Asian Approaches to Development Cooperation "Post 2015 Development Challenges"

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1. Asian Development

1) Rapid Economic Development

- Developmental State & Education
- Foreign aid utilized for domestic institution and human capacity development → <u>Domestic Capability Development</u>

2) Key institutions of Japan, South Korea, China

		Japan	South Korea	China
Industrialization Period		1945-1974	1961-1980	1978-1992
Key Institu- tions	Government	Ministry of Int'l Trade and Industry (MITI)	Economic Planning Board (EPB)	National Development and Reform Commission (NDRC)
	Local Capital	Zaibatsu, Keiretsu	Chaebol	State-owned enterprises (SOEs)
	Foreign Capital	• ODA • Trade	• ODA • Trade	• ODA • FDI • Trade

2. Asian Development Cooperation

- 1) Transition from aid recipient to donor
- 2) Regional Development: Use ODA for building regional economic relationship and development in Asia
- 3) ODA in Comprehensive Development: ODA as part of a larger economic development stimulus package including foreign direct investment (FDI) and trade
- → "Asian Solutions to Asian Problems"

Overview of Japan, South Korea and China's ODA, Trade and FDI (2011)

		Japan	South Korea	China
ODA	Total gross disbursements (USD million)	10,831.4	1,328.5	41.5
	Asia share (%)	22.5	47-4	32.8
Trade	Total volume (USD million)	1,678,564	1,079,627	3,641,865
	Asia share (%)* (Export vs. Import)	18.4 vs. 20.6	12.4 vs. 12.6	42.4 vs. 40.8
FDI	Total outward flow (USD million)	114,353	20,355	65,177
	Asia share (%)	34.8	59-5	-

Source: ODA Gross Disbursements- International Development Statistics; Chinese ODA – 2011 China's White Paper on Foreign Aid. Trade- World Bank.

FDI- United Nations Conference on Trade and Development FDI Statistics; OECD Statistics for Asia share.

^{*} Asia share includes trade from and to member countries of ASEAN +3.



3. Asia's Post 2015 Development Challenges

1) Development Cooperation in Post-War and Conflict Context

- Countries in fragile situations face triple challenges of human insecurity, underdevelopment and poverty
- Human (in)security, development, and poverty are closely connected and mutually reinforcing
 - Conflict is an important cause that has led to increase in poverty ... [and]
 affects well-being through displacement of people from their home and
 livelihoods as refugees and into poverty (MDG Report, 2008)
 - Fragile states are caught in a vicious cycle of failed government, persistent poverty, and conflict (Collier, 2007)
- → Bridging security and development in development cooperation: Poverty reduction and development in the context of fragile security and post-conflict require different goals and strategies.



3. Asia's Post 2015 Development Challenges

2) Humanitarian Assistance and Development Cooperation

- Short-term humanitarian assistance and long-term development cooperation have not been brought together in the field.
- However, disasters have disproportionately affected the least developed and developing countries. Meeting the MDGs is severely challenged in many countries by losses from manmade and natural disasters (UNDP, 2004).
- Short-term disasters exacerbate existing poverty and insecurity → They become long-term poverty and insecurity cases.
- → Bridging the divide between short-term humanitarian assistance and long-term development cooperation is critical in the Post 2015 world.

3. Asia's Post 2015 Development Challenges

- 3) Human Capacity Development and Empowerment
- Gender inequality remains a challenge
- Improvements in gender development (education, employment) have not led to gender empowerment
- Concerted efforts are needed to improve gender empowerment for sustainable development and poverty reduction to be: "fair, smart, and transformative of societies" (Faust, 2013).
- Post 2015 Development Cooperation:

Domestic capability development (education + employment + empowerment) → Sustainable development