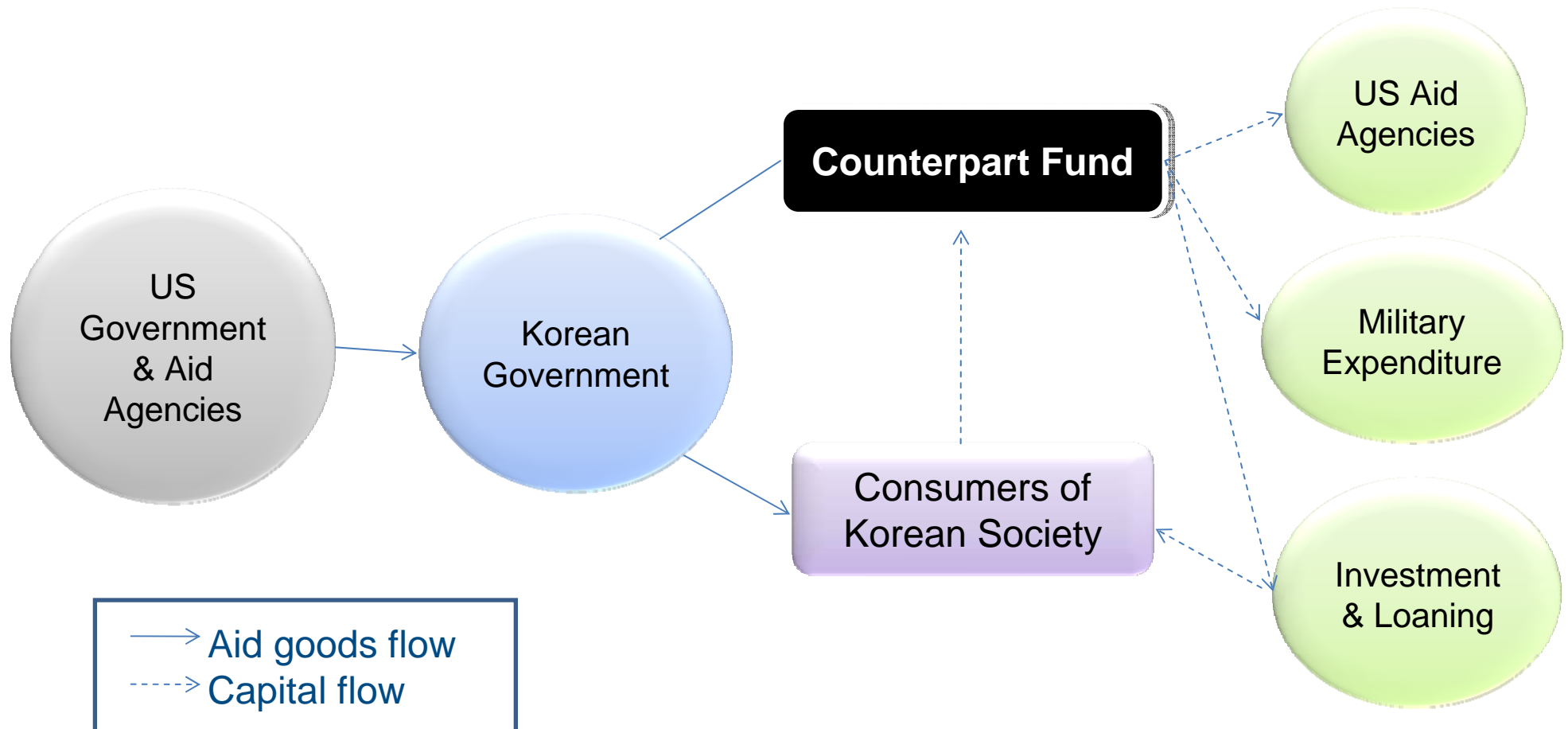


# Aid Transfers

- 1950s: Emergency relief assistance and consumption goods (81% of total aid)
- 1957: Diminishing concessional aid, increasing loan
  - Awareness of economic crisis; economic development planned
- Korean government's Institutional efforts for economic development
  - Ministry of Reconstruction (1955)
  - Korean Development Bank (1954): Counterpart funds (49.3% of financial resources)
  - Economic Planning Board (1961)
- Strong government leadership and effective bureaucratic regulation of foreign aid (the emergence of developmental state)
  - Heavy-chemical industries in the face of US stern opposition



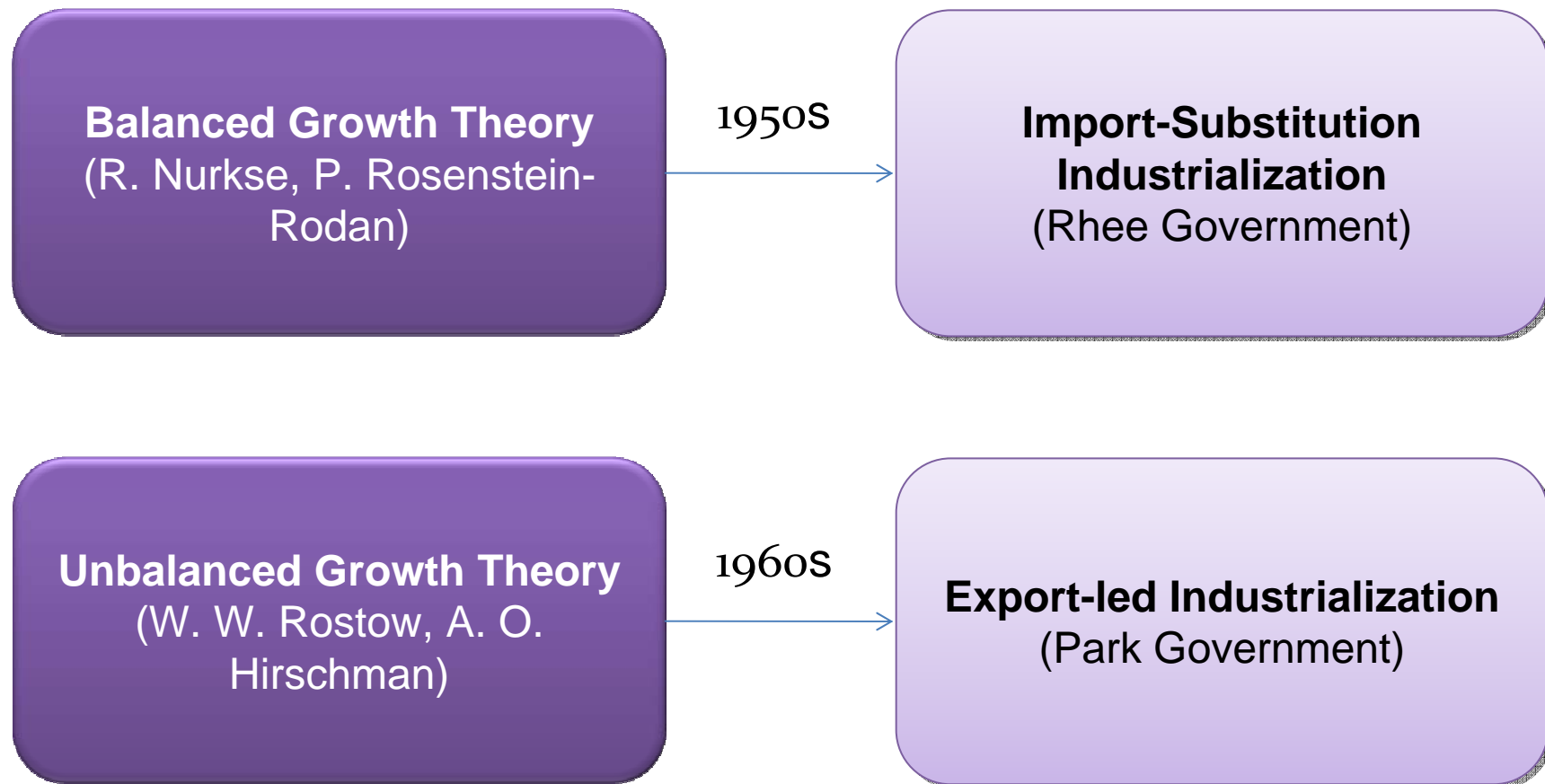
# Aid Transfers





# Knowledge Transfers

## Western Economic Theories and Localization Processes

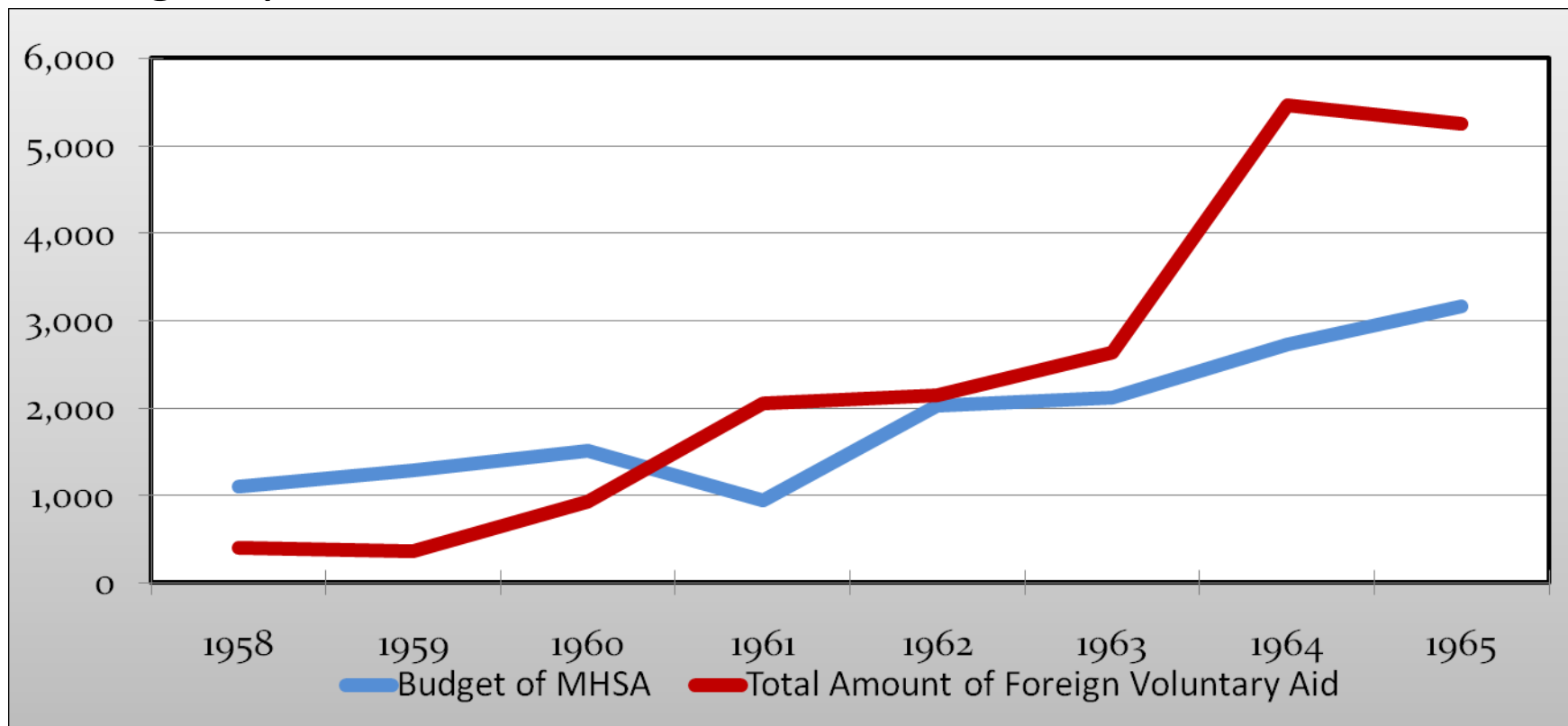






# Voluntarism Transferred

- Comprehensive contributions of foreign voluntary agencies for emergency relief





# Voluntarism Transferred

- Impacts of foreign voluntarism in Korean society
  - Tradition of civic coalition to create peak associations
    - Korean Association of Voluntary Agencies (1952): “Second Ministry of Health and Social Affairs”
    - National centres for coordinating policy advocacy and service delivery
  - Localisation of American Voluntarism
    - Organisational impacts of American voluntarism: philanthropic, apolitical, missionary and residual
  - Korean government intervened in foreign voluntary activities for enhancing its autonomy
    - Park’s legal action: Law Concerning Foreign Voluntary Relief Agencies (1963)
    - National Relief Coordination Committee (1962) to control 83 foreign agencies



# Technical Transfers

- Higher educational institutions
  - Seoul National University: The Minnesota Project; School of Public Administration (1961); College of Natural Science (1975)
- Quasi-governmental research institutes
  - KIST (1966) + KAIS (1971) = KAIST (1981)
  - Korea Development Institute (1971)
  - Contributing to directing governmental policies for take-off strategy
- Technical assistance for public administration
  - USOMK's advices for management of human resources, overseas training (SNU-UM), financial support to business school (Yonsei & Korea Univ.)



# Impacts of International Transfer on Trade and Export

- Shifting from ISI to Export-led
  - The promotion of capacities and ownership of local authorities via international transfer came up with the emergence of developmental state aiming rapid economic growth.
  - ISI's failure: Increase in imports' share of GDP; decrease in manufactured exports
  - Export-led industrialisation: Park's strong leadership, state intervention in targeted industries, influence of the unbalanced growth theory
  - Opening path of preferential benefits for chaebols and cartel



# Concluding Remarks

- Expanding and consolidating the institutional capacity for development
- Local partners' efforts to utilise and localise international transfer for its own development plans
- Bureaucratic responsiveness and proactive institutionalisation
- Some lessons of “mixed governance”



**Thank you**