

North-East Asia Development Cooperation Forum  
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## Development Experience of Northeast Asia and Knowledge Sharing

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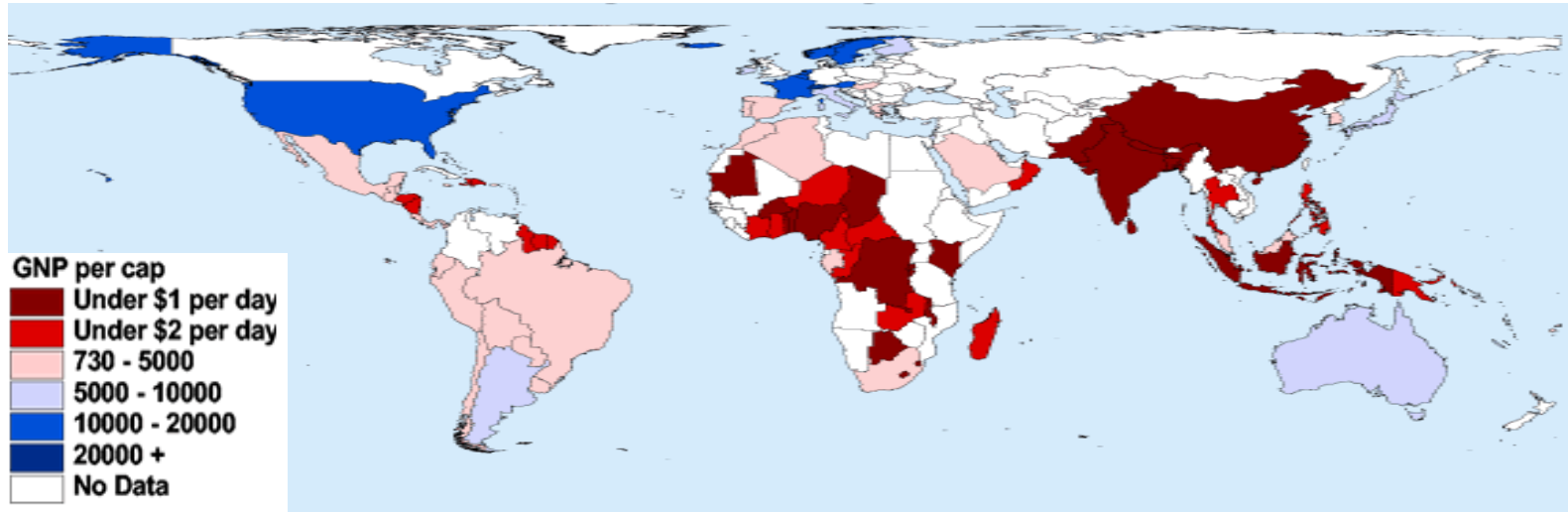


# I. Poverty and Development Cooperation

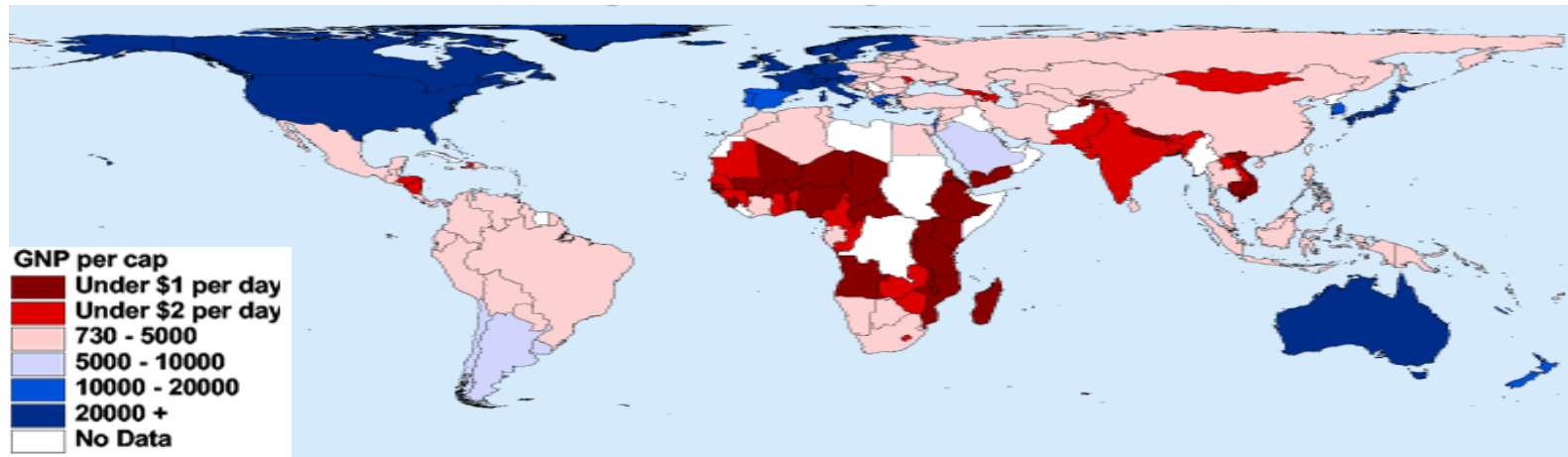
In spite of global efforts by the global community, no significant economic development in the world has been witnessed except in East Asia.

## I. The feature of international development since 1960s

[Year 1960]

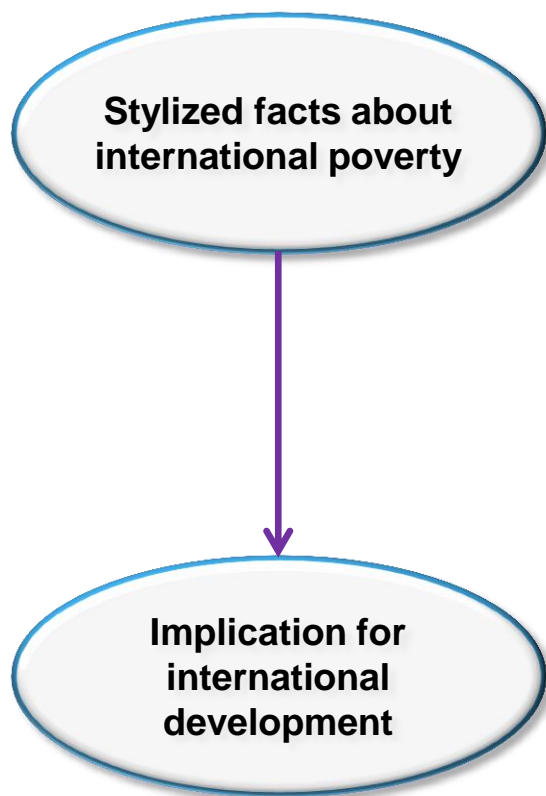


[Year 1999]



Source: <http://ucatlas.ucsc.edu/gnp/gnp.html>

## 2. Stylized facts about international poverty and its implication



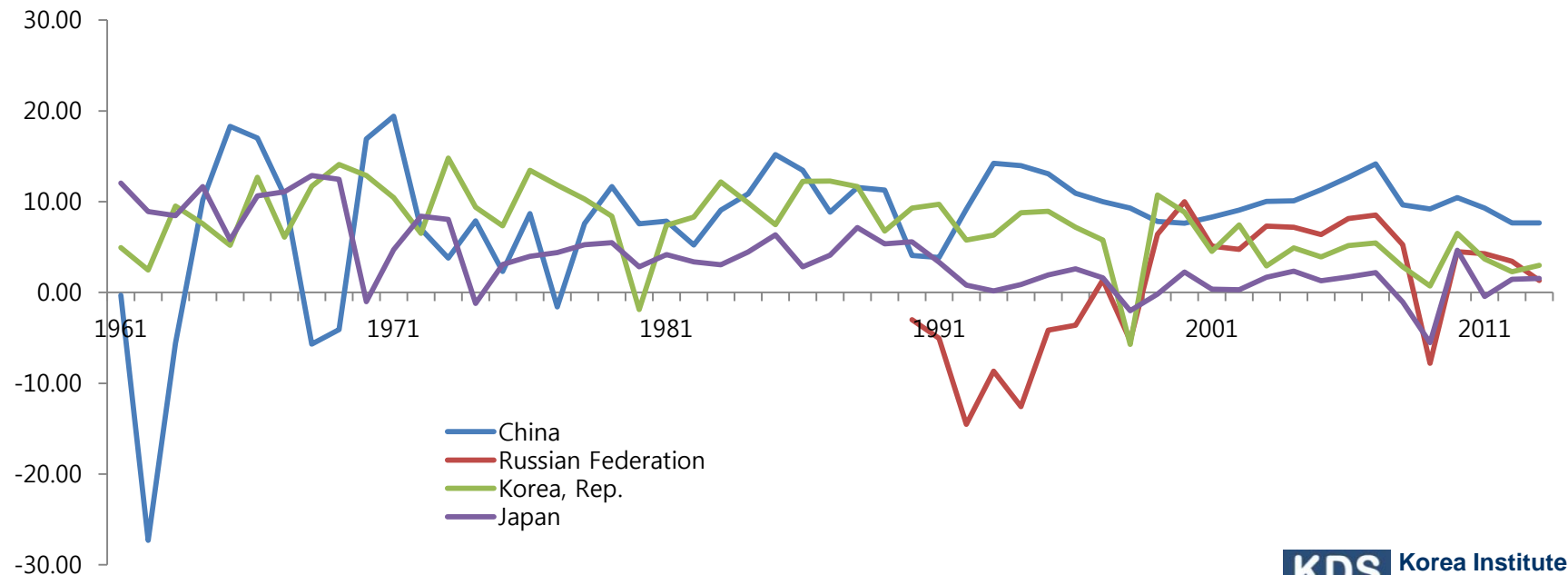
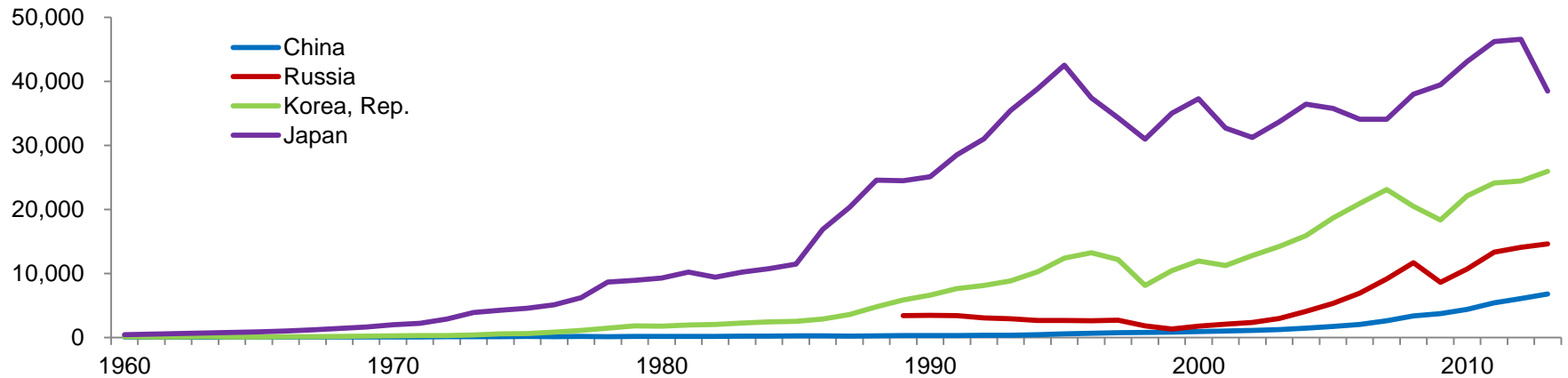
- Few countries have achieved significant progress in poverty reduction
- In Africa, in spite of enormous foreign financial assistance, poverty remained almost unchanged
- East Asia is the only region with such progress
- Northeast Asia is the core of the East Asian growth dynamics
- The wave of development spreads to neighboring countries in Asia

- Poverty reduction is never an easy task to be accomplished
- Economic dynamics in Northeast Asia provides a clue for international development
- In poverty reduction and economic development, reducing knowledge gap among countries seems to be as important as financial assistance

## II. Poverty Reduction and Economic Dynamics in Northeast Asia





The four Northeast Asian countries show great dynamism, although their stages of development are different from one another.

## I. Economic dynamics in Northeast Asia



The four countries are in a position to provide practical knowledge and expertise in development cooperation with a good supplementary relationship.

## 2. Strength and weakness of the Northeast Asian countries in development cooperation

	Strength	Weakness
 Japan	<ul style="list-style-type: none"><li>• Skills in development cooperation</li><li>• Full experience of national development</li><li>• Financial capacity in foreign aid</li></ul>	<ul style="list-style-type: none"><li>• Vividness of experience in state-building and economic development</li></ul>
 Korea	<ul style="list-style-type: none"><li>• Vivid experience of state-building and economic development</li><li>• Experience as an aid recipient</li><li>• Completed stage in industrialization</li></ul>	<ul style="list-style-type: none"><li>• Financial capacity in foreign aid</li></ul>
 China	<ul style="list-style-type: none"><li>• Rapid industrialization and economic growth</li><li>• Transition economy</li><li>• Financial capacity in foreign aid</li><li>• Management of huge population with large territory</li></ul>	<ul style="list-style-type: none"><li>• Maturity in industrial development</li><li>• Experience of development aid</li></ul>
 Russia	<ul style="list-style-type: none"><li>• Management of huge territory with large population</li><li>• Experience in assisting federal states in the past</li><li>• Transition economy</li></ul>	<ul style="list-style-type: none"><li>• Skills in formal development cooperation</li></ul>



### III. Sharing Development Experiences for Development Effectiveness

“This deterioration in capacity (in Africa) has happened precisely during a period of acceleration of external aid flows.” (Fukuyama, State-Building, 2005, p. 40)

## 1. Poverty and Development Cooperation of the Global Community

### Global Agenda

- “Poverty reduction” is a core agenda of the global community, as was represented by the MDGs and the Post-MDGs discussion.

### Development Assistance

- The global community has provided enormous financial assistance for development.
- With the MDGs as a turning point, the global community is going to strengthen its efforts to assist development further.

### Development Effectiveness

- No significant reduction of poverty in the global community
  - “During the last 25 years, the situation has not been any better in poverty reduction.” (UN, In Larger Freedom, 2005)
- The performance of ODA so far is not very satisfactory.
  - No correlation between ODA and economic development (World Bank, Assessing Aid, 2000)
- \* “Almost every African country has witnessed a systematic retrogression in capacity in the last 30 years; the majority had better capacity at independence than they now possess” (Van de Walle 2002).
- Post-MDGs: Sustainable Development

“The international community is not simply limited in the amount of capacity it can build; it is actually complicit in the destruction of institutional capacity in many developing countries. That poor or collapsing public administration is at the heart of Africa's 20-year development crises is beyond doubts.” (F. Fukuyama, *ibid*, pp. 39-40)

## 2. The Position of the West-European donor countries

### Circumstance

- Economic development: proceeded in a completely different mode under the completely different environment
- No experience of colonial rule
- Quite different culture and customs

### Basic Position

- Do they really understand “poverty”?
- Do they really possess “know-how” for poverty elimination?

### Development Effectiveness

- Relevance of the Washington Consensus to contemporary developing countries
  - Small government, decentralization, privatization, market opening
- Transferability of institution to heterogeneous culture

- Few countries have succeeded in transferring governance system to other countries
  - U.S. to Postwar Germany and Japan, but both countries were strong bureaucratic states long before the U.S. defeated them
  - U.S. to Cuba, Middle & South American Countries, S. Korea and Vietnam. However, S. Korea was the only successful country by Korea’s own efforts rather than by the help of the U.S.

In mentoring a university-preparing student, who would be in better position between one's father and elder university student brother?

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### 3. The Role of Northeast Asia in International Development Cooperation

#### Position

- Vivid experiences for national development
- Unique culture, different from the West-European countries
- Successful state-building and economic development although their level of development may vary

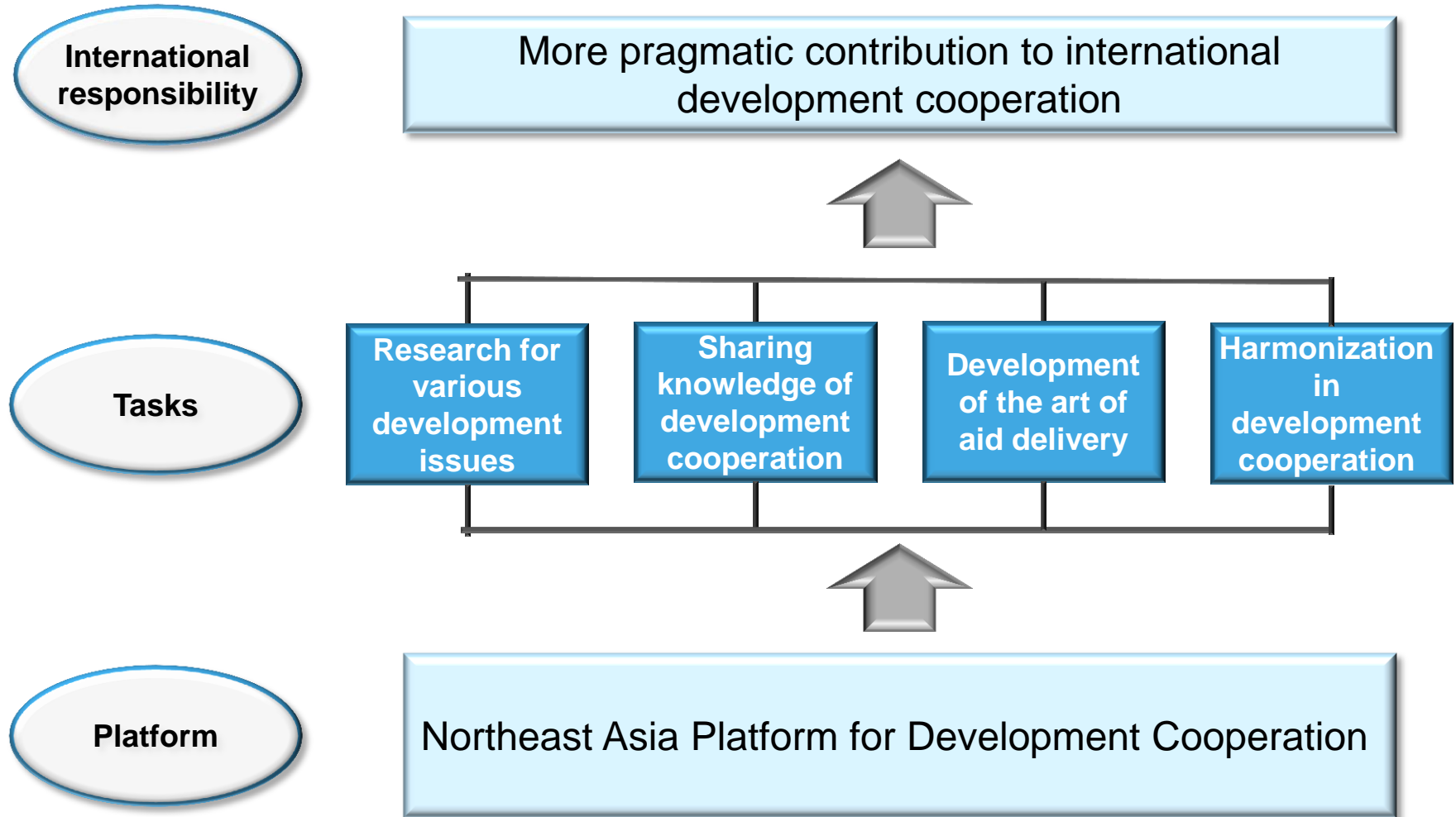
#### Expected role

- With regard to various development issues, provide practical experiences in variety
- Help develop modern institutions under different cultural environment
- Possess unique experiences of transition economy
- Accumulate practical experiences of industrial development

## IV. Concluding Remark

The valuable development experiences and development cooperation capacity of the Northeast Asian countries need to be shared and elaborated for development effectiveness in the global community.

## An Initiative for the Northeast Asia Platform for Development Cooperation



*THANK YOU*