

Korea's Global Leadership: Accomplishments and Challenges

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Development Cooperation Issues

First let me express gratitude to KDI for the invitation.

Anyone invited to speak on development issues by a country which this year supplies both the S-G of the UN and the President of the World Bank, as well as having just hosted a global event in Busan on the future of aid, cannot doubt that South Korea has already arrived and reestablished itself as one of that interestingly named set, the Middle Powers, in which my own country has been at least since the end of WWII.

As the only speaker in this session (and possibly in the conference) from Europe, let me also point out that EU member states too are at best Middle Powers - the larger ones: Germany, France and Italy, pretty much like Britain (or the UK so long as it does not lose the united parts of its kingdom). Even together as the EU, it and they do not always punch their weight, and so remain a Middle Power, particularly at times when they fail to take rather obvious action even to resolve internal imbalances, like now. Moreover as I write the following crucial European elections are impending: French Presidentials, Final Round; Greek legislative; British local (but including Mayor and Assembly of London); an Irish referendum; Serbian legislative (just prior to becoming the EU's 28th member state); and in June French legislative elections. No lack of basic democratic expression, then. But Results, dear boy, results.

These are the states of Europe, essentially but not exclusively the European Union, where the OECD and the DAC, of which Korea is now a member, is based, which supply the majority of traditional forms of development cooperation as financial flows and technical assistance to developing countries.

There are other forms - the Chinese loan-based/turnkey-infrastructure project/natural-resource barter model is perhaps the most striking alternative; cf. 'Dragon's Gift' acc to D.Brautigam - but the OECD approach, which originated with the success of Marshall Aid in the late 1940s and was a success precisely because it assisted in the rapid reconstruction of Europe, is still the dominant model, now in the form of ODA..

But that model may now have just peaked, in terms of the real value of ODA flows (US\$ 134 billion in 2011) and no new successor post-2015 to the MDGs, however innovative, (our own

UK prime minister, DC, is going to have a hand in that), may be able to stand against the march of time. Although Britain is proud - on an all-party basis ie both coalition government parties and opposition - to have a rapidly rising aid programme (currently \$13.7 billion), over ten times as much as Korea's \$1.32 billion, and rising further according to the British Government's political covenant with its voters, to finally reach the now-totemic figure of 0.7 per cent of GNI (at a time incidentally when GNI is hardly growing at all) by 2013, Britain is almost alone among the European donors to have such a rapidly rising aid programme over the past decade. Within the DAC's traditional donors, in fact only Australia compares.

Is this a crisis? Is Britain, with Australia, an outlier? Is Britain unique in recessionary, sovereignly-indebted Europe in persisting with aid expansion and innovations in its development cooperation policy?

Not so. While European countries and the EU sort themselves out we look to middle powers like Korea and to developing countries themselves for the sources of growth and innovations, even OUR sources of demand-growth and policy-invention.

And we have been here before.

At the end of the Cold War, in the early 1990s I went on a research retreat to Bellagio, courtesy of the Rockefeller Foundation, met my peers from the then main DAC donors and research institutes, and following a knowledge-sharing session wrote up this book

(wave violet-covered book)

"Crisis or Transition in Foreign Aid". (1994) There was no question mark. It was either crisis or transition. COMECON aid disappeared - if it had ever been there. The UN renewed and refreshed itself. My own country changed its development policy radically with a new government in 1997. Even the EU abandoned its neo-colonial non-reciprocated preferences, after twenty-five years, shortly afterwards. PR China, after surviving Tiananmen at the time the Cold War was ending in Europe and across the Atlantic, gradually emerged as a new player, and investor in Asian and African developing countries, and a new source of competition.

Korea's \$ 1.3 bn development cooperation programme is, in European terms, the size of Finland's or Austria's. But it has much more potential to grow - in the way that Samsung and Hyundai have grown.

That is for this immediate audience. But the sources of growth I am referring to are even less parochial.

The IMF now forecast that next year, the majority of world output will come, for the first time in current history, from developing countries.

We should all laud this achievement, not that it relieves the burden on us traditionals, nor that it "takes our jobs" (we should devise better ones) as wage-rates in Seoul and even Guangdong rise, but because it proves that finally, to borrow a phrase from the Japanese artist Takashi Murakami, the world is superflat (just as Murakami sees Japan's culture and society as flat). No one specially no innovator or revolutionary should lament that national incomes around the world are at last beginning to converge (hopefully without the incomes of the developed world's people taking a real-terms cut).

It is for this reason that I have much optimism about the future of development cooperation. I run a scheme, the ODI Fellowship Scheme which supplies such resources on a demand-led basis only. This is the future too. There will be many new actors, some rapidly emerging from developing countries themselves - not just at the level of states, but private innovators, too - just look at Safaricom's M-Pesa cellphone banking originated in Kenya. Last week, for the ODI FS, I was in two countries of west Africa, (sure, I avoided Mali and Guinea-Bissau): Sierra Leone and Ghana. In Ghana, this year's growth rate is 14 per cent. For Sierra Leone, the IMF has just revised DOWN its growth forecast for the year - to 34%.

Even at 5-8 percent - the current average for subSaharan Africa - it doesn't take long, if such rates are sustained, to begin to catch up with middle powers - especially if they are not growing at all (some European countries even confront periods of negative growth for the first time in two generations).

When I embarked on a career in development my aim was to help poor countries achieve income levels which I enjoyed by the privilege of birth. I am not yet declaring Mission Accomplished. But much has been achieved, in education, health and water supply by development cooperation mechanisms, as well as this economic convergence just mentioned. I am sure I never intended such convergence to be achieved, though as a zero-sum game whereby proud developed countries got poorer. There is no need for that - but there remains an even stronger need to help poor countries develop and raise their incomes further. I confidently expect Korea to be one of the big players in facilitating that: demonstrating global leadership.

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