

Korea's ODA Strategy and Activities on Poverty Reduction: Case of KOICA

Dr. Hyun-sik Chang
Managing Director of KOICA

Introduction

Since its inception in 1991, KOICA's budget has grown from US\$22.8 million to US\$193.4 million in 2006. Commensurate to the agency's increasing roles and responsibilities, expectations of the international community to share Korea's experience have also increased. As an emerging donor that has experienced acute poverty, Korea is endeavoring to more actively address world poverty. As the Korean Government's official grant aid agency, KOICA has been directing its policies and strategies to contribute to the global push toward attaining the UN Millennium Development Goals (MDGs).

During the UN World Summit in 2005, President Roh Moo-hyun pledged that Korea would play a more active role in supporting the international community's efforts to realize the MDGs. Moreover, Korea is currently preparing to join the OECD/ Development Assistance Committee (DAC) by 2010. As a result, KOICA has been changing its practices to align with the MDGs and the OECD/DAC's Guidelines for Poverty Reduction and Promoting Pro-Poor Growth. As illustrated in the DAC Guidelines for Poverty Reduction, KOICA recognizes that poverty is multi-dimensional in character and cannot be defined by low income alone. Poverty also reflects poor health and education, deprivation in knowledge and communication, inability to exercise human rights and absence of dignity, confidence and self-respect.

Given Korea's development experience, KOICA believes that promoting self-reliance through capacity building is the key to development. However, in order for a nation to achieve self-reliance and development, it needs support for basic social services such as education, basic medical services and modern water/sewage systems. Therefore, KOICA is endeavoring to focus its assistance in areas related to building economic capabilities, human capabilities, political capabilities, socio-cultural capabilities, and protective capabilities¹ in partner countries. Moreover, KOICA recognizes the importance of meeting the demand for basic economic

¹ OECD/ DAC's Guidelines for Poverty Reduction

infrastructure as described in the DAC Guidelines for Promoting Pro-Poor Growth. Therefore, assistance is channeled to promote infrastructure development in the energy, industry, ICT, and rural development² sectors.

The following sections will illustrate KOICA's progress in promoting poverty reduction in its assistance and organizational practices. The first section will demonstrate the KOICA's strategies upon how KOICA is addressing the poverty reduction. This section divided into three aspects focusing on (1) basic social and economic needs, (2) least developed countries (especially in Africa), and (3) the rural poor. Meanwhile, to facilitate a better understanding of our program, the second section will present four cases implemented by KOICA.

² Rural development assistance focuses on developing various rural infrastructures including basic economic infrastructure such as small roads and irrigation systems.

I. KOICA's Strategy for Promoting Poverty Reduction

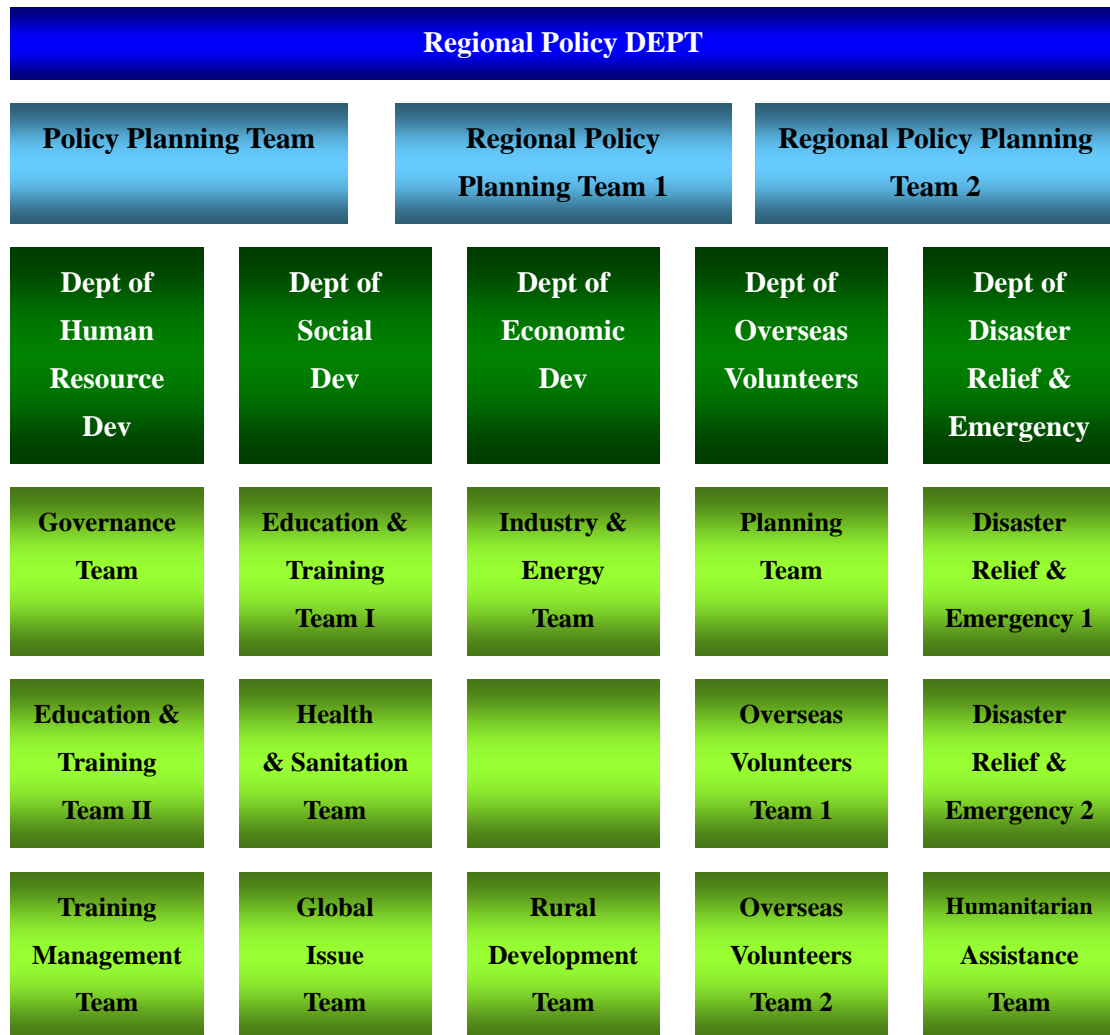
1. Focus on Basic Social and Economic Needs

In order to more effectively accommodate the MDGs and DAC guidelines, KOICA reorganized its structure in 2006 around basic social and economic service sectors considered to be the two main pillars for alleviating poverty. By expanding access to (infrastructure) and quality of (capacity building) basic social service, KOICA is endeavoring to assist partner countries efforts to provide Basic Human Needs (BHN) such as health, sanitation, and education. Also, by giving support for basic economic services and infrastructure, KOICA is enhancing economic capabilities to provide the BHN. As illustrated in Diagram 1, the previous organizational structure was categorized roughly around the types of support (dispatch of experts, invitation of trainees, overseas volunteers, infrastructure building, and provision of goods). Such types of support were mainly in the form of freestanding projects. Presently, assistance is implemented through five main sectoral departments as illustrated in Diagram 2. These sectoral departments are currently transitioning to program-type support that can combine various types of support into a comprehensive program. Each program is the process of aligning to the budget plans and country development plans of individual partner countries.

Diagram 1. Former Organization of KOICA

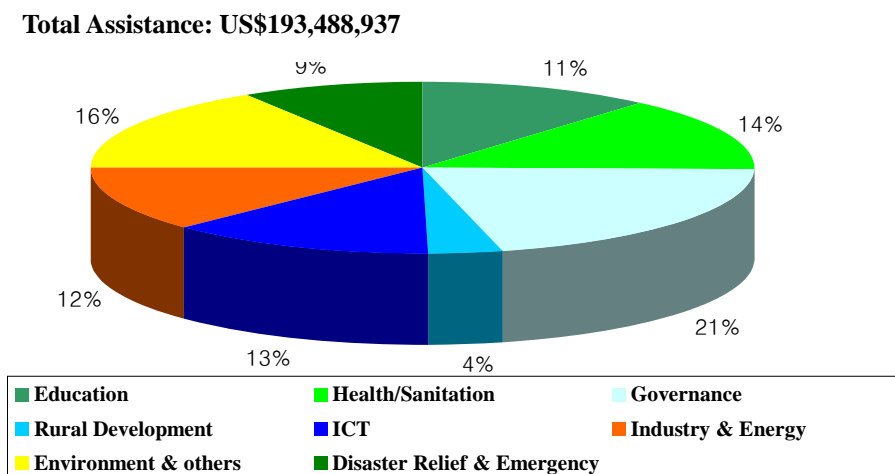


Diagram 2. Current Organization of KOICA



Currently, the Policy Planning Team under the Regional Policy Department is responsible for establishing KOICA’s mid- and long-term grant aid strategies as well as coordinating the annual plans for KOICA. The Regional Policy Planning Teams are responsible for formulating the country programs (CPs) of KOICA’s 56 co-operation partner countries. Based on the CPs developed by the policy teams, each of the five departments will implement programs in their respective fields. Among the five departments, the department of social development and the department of economic development are primarily responsible for projects and programs related to poverty reduction.

Chart 1. KOICA's Assistance by Sector in 2006

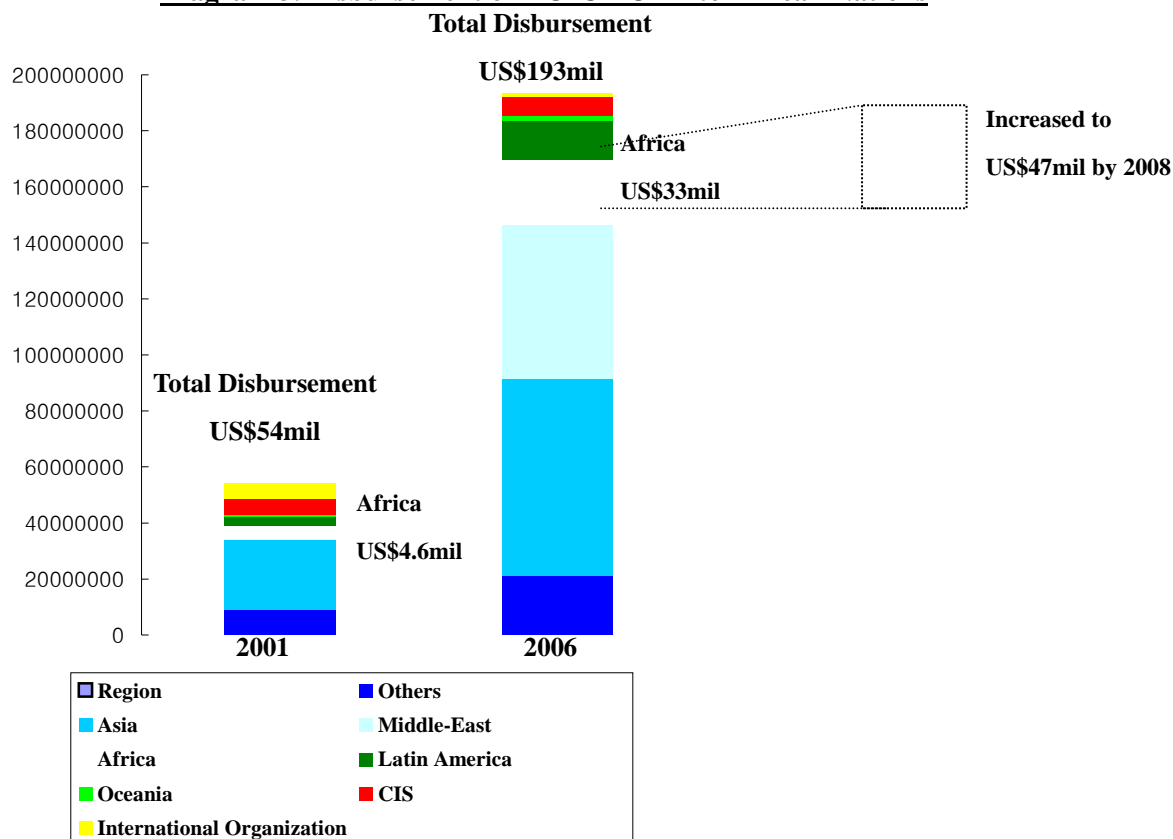


As illustrated in Chart 1, approximately 30% of KOICA's assistance goes towards education, health/sanitation, and rural development. Currently, the mid- and -long term strategies for Korea's grant aid, upon which the country programs are based, strengthens assistance for basic social services such as basic education, health/sanitation and rural development. Going forward, the budget allocated to basic social services will increase. For example, the budget for the health/sanitation sector is projected to increase from US\$26 million in 2006 to approximately US\$32 million in 2007.

2. Changing Geographical Focus – more to LDCs and Africa

Korea's official development assistance has traditionally been concentrated in the Asia Pacific region. However, in March 2006, President Roh announced the 'Africa Development Initiative' during his trip to Nigeria and pledged to triple the ODA volume to Africa by 2008 to US\$47 million and to share Korea's development experience with African nations. In accordance with that commitment, KOICA's assistance to Africa has increased six-folds since 2001 (8.5% of KOICA's total disbursement) to US\$33 million in 2006 (12% of KOICA's total disbursement).

Diagram 3. Disbursement of KOICA ODA to African Nations



Reflecting the recent focus on the MDGs and Africa, assistance to Least Developed Countries (LDCs) increased slightly in 2006 after suffering significant decline due to the finalization of Korea's commitment to Afghanistan. Going forward, given the fact that 17 out of 59 cooperation partner countries selected for assistance in 2008-2010 are LDCs, this portion is projected to increase.

Table 1. KOICA's Assistance by Income Level

(*Unit: '000)

	2001	2002	2003	2004	2005	2006
LDCs	14%	27%	27%	24%	14%	16%
LICs	36%	22%	10%	15%	10%	12%
LMICs	26%	27%	52%	59%	65%	60%
UMICs	2%	5%	1%	2%	1%	1%
Non-partner	0%	0%	0%	0%	1%	0%
Unallocated	23%	20%	10%	0%	9%	11%
Total* in US\$	48,676	61,561	123,079	158,220	201,902	192,268

* Excluding contributions to multilateral organizations

3. Focus on the Rural Poor

In order to implement the poverty reduction programs, which are directly targeted to the rural area, KOICA has established the rural development team in 2006 to address the needs of regional governments and rural communities. Assistance in rural development is divided into three categories: (i) transfer of Korea's rural development experience, (ii) increase in agricultural and fisheries productivity and (iii) strengthening management capacity for irrigation water. Although the budget for rural development was only US\$7.3 million, or 4% of total assistance in 2006, assistance for rural development will increase as programs, especially for Africa, are developed.

Table 2. Examples of Projects/ Programs in Three Categories of Rural Development

Sub- Group	Project/ Program Title
Transfer of Rural Development Experience	Pilot Project for Sericulture Industry Development in Tunisia
	Regional Poverty Alleviation Program: Replication of Best Practices on Rural Community Development Phase II (UNESCAP)
	Formation of Rural Development Policy and Strategy for the Ministry of Rural Development in Cambodia
Increase in Agricultural & Fisheries Productivity	Rural Development ³ of Five Villages in Vientiane Province, Laos P.D.R
	Improvement of Agricultural Productivity in the Tagara Region of Senegal
	Rehabilitation of Irrigation Facilities and Modernization of Farmland in Zanzibar, Tanzania
Strengthening Management Capacity for Irrigation Water	Construction of Storm Water Drainage at Valachchenai in Sri Lanka
	Batheay Flood Control in Cambodia
	Establishment of an Early Warning and Monitoring System for Agriculture and Disaster Mitigation in the Philippines

³ Income increase of rural households and improvement of residential environment

II. Cases of KOICA Projects/Programs

The following section presents four cases that reflect KOICA's efforts to implement 'program-based' support and target the rural poor. The first case is an older "project" implemented in 2001 that involves the construction of primary schools in Vietnam. The latter three cases are recent "programs" or "semi-programs" that reflect KOICA's current transitional phase⁴. The programs in cases II and III display the agency's efforts to align policies with the partner country's national development plan and to increase ownership and involvement of local institutions and stakeholders. Case IV also shows how KOICA is working with multilateral agencies to support global poverty reduction efforts. All four cases reflect the agency's focus on the provision of basic social service and infrastructure as well as efforts to address poverty in remote areas.

Case I. Establishment of Primary Schools in the Central Provinces of Vietnam (2001-2002)

1. Background

Vietnam has achieved high-powered economic growth through six consecutive five-year economic development plans. Since the adoption of the Doi-Moi policy, the country's economy has enjoyed an annual growth of 8~10%⁵. However, despite the government's effort to alleviate inequality, the country is still suffering from a lack of social infrastructure and unequal regional development. Therefore, in order to contribute to the social development of such regions and especially the Vietnamese government's "Education for All" policy, KOICA committed to establishing a total of 40 schools in the central regions of Vietnam.

2. Goal

The main objective of this project was to contribute to improving access to primary education in the five central provinces of Quang Nam, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa by establishing 40 primary schools, thus, alleviating regional differences in educational achievement.

3. Support

KOICA's support for this project focused on infrastructure development. KOICA was responsible for the design, construction and supervision of the schools, provision of furniture

⁴ Based on OECD/DAC Working Party on Statistic's definition of sector programme in document DCD/DAC/STAT(2006)23, which identifies recipient ownership, strategic development based on sectoral policy document, national budgeting and donor co-ordination as the main characteristics of sector programmes.

⁵ CIA World Fact Book

and educational equipment as well as basic school supplies for students.

Case III. Strengthening of the Community-based Primary Health care Program at San Lorenzo Health Center (2007-2008)

1. Background

Although the per capita GNP of Ecuador was \$4,500 in 2006⁶, the income gap between wealthy urban areas and remote provinces remain substantial. The canton of San Lorenzo in the northern part of the Province of Esmeraldas next to the boarder between Columbia-Ecuador, has been suffering from deficient medical services. Due to its small budget, the local government is unable to establish an adequate health care center or purchase basic medical equipment necessary for primary health-care services. In addition, there is few trained medical staff available. Moreover, due to an inadequate sewage system⁷ and limited capacity in garbage disposal, the canton is experiencing sanitation and environmental problems that has worsened due to a large influx of Columbian refugees. All these factors contributed to a prevalence of contagious diseases such as pneumonia, worms, bronchitis, dermatitis, diarrhea and various mosquito-borne diseases.

Table 3. Comparison of Living Standards in Ecuador (average) and San Lorenzo in 2006⁸

	Ecuador (average)	San Lorenzo
Child Mortality (per 1,000)	53.2	87.6
Access to safe drinking water (%)	90%	48.8
Use of medical services (per 10,000)	29.6	6.7
Households able to maintain basic livelihood (%)	65.9	26.6

2. Goal

Given such problems the goals of this program are (1) to increase access to medical care, (2) improve the sanitation environment, and (3) enhance the healthcare knowledge of local residents. The target population of the program is the 45,000 residents of San Lorenzo.

3. Support

⁶ CIA World Fact Book

⁷ According to the local government of San Lorenzo only 21.8% of households have access to sewage facilities.

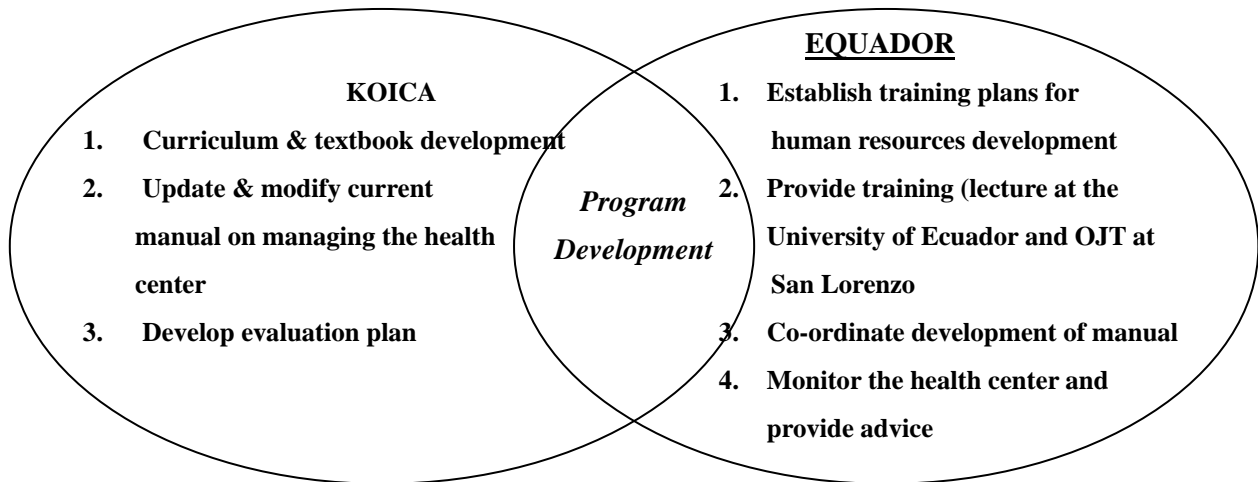
⁸ Data from the Government of Ecuador

Basic Infrastructure

The government of Ecuador’s 2007 *National Development Plan* includes the improvement of health and sanitation along the borders of Ecuador and Columbia. Thus, the local government will be able to access enough funds for the operation of HC but not enough to make investments in infrastructure. Therefore, KOICA has made contributions to construct the “Centro de Salud Hospital”, a public health center. The contributions shall also include the provision of medical equipment including equipment needed for childbirth, ultrasonic and x-ray. The national and local government will purchase the HC site and bear the cost of maintenance and upkeep. Also, to improve efficiency in disposing large volumes of garbage, KOICA contributed a waste compressing garbage disposal truck. Although contributions are divided between the Ecuadorian and Korean governments, the local government will give input on all activities such as architectural design, construction, and purchase of medical equipment.

Capacity Development

Diagram 4. Framework for Human Resources Development



In order to strengthen the local government’s ability to provide medical services, the program will also work with a local university, Ecuador Catholic University, to train new medical staff or provide in-service training for existing staff. Before embarking on such a partnership, the local government committed to selecting and employing the staff for the health center and made provisions in the local budget for salaries. Unlike previous technical assistance and human development projects that depended largely on Korean experts and training in Korean institutions, this project focuses on the joint development of human resources. Roles and responsibilities were divided between a Korean university and the University of Ecuador as

illustrated in Diagram 4.

Table 4. Output of Human Resources Development

	Doctors (4)	Nurses (2)	Assistant Nurses (2)	Administrators & Volunteers (6)
Responsibilities	<ul style="list-style-type: none"> - Create local community health plan - Set direction for the mgt of HC - Conduct Sono/X-ray & other tests - Responsible for obstetrics & gynecology, internal medicine, pediatrics, emergency, diagnosis & treatment - Manage mobile clinic 	<ul style="list-style-type: none"> - Community based care - Community diagnosis - Community Strategic planning - Family Care - Operation & management of HC - Health education and counseling including child & maternal care 	<ul style="list-style-type: none"> - Home visits - Health education - Pharmacy - Assistance for patient care 	<ul style="list-style-type: none"> - Registration - Assistance at pharmacy - Assistance at pediatrics dept - Provision of meal services to children - Assistance to local community's health activities - Other administrative work
Period	3 months	6 months	3 months	1 month

During communications with local partners and the program planning process, it came to KOICA's attention that the sustained supply of medication could be a potential problem. Therefore, identifying channels through which affordable medication can be purchased has been added as a primary activity for local and Korean experts involved in the program.

Case III. Improvement of Agricultural Productivity in the Dagana District of Senegal (2007-2009)

1. Background

Agriculture is a major sector of Senegal's economy, accounting for approximately 16% of GDP and 73%⁹ of employment. The rural population accounts for about 50% of the total population. In 2003 an estimated 23% of the total population suffered from malnutrition. However, the country is unable to produce its own supply of rice (staple food) and relies on imports of 600-700 thousand tons of rice every year. The government also plans to attain food self-sufficiency by 2015. Given the importance of agriculture to increase food production and as a major source of employment, rural and agricultural development will play an important role in the national development of Senegal.

At the request of the Senegalese government, KOICA is focusing on the three villages of Bountou Bath, Pakh, and Ouroulbe located approximately 258km away from the capital, Dakar. In 1988, the Korean government had already supported a project to cultivate farmland and to create rural infrastructure that were destroyed by subsequent floods in 1992.

2. Goal

The goal of this comprehensive rural development program is to (1) increase employment of rural residents, (2) improve the living environment and (3) enhance self-sufficiency in food production. This will contribute to poverty reduction and increases in income in the province of Saint Louis, Dagana region. This program will begin as a pilot project and shall initially focus on the three village of Bountou Bath, Pakh, and Ouroulbe.

3. Support

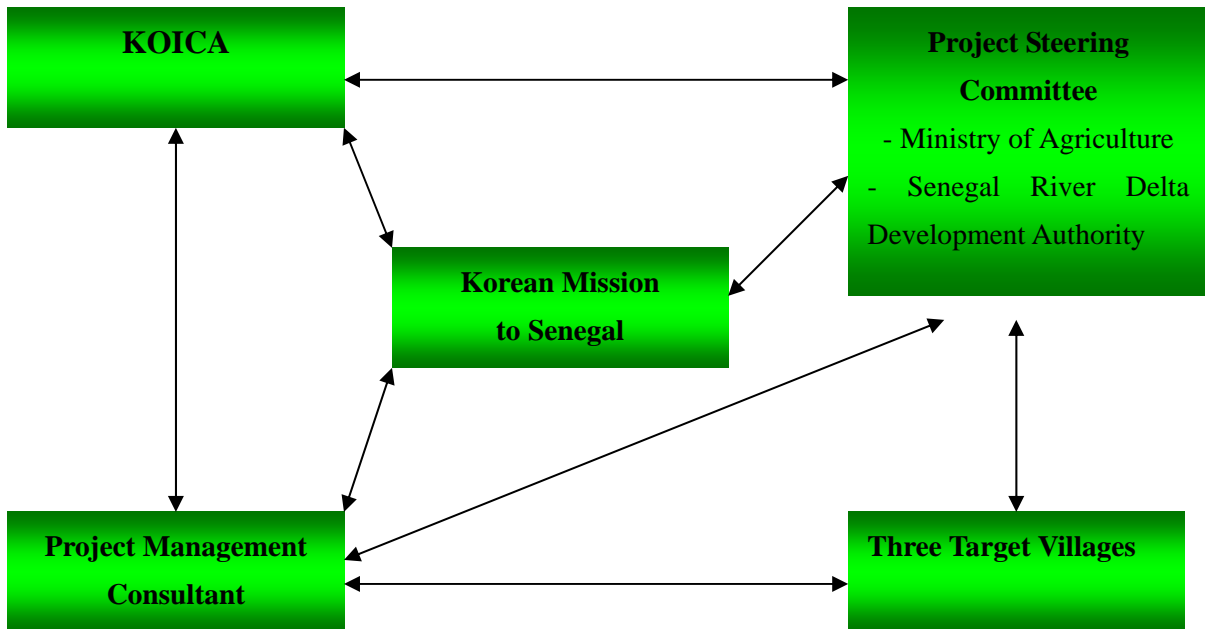
Implementation Mechanism

KOICA, the Ministry of Agriculture, and the Senegal River Delta Development Authority (SAED) are jointly implementing the project. In order to promote effectiveness and ownership, a project steering committee was established within the two government institutions. In addition, unlike previous projects where the Korean or KOICA mission was responsible for implementation from a remote location, KOICA selected a project management consultant (PMC) to have a better presence in the field. The PMC will be responsible for implementing the various aspects of the project including selection of local construction contractors and the

⁹ Data from Senegal Government, which includes employment created in forestry, fishery and food processing industry.

dispatch of Korean experts to Senegal.

Diagram 5. Co-operation System for Project Implementation



Development Research

Through the PMC, KOICA will conduct a topographic survey and a mapping study of the land to be cultivated. Basic and detailed engineering designs will be provided for all planned infrastructure.

Basic Infrastructure

The project's main focus is on building local capacity and knowledge on rural development and on cultivating farmland, which farmers alone cannot have done. Therefore, the project will cultivate 60 hector of new farmland and redevelop 60 hector of farmland that was lost to flooding. In order to increase crop productivity, pumping stations will be installed in the villages existing waterways will be reinforced or created in order to improve irrigation. The program addresses the importance of basic village infrastructure and aims improve living standards. The pilot project will employ a comprehensive approach to rural development including construction of gravel-covered farm roads, a village school, and a multi-purpose village hall which will house a small health center, village commune, space for women to conduct subsidiary business and storage space. Very basic furniture for the schools and health centers will also be provided.

Furthermore, this program makes special provisions (in terms of time and budget) for additional pilot projects that will be identified during the process of the program through community participation and according to the needs of the community. Possible pilot projects include the following:

- Livestock facilities development/improvement
- Domestic water supply facilities development
- Agricultural extension activity such as farmers training, demonstration farming, farmers trail, study tour, field day and other activities
- Provision of agricultural machinery
- Supply agricultural inputs such as seed, fertilizers, and pesticides
- Literacy programs, and/or on-the-job training for non-agricultural income generation

Capacity Development

In order to promote local knowledge on rural and agricultural development, an expert will be dispatched to the villages for a total of 15 months. Also, an expert in building rural infrastructure will be dispatched for a total for 18 months. The experts will work in close cooperation with counterparts from the Ministry of Agriculture and the Senegal River Delta Development Authority but most of all with the village authorities.

Unfortunately, the project lacks elements of community building due to how this project was identified. Because the project was requested by the central government of Senegal, it was difficult to gather input from the villagers. However, the experts dispatched will try to formulate methods to promote community participation such as labor contribution by the villagers during the non-farming season.

Case IV. Joint Program with ESCAP on Regional Rural Poverty Alleviation in Asia Pacific: Phase I & II (2002-2005/2007-2009)

1. Background

Despite massive efforts by governments and development agencies in the Asia-Pacific, rural poverty is still prevalent throughout the region. The UN estimates that some 727 million people in the region live on less than \$1 per day and two-thirds of them live in the rural areas¹⁰. Complex multidimensional issues such as rural poverty require a comprehensive and holistic

¹⁰ UNESCAP

approach that deals with stakeholders at all levels. Empowering the rural poor, developing the capacity of concerned government departments at the central and local level, and establishing an enabling policy environment are some of the normative approaches that can be applied to address rural poverty. *Saemaul Undong*¹¹ (SU), a rural community development methodology developed in the Republic of Korea during the 1970s, has been identified as an effective method for poverty reduction by ESCAP. Therefore, KOICA was approached by ESCAP to support pilot projects in Cambodia, Laos, and Nepal with the aim of enhancing the effectiveness of rural poverty reduction policies and programs in these countries and drawing lessons from the projects to apply in other countries in the Asia-Pacific region. The program was divided into two phases.

Based on encouraging results from Phase I, KOICA and ESCAP agreed to implement a second phase. The project's Phase II will test the modified SU methodology at local, national and regional levels with the aim of acting as a potential creative solution to address the changing development needs of ESCAP's member States and to set norms and standards for poverty reduction at national and regional levels. Thus, based on ESCAP's experiences during Phase I, Phase II of the project focuses on normative and analytical aspects rather than operational activities.

2. Goal

The goal of this poverty alleviation program is to build local capacity and an enabling environment of policies, institutions and capacities for SU.

3. Support System

While both phases were funded by KOICA through ESCAP, the project implementation and coordination with national counterpart agencies was left to ESCAP. The local government and local community contributed substantial amounts of funding for the pilot projects.

Table 6. National Counterpart Agency

Partner Country	Agency
Cambodia	Ministry of Rural Development (MRD)
Laos	Committee for Planning and Investment

¹¹ *Saemaul Undong (SU)* or New Village Construction Movement is a movement of "living better" or rural poverty alleviation at the village level, which was initiated by Korean Government in 1971. *It is recognized as the movement that transformed Korea's rural villages and reduced urban-rural divide to a substantial extent in a relatively short period of time.*

Nepal	National Planning Committee Secretariat (NPCS)
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Phase I (2002-2005)

During the first phase of the program a total of 12 communities in Cambodia (1,132 households), Laos (547 households) and Nepal (255 households) participated. In order to achieve local ownership and to build the foundation for future scaling up in the country, the local government agencies were also actively involved in the process. At the community level, ESCAP and the local government coordinated five types of rural development projects.

- Income Generation Projects such as cow banks or revolving credit funds, livestock development, agricultural productivity development
- Infrastructure Projects such as road & bridge improvements, irrigation, electricity provision, canal rehabilitation development
- Community Building Projects such as the construction of community centers or community beautification
- Health and Sanitation Projects such as housing improvements, well & pump construction, toilet and bathroom construction
- Socio-Cultural Projects in Nepal such as construction of educational facilities, women's empowerment, sports and cultural activity support.

KOICA was given the role of identifying/dispatching an expert on SU and organizing study tours conducted in Korea for twelve local government officials involved in the program. KOICA also dispatched experts for initial project appraisal and evaluations.

Through this comprehensive approach combining implementing pilot projects and capacity building both at the community and government level, ESCAP was able to develop an adjusted modality of the Korean SU and configure a process of application. Furthermore, local capacity for policy making was simultaneously built. Overall, the planned outcomes and goals were achieved by most communes except those in Nepal where political instability thwarted the enthusiasm and well designed plans for SU.

However, several problems were identified in Phase I of the program during evaluation. Firstly, a more coordinated approach selecting pilot project villages was necessary since most of the villages selected were in different locations making coordination difficult, thus limiting the impact. Secondly, more time and effort needs to be invested in helping local participants

(villagers) understand the concept of SU. Last but not least, too much emphasis on self-reliance has the disadvantage of limiting the participation of the poorest of the poor due to the burden of having to provide resources. These problems were all taken into account in the planning of Phase II.

Phase II (2007-2009)

Phase II of the project will apply an “upgraded” approach, which incorporates the lessons learned from the first phase to new communities. It will incorporate the following three key components:

- (1) The capacity development component will strengthen the capability of key stakeholders from the central and local governments and the communities to promote, facilitate, support and implement rural community development initiatives.
- (2) Demonstration projects in Laos, Cambodia, Sri Lanka, and Indonesia will test the modified SU approach by introducing new elements into the methodology, i.e. vertical integration in Laos and Cambodia, and by testing the approach in new country contexts; Indonesia and Sri Lanka.
- (3) A regional knowledge-sharing component will focus on sharing experiences from testing the SU approach to a wider audience in the Asia Pacific region.

The project will again be placed under the responsibility of the Poverty and Development Division (PDD) of ESCAP. However, while the management of the SU project will remain with ESCAP in Bangkok, PDD is exploring the possibility of involving other ESCAP entities (such as its regional institutions) for the more operational aspects of the project.

At the country level, a project steering committee composed of representatives of ESCAP, KOICA and the partner government will be established in each of the countries to monitor and review the progress. The SU councils and leaders, in consultation and cooperation with local government officials, will implement village level projects. A joint team from ESCAP and KOICA will conduct a mid-term review, while external evaluators selected by ESCAP and KOICA will conduct the final evaluation of Phase II.

Conclusion

In the past, Korea received development assistance from advanced countries. Now it has grown to become the world's 13th largest economy and has become a donor country. Recognizing that international assistance greatly helped with its development, Korea believes that it should return the favor it received in the past and join the efforts of the international community to help developing countries. Korea is willing to share the development experience it achieved while it rose from one of the world's poorest countries in the early 1960s to become a major industrialized country.

In line with this, KOICA has made its greater efforts in sharing our experience in the poverty reduction by focusing on three strategies: (1) basic social and economic needs, (2) least developed countries (especially in Africa), and (3) the rural poor

Moreover, to make its ODA program more effective, KOICA not only has strengthened local ownership of developing partners, but it enhanced the policy alignment and harmonization with other donor countries in line with the Paris Declaration on Aid Effectiveness. Furthermore, KOICA overhauled the aid structure by building new department whose role is to absorb the priority of partner countries into aid policy formulation process and to make tailored country strategies for each developing partners.

Finally, as a step to strengthen the transparency of aid management, KOICA enhanced the participation of stake-holders by building a result-based management system emphasizing the role of monitoring and evaluation and by publishing the evaluation report to the public so that the tax payers clearly know what KOICA has done.

Despite these efforts, we still have a long way to go in achieving the MDGs and ultimately in making the world with no poverty. However, our commitment is firm and our efforts continue.

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