

Executive Summary

Enhancing Policy Coherence for Development in South Korea

1. Research Introduction

- ☐ Under the international economic system that characterized as an increased interdependent system, the development of developing countries needs a comprehensive approach with cross-border dimensions. By adopting the concept of Policy Coherence for Development (PCD), OECD and EU advocate that progress towards policies that are more coherent and supportive of development is an important part in achieving sustainable and broad-based development of developing countries.
- ☐ Since being the member of OECD DAC in 2010, South Korea is joining the international efforts to increase aid effectiveness by convening the Fourth High-Level Forum on Aid Effectiveness (HLF-4) in Busan 2011. And now, in 2012, South Korea is expecting its first Peer Review by DAC.
- ☐ This research was designed to enhance the PCD in South Korea. It consists of three parts: 1) the analysis of the concept of PCD and PCD on trade, 2) global trend on PCD, 3) PCD in South Korea and policy recommendations.

2. Policy Coherence for Development (PCD)

- ☐ The concept of Policy Coherence for Development (PCD) tackles the issues of Internal Coherence (within development co-operation policies), Inter-donor Coherence, Donor-partner Coherence and Intra-country Coherence. This research focuses on the Intra-country Coherence that looks at the consistency between aid and non-aid policies of a single donor.

- ☐ Progress towards policy coherence can best be conceptualized as a cycle of three phases: political commitment and policy statements, policy co-ordination mechanisms, and systems for monitoring, analysis and reporting.
- ☐ According to the policy coherence cycle, this study analyzes the PCD of OECD DAC member states. The same method was applied to the in-depth case studies of Sweden, Germany and Japan on their general PCD and PCD on Trade in specific.

3. PCD on Trade

- ☐ 'PCD on Trade' deals with the progress of donor's trade policies towards more coherent and supportive way in terms of the development of developing countries. By eliminating or moderating trade-distorting domestic subsidies and trade barriers, for examples, donors can promote international market access of developing countries and thereby enabling them to benefit from trade. Aid for Trade (Aft) falls into the sub-category of PCD on Trade.

4. The PCD of OECD DAC Member States

- ☐ The PCD analyses of 23 member states of OECD DAC show the absence of a common model for PCD. This research also identifies that the establishment of political commitment and policy statements, policy co-ordination mechanisms and systems for monitoring, analysis and reporting is not necessarily resulted in the achievement of high level of PCD.
- ☐ PCD Analyses in the Policy Coherence Cycle
 - ☐ Phase 1: Political Commitment and Policy Statements

A large number of countries are adopting PCD-related white paper or policy documents. Among them, some have legal bases for the pursuit of PCD. However, there are also some countries without any political commitment or relevant policy documents.

○ Phase 2: Policy Co-ordination Mechanisms

Most countries are running informal inter-ministerial consultations or working groups for PCD. 7 countries have a PCD unit in the charge of the Prime Minister's Office or the Ministry of Foreign Affairs.

○ Phase 3: Systems for Monitoring, Analysis and Reporting

This phase is the least developed compared to other steps of the cycle. 20 states have no mechanisms for monitoring. And 15 states have relatively different reporting system which include reporting to the congress, issuing regular reports and internal reporting.

4. The Case Studies of Sweden, Germany and Japan

□ Sweden adopted the bill of Policy for Global Development (PGD) in 2003 for promoting PCD on national level. The Ministry of Foreign Affairs officially coordinates domestic policies across all ministries. Also it has unofficial irregular policy consultation mechanisms such as inter-ministerial policy process and working groups. Swedish government reports its PCD to the Congress Swedish civil society organizations (CSOs) are doing a pivotal role in monitoring and pressuring the government. In the issue of trade, the government adopted a series of trade-related documents to promote PCD on trade. Also the Minister for Trade and the Minister for Foreign Affairs are coordinating Swedish trade policy on the framework of PCD.

□ Germany has the Joint Rules of Procedure of the Federal Ministries (GGO, 2000) as a legal base and several policy documents stipulating the necessity of the PCD. The Chancellery coordinates and manages unofficial inter-ministerial consultations. German Development Institute (DIE), an independent government organization, monitors PCD and there are report to the congress and internal reporting. At the same time, for PCD on trade, Germany adopted several policy documents including the PA2015 in 2001.

- ☐ Japan stresses the importance of the coherent ODA policy in multiple policy documents. However there is no political commitment or policy statement clearly denoting the policy coherence within the aid and non-aid policies. Neither policy co-ordination mechanism nor monitoring, analysis and reporting system exist. The area of trade also lacks mechanisms for PCD.

5. PCD in South Korea

- ☐ For comprehensive analysis on PCD in South Korea, this research examined existing policies, rules and acts related to the international development cooperation and conducted focus group interviews targeting government personnel from ministries.
- ☐ PCD analysis in Policy Coherence Cycle
 - Phase 1: Political Commitment and Policy Statements

Some development cooperation policy documents recognize the necessity of PCD, but those include neither clear political commitments nor specific action plans for PCD. However, the recent adoption of 'G20 Seoul Development Consensus' and 'Multi-year Development Action Plan' in 2010 shows the advanced recognition on PCD.
 - Phase 2: Policy Co-ordination Mechanisms

This research explored the co-ordination mechanisms in South Korean policy making process and implementation. The examination of several existing government consultation systems shows that those would not work properly for PCD due to the low awareness of PCD and the lack of public consensus on the issue. However, the case of G20 Planning and Coordination Office (2011 to 2012) showed there is room for policy coordination for PCD.

○ Phase 3: Systems for Monitoring, Analysis and Reporting

The lack of political commitment and policy documents for PCD resulted in the absence of monitoring, analysis and reporting system in South Korea. By exploring institutions which have similar functions, the research sought to find the feasibility for enhancing such role in the future.

6. PCD on Trade, Migration and Climate Change in South Korea

- ☐ The research also explored the policy coherence for development in the areas of trade, migration and climate change in South Korea. It turned out that there are some noticeable cases and good practices regarding the policy coherence for development in those sectors.
- ☐ However, there is no political commitment and policy statements clearly indicating the necessity and contents of PCD on the areas. This is attributable to the lack of awareness of PCD in general and PCD on each area. However, relevant ministries in trade, migration and climate change are partially internalizing the international norms into certain policies and actions.

7. Policy Recommendations: The Establishment of PCD Virtuous Circle

- ☐ Through the exhaustive overview of PCD in OECD DAC member states, the case studies of Sweden, Germany and Japan, and the diagnostic analysis of South Korea, this research draws some policy recommendations for enhancing policy coherence for development in South Korea. It provides future reference for development-friendly policy making and increase awareness of PCD within the government and civil society.
- Policy Direction
 - To prioritize development-related goals in government policy
 - To increase awareness of PCD and capacity building

- To build public consensus on PCD
- To adopt international norms with discretion

○ Policy Plan

- A three-staged approach
 - Agenda Setting: increasing awareness and building public consensus
 - Policy Formation (institutionalization): the three-phase cycle of PCD
 - Policy Outcome (management and assessment): a whole-government synthetic assessment
- Sectoral Approach

○ Policy Recommendations in Accordance with Policy Coherence Cycle

- Political Commitment and Policy Statements
 - To make public commitments to PCD, endorsed at the highest political level
 - To publish clearly prioritized and time-bound action agendas for making progress on PCD
 - To establish a legal base
- Policy Co-ordination Mechanisms
 - To ensure that informal working practices support effective communication among ministries
 - To use official inter-ministerial consultation
 - To establish formal mechanisms at sufficiently high levels of government for inter-ministerial co-ordination and policy arbitration
- Systems for Monitoring, Analysis and Reporting
 - To develop measurable indicators and evaluation criteria and to improve capacity building for PCD analysis
 - To evaluate from PCD perspective and value
 - To establish independent monitoring, analysis and reporting system