

Executive Summary

1. The Purpose and Scope of the Study

This study analyses the policy rationale and implementation of policy programs under the New Deal for Engagement in Fragile State which was agreed in Busan at the High Level Forum 2011. It aims to elicit policy implications and possible policy alternatives for Korea for the future international development cooperation for the fragile state.

This study in particular analyses policy positions of the OECD INCAF, IDPS and g7+ toward the New Deal and examines the cases of implementation in the two pairs of partner countries of donors and the fragile states, namely the UK-Sierra Leon and Australia-Timor-Leste.

2. The Concepts of Fragility, the Fragile State and Engagement Principles

Fragility can be defined by the institutional vulnerability which threatens the stability, transparency and predictability of public policy process, national security and public service. The fragile state are those states which lacks political legitimacy, are not able or willing to guarantee national security, or unable to deliver public services to citizens. There is a whole of the causes that lead to fragility from the internal conflicts, civil war through the experience of colonialization to the extreme poverty. The state fragility brings about multi-dimensional social and economic impacts of negative nature.

The fragile states set out difficult conditions for international development cooperation and most of them failed to achieve the MDGs. To respond such failure, the OECD/INCAF, the IDPS as well as the g7+ which are composed of the fragile

states agreed the New Deal in 2011 Busan High Level Forum.

The New Deal is a new policy framework to achieve the Peacebuilding and Statebuilding Goals (PSGs) in the fragile state with principles of modes of engagement which are called FOCUS and TRUST. FOCUS signifies five modes of engagement: Fragility assessment, One vision and plan, Compact and Use PSGs and Support political debate while TRUST means principles of engagements: Transparency, Risk sharing, Use and strengthening the country system, Strengthening capacity and Timely and predictable aid.

3. The Analysis of the implementation of the New Deal

The pilot programs have been implemented in the seven fragile states including Afghanistan, Central African Republic, Liberia, Democratic Republic of Congo, Sierra Leon, South Sudan and Timor-Leste. In these countries, the fragility assessments, mutual accountability frameworks have been carried out but the progress of each projects varied greatly. In 2015, the Abidjan conference of the working groups emphasized the importance of the institutionalizing the financing for development.

1) The UK and Sierra Leon partnership for New Deal

The UK has placed a strong emphasis on the international cooperation in fragile conditions. The National Security Council coordinates international development policies for the various ministries responsible for different policy areas such as military, foreign affairs and international development. The UK have been involved many international efforts to support the fragile state but remains cautious about the future of the New Deal policy.

Sierra Leon and the UK have made a good progress to implement the New Deal programs while the progress of individual projects varied. Since the internal

conflicts of Sierra Leon have been stabilized, the UK and Sierra Leon have put more resources and efforts to the areas of economic development and building public administrative system. The Ebola crisis threatened the progress, but the New Deal has been back on the track while it is fair to say that the progress in terms of transparency and effectiveness is not highly satisfactory.

2) Australia and Timor-Leste

Australia has spent a great proportion of the ODA for the fragile state in the Pacific regions including Timor-Leste. Australia has placed a great emphasis on tri-lateral cooperation including Australia, new emerging donors and the developing country.

In Timor-Leste, Australia has focused on the strategic areas of human development, rural development and governance. The ODA in Timor-Leste was guided by the principles of, first, alignment of the Timor-Leste's long-term development plan, secondly, concentration on the strategic areas with high likelihood of success, and thirdly, harmony among different cooperation programs.

In terms of New Deal progress, Timor-Leste and Australia has completed the fragility assessment and established the Strategic Development Plan (2011-2030). In order to monitor the PSGs, Timor-Leste set up the monitoring platform and has been operating although it requires further improvement. Overall, Timor-Leste progress in the New Deal is in between statebuilding and transition stage.

4. Policy implications for Korea and Possible Policy Alternatives

As of 2015, Korea has implemented ODA programs and projects in 61 developing countries. With respect to the fragile situation, the KOICA has ODA projects and programs in Timor-Leste, Afghanistan, Cote d'Ivoire, DR Congo, Haiti, Yemen, Solomon Island and Papua New Guinea. Including grant and loan, 27.5% of the

Korea's ODA is devoted to the fragile situations.

Considering that the New Deal framework was agreed in Busan 2011, and that Korea became a Member Country of the High Level Meeting in 2012, it is time for Korea to deliberate policy alternatives for the fragile countries in relation to the New Deal.

Firstly, Korea can undertake a full-fledged New Deal policy with one of g7+ countries.

Secondly, Korea may participate in the existing the partnership between the donor and fragile country and play a strategic role in the area where Korea has a strength such as e-governance.

Thirdly, Korea may participate in the international pooled fund for the fragile state projects.

Fourthly, Korea may actively participate in the international discussions on the development policy for fragile states through multi-lateral institutions.

Among these alternatives, the first option would be the most hard to choose while the mixes of the second, third, and fourth options would be realistic policy options. Once Korea decides to implement policy projects and programs for the fragile states, it is necessary to choose policy instruments and areas of cooperation where Korea has a strategic and relative strength such as e-governance, public administration and legal registration systems.