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Issues in Agricultural Policy and Challenge in 2014

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- “KREI Agricultural Policy Focus” relates to analysis and description of the trend of and policy for agriculture and rural areas.
- This is also provided at the KREI website (www.krei.re.kr).

◇ **Abstract** ◇

The Korean economy is expected to show a steady recovery and grow by 3.8-4.0 percent in 2014, leading to an increase in the demand for agricultural products. However, a stronger Korean won and weaker Japanese yen will make it challenging for the country to export agricultural products. The agricultural policy authorities and the entire industry need to pay keen attention to changes in macroeconomic indicators.

Major policy issues will include the expansion of market opening in the agricultural sector and complementary measures in the domestic market, including issues related to Korea-China FTA and TPP negotiations. The continuous growth of the Chinese economy (with over 7.3 percent of its growth rate) and the trend of a stronger yuan will serve as an opportunity for Korea to increase the export of its products.

The low income issue in rural areas is unlikely to be resolved this year due to the stagnation in growth in the agricultural industry and deteriorated conditions in the agricultural trade. Therefore, the authorities should make more efforts to expand growth engines and seek for new solutions. Although the population in rural areas will continue to naturally decrease due to a rapidly aging society, new forms of economic activities will increasingly emerge, leading to the materialization of the results of the 6th Industry Invigoration Measures.

In 2014, the key policy challenges include as follows: (1) designing solutions for the low-income issue and stable management measures in rural areas in response to the expansion of market opening in the agricultural industry and natural disasters; (2) enhancing the agricultural R&D framework as a foundation for the development of technology-oriented creative agriculture to overcome a slow-growing trend in the agricultural industry; (3) laying the groundwork for eco-friendly animal husbandry to accelerate the qualitative development of the livestock industry, including the competitiveness against imported livestock products, harmonization with local agriculture, and improvement of living environment; (4) proposing a complementary measure to enhance the effectiveness of the remedy for the distribution structure of agricultural products suggested in 2013; (5) strengthening the link between the food industry and agriculture in response to the expansion of the food market, developing strategic items for the expansion of export to China through the Korea-China FTA, and establishing the foundation of production; (6) laying the groundwork for consumer policies in the agri-food sector, including the food safety management that keeps up with changes in consumer environment and support for the nutrition supply of the underprivileged; (7) nurturing rural industries and promoting the 6th Industrialization Strategy that connects production, processing, sales, and consumer experiences altogether by using both tangible and intangible resources in rural areas and expanding the links among related individuals and organizations; (8) establishing measures to enhance the quality of life in rural areas, including the 3rd Improvement Plan for Quality of Life in Rural Areas; (9) reorganizing the living zone by connecting with fostering community in rural areas; and (10) reinforcing agricultural businesses following the quantitative expansion of the Official Development Assistance (ODA) projects in the agriculture and forestry sectors, and strengthening the systematic cooperative network among related institutions.

1. Agricultural Policy Conditions in 2014

- The domestic demand for agricultural products is forecasted to rise thanks to the recovery of economic growth in Korea, while the won-dollar (or yen) exchange rate will fall, hampering the export of domestic agricultural products.**

- In 2014, the national economy is expected to grow by 3.8-4.0 percent in a stable recovery mode along with the increase of the employment rate, boosting the domestic demand for agricultural products.

- In terms of the exchange rate, the most crucial factor of the import and export of agricultural products, the trend of a stronger won and weaker yen is likely to continue, shrinking the agricultural sector.
 - Due to the tapering of quantitative easing in the US, the won-dollar exchange rate is expected to fall to below 1,050 KRW while the Japanese yen seems to drop to 109.9 per dollar (according to the Bank of Korea).
 - The trend of a stronger won and weaker yen will encourage the import of agricultural products and weaken the competitiveness in exports. In particular, the Japanese market will be hit hardest as Japan is one of the major countries that import Korean agricultural products. Accordingly, we need to diversify export routes targeting other nations that are less influenced by the exchange rate, including China and Southeast Asian countries.

- The opening of the agricultural market and subsequent countermeasures will be mainly discussed as key policy issues, along with the Korea-China FTA and the tariffication of rice following the expiration of the grace period.**

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- As the grace period for the tariffication of rice will be expired this year, the supply and demand management of rice will face challenges with the minimum market access imports reaching 409,000 tons.
 - The rice tariffication plan for next year and subsequent measures for farm income stabilization will emerge as major policy issues.
 - The government has set about FTA bilateral negotiations with China, Australia, New Zealand, Canada and Vietnam, and also declared to discuss market opening at community level by participating the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP) negotiations.
 - In the Korea-China FTA negotiations, major agricultural products need to be listed on the highly sensitive track to alleviate the impact of the market opening. In the TPP negotiations, in which there is no exception for tariff elimination, the government should prepare detailed strategies for negotiations and complementary measures for the domestic market.
 - The FTA will increase the level of market opening, expanding the import of agricultural products. On the other hand, it will also increase potential for export, serving as an opportunity of growth for new promising items.
 - In particular, the demand for high-quality, safe agricultural products will rise due to the continuous economic growth (by over 7.3 percent) in China. Also, the trend of a stronger yuan is expected to serve as an opportunity for Korea to raise its export profitability.
- The government needs to expand growth engines and seek for new solutions since the low income issue in rural areas is unlikely to be resolved easily due to the stagnation in growth in the agricultural industry and deteriorated conditions in the agricultural trade.**

- Despite the enhanced productivity in the agricultural industry, the income of farms still remains low due to the increased management expenses that exceed the selling prices of their products.
 - In 2012, the average agricultural income per farming household was 9.127 million KRW, as low as that of before 1994, and the farm household income dropped to 31.031 million KRW, which is only 57.1 percent of the urban household income.

- As the low farm household income remains as a key pending issue, the authorities should secure a new growth engine for the agricultural industry and design measures to maintain and stabilize farm household income in response to market opening.
 - The farm household income issue cannot be resolved only by the government's income preservation measures. Therefore, there should be more diversified approaches by strengthening the connection between the agricultural and food industries through the 6th Industry Invigoration Measures, enhancing the export competitiveness of domestic agricultural products, and improving the productivity of farms.

- **There will be ever-present factors for unstable prices of agricultural products, which are influenced by the production fluctuation due to various causes including abnormal climate, while the demand of customers for food safety will be on the rise.**

- The authorities should make more efforts to maximize the outcome of the remedy for the distribution structure of agricultural products, a major policy challenge that was designed to stabilize the supply and demand of agricultural products and reduce the distribution cost.
 - The efficiency of the distribution process could be enhanced by expanding the sale at a producer-led price for the efficiency in the

wholesale market, and encouraging the competition among distribution channels through the invigoration of direct distribution.

- The authorities need to reinforce the system that stably supplies safe and fresh agri-food products to consumers, and to strengthen consumer policies that expand the nutrition support for the underprivileged.

A natural depopulation in rural areas will continue due to a rapidly aging society.

- As of 2012, the population of rural areas is 9.534 million, taking up 18.7 percent of the national population.
 - Since the 2000s, the population of *eup* (town) areas has been generally on the rise while that of *myeon* (township) areas has been continuously on the decrease.
- The demographic trend, in which the population used to drop in rural areas, has been reversed as the population influx in those areas has surpassed the population outflow due to the back-to-the-farm trend.
 - The population influx has increased even in *eup* and *myeon* areas outside Gyeonggi-do and other metropolitan areas.
 - (As of 2012) Population influx: 770,400 / outflow: 768,800
- However, a natural depopulation in rural areas will continue because of a rapidly aging trend in those areas.
 - (the ratio of the elderly population) 17.0% (2000) → 22.7% (2005) → 27.0% (2010) → 28.3% (2012)
 - Rural areas are expected to face hollowization due to the aging trend and natural depopulation. (The number of administrative *ris* with less than 20 households) 2,048 (5.7%, 2005) → 3,091 (8.5%, 2010)

- **New forms of economic activities will emerge according to the conditions of rural areas.**
 - Although the ratio of agricultural sector in the entire industry has decreased, the overall business activities in *eup* and *myeon* areas have expanded.
 - As of 2011, the number of companies based in rural areas is 645,600, 13.5 percent up from 568,700 in 2000. The number of workers in rural areas has gone up by 34.5 percent in the same period.
 - Particularly in *eup* areas, economic activities have expanded to be part of the 6th Industrialization based on business ranging from agriculture, forestry, processing and production of regional agricultural products, and distribution.
 - 25,300 companies, 90,000 workers (2000) ⇒ 26,200 companies, 99,700 workers (2010)
 - The number of participants of economic activities, who work within the scope of “social economy” based on community of a village or district, is predicted to be continuously on the rise.
 - The number of economic organizations including social enterprises and community businesses (as of 2012): 6.9 on average in urban-rural integrated cities, 4.0 on average in *gun* (county) areas
 - The 6th Industry Invigoration Measures was designed to realize “the Creative Economy,” the nation’s major policy issue, and create jobs in rural areas. By specifying the Measures, its outcome will be visualized.
 - The 6th Industrialization aims to integrate and combine production, processing, distribution and tourism altogether based on agriculture. It is expected to create jobs in related fields and increase added value.

2. Issues in Agricultural Policy and Challenge

(1) Strengthening the safety net for the farm household income

<Prospects for Policy Conditions>

- The demand will increase for measures to stabilize the farm household income and management in response to market opening (rice tariffication, the Korea-China FTA, and TPP negotiations) and natural disasters that occur more frequently in a larger scale due to abnormal climate.
 - It is essential to come up with protective plans for dry-field farming since farm products including vegetables, grains, special crops and medicinal crops are likely to be hit hardest by the Korea-China FTA.
- The government should prepare complementary measures to stabilize the management of rice farming in response to any changes in conditions in the agricultural industry including renegotiations due to the grace time expiration for rice tariffication in 2014.

<Policy Challenges>

- Expanding the direct payment system in dry-field farming and enhancing the management through complementary measures for the Korea-China FTA
 - Expanding the range of subjects for the direct payment system in dry-field farming; reorganizing the system into the fixed-price direct payment system; and increasing the unit price of the direct payment (the current price: 400,000 KRW per hectare)
- Stabilizing the disaster insurance for crops by establishing a crop insurance corporation (planned)

- Protecting contractors in good faith by enhancing the efficiency of the management of the crop insurance and minimizing adverse selection or moral hazards through the restrictions on acquisition and the extra charge on high-risk farms and fair appraisal of damages
- Considering measures to guarantee the gross income of field farms by introducing a crop insurance system for farm produce with high instability in price, including vegetables and fruits
 - While maintaining the current variable direct payment system for rice, considering an income insurance system that complements loopholes in a blind spot of the variable direct payment system (e.g. farms that are newly built or exceed the limit of size or off-farm income)
- Expanding the current direct payment system, consolidating the disaster insurance system, and employing the income insurance system in the short term, while establishing a comprehensive, systematic safety net for farm household income in the long term
 - Systematizing the long-term measures to stabilize the farm household income through income preservation (support for multifunctionality), management stabilization (price and disaster risk control), and welfare plans (support for low-income, elderly farmers)

(2) Enhancing the agricultural R&D framework to expand growth engines in agriculture

<Prospects for Policy Conditions>

- The groundwork for growth should be established to overcome the low growth trend in agriculture, and the advancement of technology-oriented, creative agriculture will be required to enhance the export competitiveness of the country.

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- In terms of agricultural competitiveness (according to the composite indicator), Korea is ranked 17th out of 34 OECD countries on average in five years from 2007 to 2011 (B.H. Lee et al., 2013).
 - Detailed strategies are needed for the mid- and long-term plans established in 2013 for the science and technology development in the agricultural, forestry and food industries.
 - The authorities aim to allocate up to 10 percent of the entire R&D budget for the countermeasures against climate change, solutions for pollution and energy issues, reform of agriculture into a high value-added business, and integration of agriculture by 2022, and increase the rate of the commercialization of technologies from 21 percent in 2011 up to 30 percent in 2017.

<Policy Challenges>

- Making a blueprint of the R&D in agricultural and food sectors through a five-year comprehensive plan of science and technology for agriculture, forestry and food
 - Improving the efficiency of investment by reforming the R&D system through the R&D governance framework enhancement in the agricultural, forestry and food sectors and determining the direction of strategic investment
- Enhancing the commercialization system of technologies to connect the R&D investment and agricultural, forestry and food industries, thereby boosting the industrial growth of the country
 - Upgrading the level of technology commercialization by enhancing the technical evaluation system and support system for technology commercialization
 - Developing technologies required for agricultural management and establishing the promotion system for commercialization of those technologies

- Building the support system to invigorate the private sector's R&D investment in agriculture, forestry and food
 - Minimizing negative effects of the government's expanded R&D investment on autonomous capacity-building for technology development in the private sector

(3) Establishing a sustainable, eco-friendly livestock industry

<Prospects for Policy Conditions>

- The livestock industry, which pursued quantitative growth in the past, has been faced with limits of extensive growth due to environmental burdens (large-scale diseases, stench), reinforcement of the related regulations, and changes in consumer demand.
- There should be a big shift in the paradigm for qualitative growth in response to the competition with imported livestock products, harmonization issues with local agriculture, enhancement of living circumstances, and growing demand for safe and green livestock products.

<Policy Challenges>

- The current livestock industry needs to be transformed into a sustainable green system, comprehensively considering the balance of the mid- and long-term supply and demand for livestock products, stabilization of management, eco-friendly system, and environmental load.
- Laying the groundwork for green and efficient livestock husbandry
 - Arranging and disseminating the standard design of animal husbandry facilities considering the type of livestock and the level of farm

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- Supporting illegal livestock farms to obtain approval and adjusting the distance limits of livestock facilities considering the reality
 - Establishing the autonomous disease control system in each livestock farm and introducing a mutual aid system for animal diseases
 - Vitalizing the livestock industry in mountainous areas and supporting the establishment of eco-friendly livestock complex through demonstration projects
- Making efforts to minimize environmental burdens for preservation of natural and living environment
 - Designing recycling plans of livestock excretions and integrated information system by considering the number of livestock, the amount of excretions and civil complaints in each area
 - Promoting utilization of animal excretions by expanding related joint facilities and reinforcing the stench control system based on guidelines
 - Introducing and implementing the Maximum Nutrients Loading System in phases considering environmental load in the long term
 - Invigorating the supply of eco-friendly livestock products and laying the groundwork for distribution
 - Expanding support for production and distribution of eco-friendly livestock products through reorganization of the environmentally-friendly certification system and the direct payment system for green livestock farms
 - Supporting and restructuring livestock farms in the light of market opening through the FTA negotiations, the supply and demand stabilization for livestock products, and the productivity enhancement
 - Promoting the stable management of livestock farms through the FTA related projects and restructuring the industry by recommending shutdown to farms with low productivity

(4) Maximizing the effect of the remedy for the distribution structure of agricultural products

<Prospects for Policy Conditions>

- The follow-up measures and driving forces are needed to enhance the effectiveness of the remedy for the distribution structure of agricultural products designed in 2013.
 - With the remedy for the distribution structure of wholesale markets, public wholesale markets are expected to lead the establishment of efficient wholesale distribution structure.
 - The invigoration of direct distribution will expand the options for producing areas and diversify the distribution channels.
- There will be ever-present factors for unstable supply and demand for agricultural products due to abnormal climate, requiring urgent measures for the supply and demand stabilization.

<Policy Challenges>

- Connecting with the wholesale business reorganization of the National Agricultural Cooperative Federation (NACF) and systematizing the distribution channels of producing organizations to enhance their bargaining capacity in the markets
 - Reinforcing the support to nurture expanded joint and exclusive shipment organizations in connection with the wholesale distribution center of the NACF
 - Nurturing associated regional marketing organizations; expanding joint business between associations; and enlarging the scale of agricultural entities including farming corporations through mergers and acquisitions

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- Pushing ahead the improvement of related institutions and the modernization of wholesale market facilities to enhance the efficiency of wholesale distribution
 - Laying the foundation for multiple business methods including the sale at a producer-led price and contracts with priority; expanding the financial support; and establishing an information providing system between producing areas and wholesale markets
 - Supporting integrated funds for commission merchants to enlarge their business scale; raising the minimum limit of trade volume; setting minimum order and shipment units (pallet); and expanding the business range of wholesale market corporations
 - Carrying out the modernization project of wholesale market facilities in a selective and swift way, and designing the project by resetting the function of each market and differentiating facility maintenance

 - Vitalizing direct trade and expanding alternative and competitive distribution channels
 - Diversifying the types of direct trade; designing tailored support plans for each type of trade; and enacting related law that supports the invigoration of direct trade (tentative name of the law: the Direct Trade Invigoration Act)
 - Expanding the scale of the Korea Agro-Fisheries and Food Cyber Exchange Center to increase the trade volume of the center

 - Supporting the distribution process to expand the direct trade between producers at producing areas and merchants of traditional markets at consuming areas
 - Upgrading the supply system of agricultural products for traditional markets in connection with distribution organizations at producing areas and reducing distribution costs in the retail process

(5) Boosting the food industry and expanding the export

<Prospects for Policy Conditions>

- Although the food markets are expected to expand, there will be growing problems including the lack of promotion policies for the food industry, the high dependency on import of agricultural products as raw materials, and the inadequate control system for processed food.
 - As a result of the increase of single-person households and the trend of well-being and convenience, the food manufacturing and food service industries have grown by 7 and 8 percent respectively (yearly, on average).

- The agricultural industry will be faced with challenges in the agri-food export to Japan due to a continuous trend of a weak yen for some time.
 - The export of agri-food had remarkably grown by 15.7 percent yearly, on average, between 2008 and 2012. However, the growth rate will stay around 1-2 percent in 2013 compared to the previous year since the won-yen exchange rate has plunged from around 1,300 to nearly 1,000 KRW.
 - The weak yen trend is likely to continue as the yen-dollar exchange rate is predicted to remain at the current level (106 yen, according to Nomura Securities in Japan) or rise to 109.9 yen (according to the Bank of Korea) in 2014.

<Policy Challenges>

- Establishing the invigorative system for the food industry; strengthening the connection with agriculture; and reinforcing the management measures for processed agri-food, in response to the expansion of the food market
 - Creating policies to cultivate high-potential items including food for a single person and convenient and nutraceutical food, in order to enhance the competitiveness of the food industry

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- Consolidating the relationship between the agricultural and food industries through various measures including the expansion of direct trade or contract cultivation between food companies and producers and the supply increase of domestic tailored preprocessed food ingredients
 - Establishing the safety control system for processed agri-food as simple processed agri-food are poorly managed in the course from its cultivation to processing
- Resolving the issues related to securing the supply for export, which have been caused by the drop in the won-yen exchange rate, and coming up with plans to pioneer new markets for export
- Securing the supply for export in a stable way thanks to the establishment of the dedicated export complex, while reinforcing the government support through additional financial support for distribution cost for export and the stable price insurance (fund) system to alleviate the burden of exporting the entire quantity
- Developing strategic items and laying the groundwork for production to expand the export to China through the Korea-China FTA
- Aggressively stepping into the Chinese market to alleviate the high dependency on the export to Japan; preparing plans to expand the export of premium agri-food and baby food targeting high-income households or consumers demanding safe food products; and identifying and supporting promising items for export

(6) Strengthening the agri-food consumer policy

<Prospects for Policy Conditions>

- The demand for consumer policies in the agri-food sector is on the rise as consumers pay much attention to the food quality and health and the

awareness of consumer rights increases due to enhanced income level and changes in consumer environment.

- The Ministry of Agriculture, Food and Rural Affairs (MAFRA), the department in charge of food affairs of the nation, should enthusiastically respond to the demand after the launch of the Consumer and Science Policy Bureau in 2013.

<Policy Challenges>

- Creating the foundation for assured consumption of agri-food by expanding the communication channels for consumers, strengthening options for reasonable consumption, implementing tailored education and promotion, and expanding remedial measures for damages from food
 - Running a comprehensive information network that encourages participation of consumers; enhancing the labeling system for agri-food; and building a regular cooperative system for consumers
 - Creating a representative brand of consumer education on agri-food, nurturing activists, and developing contents
 - Integrating channels for civil complaints about agri-food, and rearranging the relief standards for damages from agri-food
- Securing healthy dietary life for the people by creating proper conditions for desirable dietary life, supporting the disadvantaged class, and consolidating the connection with quality agri-food
 - Establishing the common standards for dietary guidelines; disseminating dietary education; and promoting desirable eating habit campaigns
 - Laying the groundwork to support the diet of the underprivileged in rural areas, and strengthening the support for quality food ingredients

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- Reinforcing the implementation system of agri-food consumer policies and creating the foundation with legal basis
 - Expanding the functions of central and local governments and the private sector, and running a consultative body
 - Arranging legal basis to implement agri-food consumer policies

(7) Invigorating industries in rural areas and the 6th Industrialization of agriculture

<Prospects for Policy Conditions>

- The number of companies and workers in rural areas will be on the steady rise. Also, the economic activities in the scope of social economy are expected to expand.
 - The sum of added-value in the agricultural, forestry and fishery sector has decreased to 2.6 percent of the GDP while the numbers of companies and workers have increased by 13.5 and 34.5 percent respectively for the past 10 years.
 - Reinforcing the basis of the national policies, “Creative Economy,” which connects tangible and intangible resources in rural areas with economic activities with high added-value

<Policy Challenges>

- Nurturing industries and creating jobs in rural areas by using tangible and intangible resources
 - Vitalizing local-based industries, cultural industry and tourism in rural areas, which can continuously produce goods and services by using new values required by consumers, such as well-being, healing, traditional culture and eco-friendly trend
 - Nurturing various human resources including rural residents, returned farmers and marriage-based immigrants to become creative entrepreneurs in rural areas

- Materializing the establishment of rural-industrial districts such as “the 6th Industrialization District” that combines production, processing, sales and experience by integrating resources or industries and connecting various local economic activity participants
 - Creating jobs and increasing the added-value of agri-food through the 6th Industrialization District project that is scheduled to be carried out in 2014
 - Preparing the invigoration strategies for rural industries including the 6th Industrialization plans in each region, and implementing the projects in a systematic, efficient way under detailed roadmaps and plans
 - Cultivating talented human resources with integrated capacity for smooth cooperation and integration among different industries at regional level

- Discovering rural resources with regional, traditional, rural and economic features and establishing a systematic and scientific database with those resources
 - Finding and registering natural, ecological and cultural resources in rural areas as valuable heritage, and promoting the tourism in rural areas as a global industry by using those resources

(8) Improving the quality of life in rural areas

<Prospects for Policy Conditions>

- The demand for welfare has been subdivided as a result of changes in demographic composition of rural areas. Accordingly, strategies to enhance the quality of life in rural areas should be designed by reflecting the recent demand of those areas.
 - In rural areas, the demand for welfare has been diversified and subdivided due to the hollowization caused by depopulation and

aging trend and the increase of children from multicultural families, migrant women, and families who escape from cities to rural areas.

<Policy Challenges>

- Increasing the general perception of consumers for welfare by strengthening welfare service for the underprivileged including the elderly in rural areas and regional tailored service
 - Providing outreach services in daily lives including meal provision, public bath, and group home service
 - Reinforcing the health management service for the elderly in rural areas by expanding the public health care centers

- Running mobile service and building the service delivery system to enhance the accessibility of service
 - Diversifying the transportation support service between villages and central areas or between key service points, which complements poor public transportation systems with the limit of spatial structure in rural areas
 - Shifting the support method from the service facility installation to the establishment of the service delivery system

- Running “the Happiness Monitoring Group” to identify various civil complaints in daily lives and help local residents immediately
 - Remodeling the current facilities at *village/eup/myeon* levels and launching the “Happiness Sharing Center (tentative name)” that will serve as a base for medical, welfare and cultural services
 - Supporting local activists and volunteers to serve as monitoring and helping groups based at the Happiness Sharing Center

- Evaluating the result of the 2nd Improvement Plan for Quality of Life in Rural Areas (2010-2014) and establishing the 3rd Plan

- Designing diversified measures to enhance the perception of the people by vitalizing the Life Quality Improvement Committee and strengthening the function of its executive office
- Running a monitoring group for the life quality improvement for rural residents and consolidating cooperative interdepartmental relationships
- Reinforcing the service standards system in farming and fishing villages and tightening the Rural Proofing

(9) Reorganizing the living zone by connecting with community fostering in rural areas

<Prospects for Policy Conditions>

- It seems necessary to integrate community activities with local development projects which focus on the investment in hardware facilities.
 - Given the insufficient capacity of residents, local development projects mainly based on undifferentiated investment in hardware facilities may cause idle facility issues and management problems.
 - The systematic, comprehensive support plans are needed to implement and manage related policies continuously with hardware facilities by adjusting to each living zone in which local community activities can be performed.

<Policy Challenges>

- Systematizing spatial policies that are tailored to actual living zone of rural residents, and comprehensively carrying out non-physical policies in the social and economic sectors for the vitalization of local communities

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- Creating villages, vitalizing central areas of *eups* and *myeons*, and reorganizing essential living infrastructure, as part of the continuous expansion of rural development projects
 - Promoting local food, providing social service, building residents' capacity and nurturing participants of community, along with the establishment projects of the living zones that embrace *eup* and *myeon* areas and villages
 - Reorganizing the contents of the projects for the current villages and *eup* and *myeon* areas focusing on software activities rather than facility installation
- Complementing rural residents' policy demand that exceeds the boundary of a small living zone through cooperation between local governments
- Supporting the establishment of the Regional Living Zone and cooperative projects of local governments which are included in rural living zones or urban-rural connective zones
- Disseminating and systematizing of the outcome of rural development projects
- Leading activities, including local forums for capacity-building and activities of the rural revitalization support centers, to get on the right track along with related policies
 - The MAFRA has conducted rural development projects including the vitalization of the central spots of rural areas within a 30-minute range and the establishment of creative villages. For effective implementation of these projects, the central and local governments and expert groups should make joint efforts and disseminate exemplary cases.
 - Rearranging the rural planning system to implement spatial policies systematically

(10) Enhancing the quality of the Official Development Assistance in the agricultural and forestry sector

<Prospects for Policy Conditions>

- The ODA projects in the agricultural and forestry sector need a shift in its policy direction from the quantitative expansion of the budget to the efficient implementation and consolidation of the projects focusing on performance.
 - The budget of the MAFRA: 700 million KRW (2006) → 10 billion KRW (2011) → 12.8 billion KRW (2013) → 14.1 billion KRW (2014)

- Related institutions in the agricultural and forestry sector should maintain cooperative relationships with each other, enlarging its synergy effect.
 - There will be a growing demand for cooperative projects and the mid- and long-term, goal-oriented package projects.
 - In 2013, the MAFRA released its mid- and long-term plan called “the International Cooperation in Agricultural and Rural Development (ODA).”
 - These projects should be implemented in connection with key agricultural policy challenges including the overseas agriculture investment and development, export of agricultural materials, and prevention of foot and mouth disease.
 - The demand for agricultural contents is expected to grow for the systematic collection of data and materials about an aid-recipient country and the provision of our agricultural experiences.

<Policy Challenges>

- Selecting specific fields to focus on for the ODA projects, including technical cooperation based on expertise in the agricultural and forestry sector

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- Securing a distinctive feature by implementing technical cooperation and pilot projects such as demonstration field establishment, village development and rural service provision, rather than the mid- and long-term projects focusing on hardware
 - Designing and implementing projects to pursue both growth in the agricultural sector and alleviation of poverty, including the productivity enhancement plans for developing countries
- Improving the quality of the ODA projects and reinforcing its responsibility
- Pursuing performance-oriented project management, implementing projects in a more systematic, efficient way and deciding the direction of related policies, through monitoring and post evaluation of the project implementation process
 - Raising the awareness of the necessity of cooperative development, and forming a social consensus by reporting the project outcome to the people
- Efficiently cultivating and implementing the ODA projects through inter-institutional cooperation
- Implementing the projects as a trial by using the expertise and network of related institutions
 - Establishing the data collection and dissemination system and developing contents to apply our agricultural experiences to developing countries

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