

Ownership and Planning Capacity in the Asian-Style Development Cooperation: South Korean Knowledge Sharing Program to Vietnam*

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The rise of Asian ODA donors – Japan, South Korea, China – and their divergence from traditional western donors put forward the question if a distinct Asian-style development cooperation is in the making. In this paper, we attempt to characterize the emergent Asian-style ODA based on donors' own development experiences and assess its effectiveness in terms of fostering “true” ownership of development partners. One particular case, South Korea's Knowledge Sharing Program to Vietnam, will illuminate the theoretical issues and practical challenges of the Asian-style ODA, which tends to avoid “political interference” while trying to increase capacities of development partners.

Key Words: Asian-style ODA, true ownership, planning capacity, Knowledge Sharing Program

I. Introduction

Foreign aid or Official Development Assistance (ODA) has been an important tool in which the developed countries in the world have assisted developing countries. While it is true that the most advanced industrialized economies, represented by the OECD's Development Assistance Committee (DAC), have provided the lion's share of global ODA, in recent years we have also witnessed a growing trend of non-DAC member

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countries providing ODA to developing countries. Some of the emerging donors prefer the term South-South cooperation to foreign aid or development assistance, signaling that their approach differs from that of the traditional donors in the OECD/DAC.

Upon closer inspection, however, it appears that the relevant comparison is not between traditional and emerging donors, but between Western and Asian donors. In quantitative terms, these differences focus on the geographical and sectoral allocation of aid; in qualitative terms, some of the Asian donors are trying to export their own development experience to recipient countries and to use aid for promoting regional integration. Aid agencies most closely associated with Asian or Western donors – the Asian Development Bank and the World Bank, respectively – also appear to follow different norms and practices (Stallings and Kim 2017, 12-23).

What brings us to consider this East-West distinction is the proclivity of Western traditional donors to make aid conditional upon reforms toward good governance, which has not only largely failed to promote the proactive role of the state in guiding socioeconomic transformation, but also been unable to sustain domestic commitments crucial for such reforms.¹ Against this backdrop, we suggest that an Asian perspective on appropriate governance and the resulting style of development cooperation merit attention. Asian donors hold diverging views and priorities from those of the conventional aid providers on such issues as economic growth and poverty reduction, bureaucratic efficiency and democratic legitimacy, national sovereignty as opposed to foreign interference, and the relationship between the state and the market. In sum, the Asian donors of China, Japan, and South Korea (henceforth Korea):

- (1) prioritize national economic growth over poverty reduction
- (2) focus more on building economic infrastructure rather than social infrastructure
- (3) are less concerned with recipient countries' democratic legitimacy and "good governance" than their bureaucratic capacity and efficiency (Fritz and Menochal 2007, 537-538)²
- (4) claim respect for the national sovereignty of the recipients and maintain non-interference aid policy.³

1. A majority of small-N studies points out disappointing results of aid strategies based on the good governance concept (Grindle 2011).

2. There is of course a significant difference among the Asian donors regarding good governance as a global norm for ODA. See Stallings and Kim (2017) for further discussion.

3. In the White Paper on foreign aid policy, the Chinese government lists "Imposing no political conditions" as one of the basic features of its foreign aid policy, insisting "China never uses foreign aid as a means to interfere in recipient countries' internal affairs or seek political privileges for itself" (PRC 2011).

It should be noted that the three Asian donors have their differences as well. Japan is a founding member of the OECD/DAC, which Korea joined recently. Both are more bound by the global norms of ODA than China, who advocates for the South-South cooperation as an alternative to traditional ODA. Nonetheless, the potentially illuminating commonality of these three Asian donors is their own development experience. State-guided East Asian economic development presents an alternative to Western neoliberal, pro-market approach (Amsden 1989; Kohli 2004; Khan 2008). In this paper, we would like to shed light on the Asian style of ODA in terms of how the donor's development experience affects its ODA policy toward the recipients. We chose Korea, the smallest among the three East Asian donors, since it is trying to distinguish itself from the bigger donors by playing up its development experience, which has been touted as a major turnaround from an ODA recipient to a donor. The Korean success story highlights the importance of country ownership and long-term, strategic economic planning in receiving ODA and using it as a catalyst for development. Korea is eager to turn its success story into lessons to 'diffuse' to other countries, especially those in Southeast Asia.

Vietnam is arguably the best candidate to be the next Korea in Southeast Asia. It is one of the top recipients of Korean ODA, including the policy consultation program for government reforms and economic development known as the Knowledge Sharing Program (KSP). The close relationship forged through the KSP between the two countries' planning authorities affirms the priorities of the Asian-style development cooperation: ownership and strategic planning that deliver economic growth. In this setup of bilateral partnership, democracy and good governance may well take a backseat in the development agenda of an authoritarian yet capable state such as Korea in the 1960-80s and Vietnam since the mid-1980s. In other words, the authoritarian developmental state may still be a viable option in the twenty-first century Vietnam just as it was in the twentieth century Korea.

In this paper, we first discuss theoretical issues regarding the Asian-style ODA, focusing on the concepts of ownership and capacity development in particular. We then take a look at the joint effort between Korea and Vietnam to consolidate this Asian-style development practice of the KSP. In 2009, economic bureaucracies from both countries agreed that the most important core of Korean development experience was economic planning, and put the focus of the KSP squarely on Vietnam's ten-year development strategy and five-year implementation plan. We will assess the effectiveness of this approach to the bilateral development cooperation, and what implications the rise of the Asian-style ODA holds.

II. “True” ownership and planning capacity

Eberlei (2001, 11) defines ownership in terms of popular participation, in which the majority of the partner country’s population or its representatives take part in the formation and/or implementation of a national development strategy. This is different from the IMF’s definition, which assumes that the partner country’s officials are to carry out development policies for their national interest. The potential conflict of interests between the state elite and the popular mass is a question at the heart of aid effectiveness discourse, not to mention the ideal of democratic legitimacy. Then again, East Asian experiences in the last century, as exemplified by the likes of Korea, Taiwan, and Singapore, attest to the compatibility of authoritarianism and developmental success.

A solution to this sort of conundrum may be found in the operational aspect of ownership, rather than in the abstract definition of the term. Whether it is over an object or a process, ownership does not necessarily mean complete authority despite involving the responsibility to take final decisions; ultimately, it is subject to social control in the broad sense. In practice, ownership is spread across such different dimensions as the levels of (1) a sense of national purpose, (2) intellectual conviction of key policymakers, (3) support from the top political leadership, and (4) visible efforts of consensus-building among various constituencies (Kim, Kim, and Kim 2013, 318).

All these dimensions are, unfortunately, difficult to operationalize and measure so as to objectively assess the strength of ownership, which might have given donors one more excuse for paying “inadequate attention to the preferences of the government or project beneficiaries” despite the commonly held belief of ownership being “essential to the success and sustainability of development method” (Van de Walle and Johnston 1996, 54-55). The Paris Declaration made a significant progress by putting forth the “national development plan” as the indicator of the ownership principle, and Accra and Busan followed its suit by laying emphasis on inclusive ownership. Yet there is plenty of skepticism about whether the plans like Poverty Reduction Strategy Papers (PRSPs), underpinned by the Western approach to ODA, actually promotes ownership or not (Dijkstra, 2011). Meanwhile the Asian donors, whose experiences with regard to national development plans should make them an authority on this very issue, started taking their own approaches toward ownership, in theory as well as in practice.

A major breakthrough in the conceptualization of ownership was made by Japanese researchers, who found a touchstone to distinguish between “true” and “nominal” ownership. True ownership, according to them, “should mean the *capacity* of a developing

country to *choose from alternative* policy prescriptions – even if they are *not granted by the international aid community*” (Shimomura, Ohno, and Nagasu 2005, 8).⁴ In other words, a strong form of ownership would be the recipient country drawing up and carrying out its creative plan the donor did not agree upon. The Japanese authors’ favorite example is Thailand, where the recipient government went ahead with the ambitious Eastern Seaboard Development Plan in the mid-1980s even though the two dominant donors, Japan and the World Bank, advised postponement due to fiscal concerns (Shimomura 2005). Similar patterns of behavior have been identified in Korea (Kim and Kim 2014).

In this paper, we will expand on the “true ownership” by casting new light on the relationship between ownership and capacity. From the donors’ perspective, the problem of ownership – or lack thereof – has been often considered in terms of political-economic incentives on the part of the recipient government (Helleiner 2002; Svensson 2006). That might be so if the question was simply a matter of compliance with the donor-approved plans. Going against donors’ wishes, however, would require more than incentives in the narrow sense. The political will of the recipient would be necessary to handle the discontent or even ire of the donors. More importantly, as noted in the definition of true ownership above, it involves capacity. The Japanese researchers identify it as the capacity of “development management” that takes into account both donor and recipient side of the entire process of development cooperation (Ohno and Shimamura 2007; Ohno and Ohno 2008). We shall call it planning capacity instead, focusing on its close theoretical as well as historical association with the East Asian developmental state model.

Successful economic development planning requires capacity to learn accumulated knowledge from others’ experiences and innovate based on such knowledge. This happened with the post-war Japanese economic planning that had been influenced by the Soviet-style planned economy in the prewar period (Johnson 1982, 139-140). Korea emulated the Japanese model while building its planning capacity under the tutelage of Americans (Brazinsky 2005). Now it appears to be Vietnam’s turn to learn from Korea how to make a transition to capitalist economy, which brings the notion of economic planning to a full circle from socialism to capitalism. The test of true ownership would be whether Vietnam is capable – not of ideologically-driven central planning but of “strategic planning” of the market-conforming developmental state model (Masina 2006). While the jury is still out, Vietnam’s successful economic

4. Italics added.

transformation and ODA management in the recent decades shows some positive signs of such capacity building.

III. The Vietnamese Transformation: Capitalist Development and ODA Management

Vietnam is one of the fastest growing economies in the world with an average annual GDP growth of 7.2% during the decade prior to the FY 2008-2009 economic slowdown. In 1993, the percentage of the population living below the national poverty line was 58.1% and by 2009 it was dramatically reduced to 12.3%. Inequality in Vietnam has only grown moderately compared to China, another rapidly growing Asian economy (Abrami, Malesky, and Zheng 2008). The key driver of growth has been international integration and market liberalization. During the last thirty years, Vietnam has had to recover from the ravages of war, the loss of financial support from the old Soviet Bloc, and the rigidities of a centrally planned economy. Vietnam has achieved a remarkable economic success since the *Doi Moi* reform process toward the use of market mechanisms, which began in 1986. The reforms improved the security of individual land tenure, enhanced the provision of agricultural extension services and permitted freer trade in agricultural products, resulting in a drastic increase in farm production and a reduction in rural poverty (World Bank 2009). At the macro level, Vietnam has implemented structural reforms needed to modernize the economy and to produce more competitive trade-led growth strategies. Its accession to the WTO in 2007 has accelerated economic liberalization.

However, this impressive achievement sat alongside much slower progress for a certain segment of the population. In 2006, the World Bank estimate put about 48% of the Vietnamese population living on less than two USD a day. Poverty in Vietnam is concentrated among ethnic minorities, especially those who live in remote, upland mountain areas. In addition to tackling poverty and inequality, much remains to be done for better governance, gender equality, and the prevention of natural disasters. Another challenge is that while the country is on track to achieve the middle-income country status, it still remains to be seen how Vietnam can achieve the more ambitious goal of industrial transformation catching up with the likes of Singapore, Taiwan, and Korea by 2020. In fact, some well-informed observers warn of a possible “middle-income trap” in Vietnam’s future (Berliner, Thanh, and McCarty 2013; Ohno 2013)

Much of Vietnam's success in accelerating socioeconomic development has been home-grown, resulting from committed national efforts, broad public support and economic reform agenda (ADB 2006). Aid commitment to Vietnam grew steadily until the mid-1990s. Recent decades witnessed a sharp rise, for example, a tenfold increase from only four million in 1993 to four billion USD in 2009. Though Vietnam is one of the top three ODA recipients with average 3.4 billion USD of net ODA in 2014-2016, by no means it is an aid-dependent nation. Its net ODA represents only about 1.9% of Vietnam's GNI, and 2.1% of the gross national expenditure in constant 2010 USD (World Bank 2017). The form of aid is mostly loans, which is becoming less concessional as the country enters a new stage of development. Despite its small share in the total government budget, ODA introduces new technology and facilitates political and economic cooperation with industrialized countries. The Government of Vietnam regards ODA as an important catalyst for other investment flows and a key source of finance for the development of social and economic infrastructure.

Led by the Ministry of Planning and Investment (MPI), the Vietnamese equivalent to Korea's Economic Planning Board (currently Ministry of Strategy and Finance), the national economic bureaucracy shows strong ownership of aid receipts (Forsberg and Kokko 2007), even though the policy coordination and planning capacity at the inter-ministerial level and the lower levels of government is less than encouraging at this point. Vietnam has been laying out and implementing a national plan known as the five-year Socio-Economic Development Plan (SEDP), which is in turn based on the ten-year Socio-Economic Development Strategy (SEDS), thanks largely to its experience and capability of managing a centrally-planned economy.⁵ Much like the Korean experience as an aid recipient, Vietnam does exercise strong "nominal" ownership when it has different priorities than the donors have. In the aftermath of the 1997 Asian Financial Crisis, Vietnam focused on stabilizing its economy and slowed down the reform process considerably until 2001. Even though this slowdown led to a halt in structural adjustment lending from the World Bank, the reform process regained speed only when the Vietnamese leadership felt comfortable to do so. Vietnam also allowed its program with the IMF to lapse over the disagreements on such issues as the pace of financial sector reform and the audit on the Central Bank. These examples demonstrate that serious dialogue and disagreements between development cooperation partners may occur even in the largely successful cases.

A result of strong country ownership is that aid in Vietnam has been relatively

5. This point was stressed by various MPI officials during our interviews.

well aligned with country priorities, in spite of the concerns over stagnated disbursement and a large number of parallel project implementation units raised by some major donors (Six Banks, 2010). All ODA provided through budget support is automatically subjected to reasonably transparent financial reporting systems, and has been disbursed on schedule (OECD 2008). It also enables various projects to be organized and work with complementarities under broad umbrella programs: The Poverty Reduction Support Credit (PRSC), Program 135, and Education for All spearhead the new aid modality for increased alignment and harmonization.

In particular, the PRSC is an exemplary policy dialogue in a mature development partnership. Managed by the World Bank on behalf of 12 participating donors, it provides direct budget support to the government based on SEDP and annual policy actions. Donors link their annual funding decisions to progress against the previous year's benchmarks, which are derived from annual negotiations between government and donors. Given the high level of leadership and capacity demonstrated by the Vietnamese government, the instrument provides a soft financial incentive in place of conditionality. There was a general consensus among the banks, the government, and donors that the PRSC has been a tool to realize an investment-led economy in the context of its overall structural reform agenda.

Vietnam became a "donor darling" with over 30 donors, hosting 752 donor missions in 2007.⁶ By 2013, the number of donor agencies providing ODA increased to 63. As more and more donors are attracted to Vietnam, aid fragmentation becomes a major challenge Vietnam now faces. To improve harmonization, donors complement and coordinate their efforts. About 71% of ODA comes from Vietnam's top three donors – Japan, the World Bank and Asian Development Bank – between 2015 and 2016 as shown in Table 1. Most of the commitments from the Six Bank group, composed of the World Bank, ADB, AfD, KfW, KEXIM, and JICA, are to finance large infrastructure projects. Infrastructure development has been identified as the key focus of aid money. Economic infrastructure and services received the most assistance, accounting for almost 63% of the bilateral sector allocable aid between 2015 and 2016.

On the other hand, such smaller donors as the Like-Minded Donor Group (LMDG) and the UN typically work in areas not served by the larger donors, addressing topics like social inequality and exclusion. Interestingly, there is no general consensus on whether or not such fragmentation is on balance harmful to Vietnam. In our interviews

6. This is well above the number of missions carried out in Indonesia (590), Laos (569), and Tanzania (407) in the same period.

Table 1. Top ten ODA donors to Vietnam, 2015-2016 average, USD million

Rank	Donor	Gross ODA
1	Japan	1,501
2	International Development Association (World Bank)	831
3	Asian Development Bank Special Funds	422
4	Korea	206
5	Germany	185
6	France	145
7	United States	101
8	Australia	79
9	European Union Institutions	66
10	Global Fund	45

Source: OECD Statistics (<http://stats.oecd.org>)

with various aid agencies, some donors expressed concerns about considerable waste and overlap, whereas others considered the large number of donors a net positive for Vietnam. The Vietnamese government is willing to work with more donors to forge new diplomatic and commercial partnership through the medium of ODA. For this reason, fragmentation might not be a big concern for Asian middle-income countries which are clear about what types of benefits they are seeking from the nature and type of relationship with each donor. Vietnam is also very good at “donor management,” another sign of strong ownership: “So far, the government has skillfully managed its relationship with donors. It has kept a restrained relationship with donors and made clear its wish to retain selectivity and diversity in obtaining donor advice... Despite such a restrained attitude toward donors, Vietnam has maintained its status as a popular aid recipient” (Ohno 2005, 42).

As discussed previously, one of the main components of country ownership is a broad social consensus on the overall development agenda. Despite the non-democratic political leadership, the reforms in Vietnam have been largely a bottom-up process. The historical starting point for development was also tied to Vietnam’s abundant and relatively well-educated human resources. Vietnamese elite institutions also require the construction of broader coalitions of policymakers, placing more constraints on executive decisions compared to other single-party regimes such as China (Abrami, Malesky, and Zheng 2008). While this could be considered strength of the Vietnamese system, others see this kind of bottom-up, horizontal process of policy decision preventing a centralized economic bureaucracy from emerging with strong strategic planning capacity (Painter 2003; Masina 2006; Ohno and Ohno 2008; Ohno 2013). The knowledge-sharing

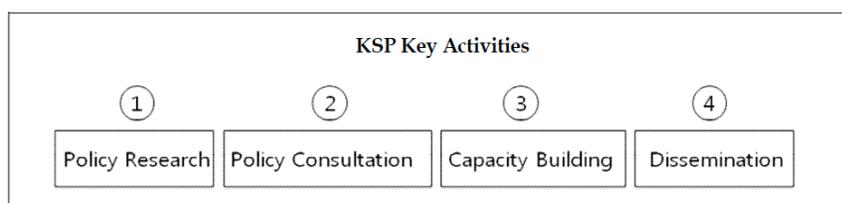
partnership between Vietnam’s planning authority, MPI, and Korea’s economic bureaucracy may be considered an effort to overcome this problem by learning and innovating on the Korean development experience.

IV. Exportation of a Developmental Model via Knowledge Sharing: the KSP in Vietnam

The KSP is Korea’s flagship economic cooperation program that centers on policy research and consultation in partnerships with various developing countries. The main implementation agency of the program is the Korea Development Institute (KDI), which was created as a research arm of the all-powerful Economic Planning Board in 1971. The KDI has long been showing a keen interest in such a program, beginning with the International Development Exchange Program as early as in 1982. The eagerness to propagate Korean “development experience” to the developing world has taken its current form of the KSP since 2004 under the supervision of the Ministry of Strategy and Finance (MOSF).⁷ During the first five years in existence, the KSP completed 83 one-year projects in thirteen countries including Turkey, Uzbekistan, Algeria, Kuwait, Indonesia, Vietnam, and Dominican Republic.

A typical KSP project is one year long, during which a team of three to five researchers selected by the KDI conduct policy research and consultation in collaboration with “local consultants” from the partner country, whose role varies from providing local information and data to co-authoring the final consultation report. Some KSP projects have appointed a retired high-ranking economic bureaucrat as project manager in order to maintain effective communications with the partner country’s high level

Figure 1. Four key activities of the Knowledge Sharing Program



Source: Lim et al. (2010, 50)

7. For the significance of the KSP in terms of South Korea’s global strategy as emerging “middle power”, see Kalinowski and Cho (2012).

policymakers. In addition to policy research and consultation, the KSP boasts of “capacity building,” in which the partner country’s officials and policy experts are invited to Korea for training and human networking, and “dissemination” of its results to the various sections of the partner country as its key activities.

Since 2009, the KSP has been expanded significantly: the annual budget has increased to five billion and then 7.5 billion KRW in 2012, more than a fivefold jump from the early years; a three-year Strategic Development Party Country Project (SDCP) has been introduced; the total number of partner countries is more than fifteen, up from just two in the beginning. Along with the expansion, diversification of activities has taken place, adding “systemization and modularization of Korea’s development experiences into case studies” and “joint consulting with international organizations in a triangular format” to its main business of bilateral policy consultation (Lim et al.

Table 2. Topics of the 2010 Modularization on Korea’s Development Experience

Section	Topics
Economic Growth I	Heavy and Chemical Industry Drive Information Technology Industrial Policy in 1980-2003 Industrial Policy for Green Growth
Economic Growth II	Financial and Tax Support for Promoting Businesses Korea’s Experience in Regulatory Reform and Achievements Manifestation of Korean Entrepreneurship and its Achievement
Small and Medium-sized Enterprises	Establishment and Roles of Industrial Bank of Korea Establishment of Korea Credit Guarantee Fund and its Operation
Science and Information Technology	Internet Education for All High-speed Internet Network Construction and Informatization Project Financing Scheme
Training Technical Professions	Fostering of High Level Scientific Human Resources at KAIST, etc. Establishment and Management of Government Funded Research Institutions of Science and Technology Establishment and Operation of Daeduk Special District for R&D Establishment in the technical high school and the technical junior college
Expansion of Educational Provision	Establishment of Korea Education Broadcasting System Securing Stable Revenue Source for Education through Local Education Financial Grants
Trade Liberalization	WTO Accession Strategies FTA Strategies: The Korean Case and Its Implications
Organizations for the Export Promotion	Establishment of Free Export Zones Establishment of the Korea Exim Bank and the Korea Trade Insurance Corporation Establishment of a Trade Promotion Organization
Taxation	The Credit Card and Cash Receipts Income Deduction Scheme Experience of Earmarked Taxation for Development Resources
Improvement of Productivity	The Role of Productivity in Korea’s Economic Modernization Industrial Standardization and Quality Management

Source: KSP website (<http://www.ksp.go.kr>), Kim and Tcha (2012, 10)

2010, 19). The topics of modularization, as listed in Table 2, constitute a succinct list of achievements or “good practices” by the Korean developmental state over the last half century.

The development experience in the KSP refers not only to the specific development policies as listed above, but also to the more general, institutional characteristics that have come to define the Korean developmental state:

The government shared the investment risks of the private sector and provided support largely based on performance in competitive global markets... Korea retained the ownership of its export-oriented industrialization and progressively developed its own capabilities even as it actively engaged in external interaction to learn from, and trade with, the outside world (Lim et al. 2010, 45).

While the KSP has been covering over forty countries in a wide geographic range from Africa to Latin America, the most important “strategic development partner” appears to be Vietnam, one of the two partner countries in the inaugural year of the KSP. Vietnam proved its primacy in the KSP by being chosen as the very first country for the three-year SDCP starting in 2009. Beside the main policy research/consultation projects, Vietnam also received a continuous support from the KSP with regard to the establishment of an export financial institution between 2006 and 2009.

Vietnam is the poster child of the KSP not only because of the size and duration of the program, but of the content of policy consultation. From the beginning, it covered many crucial policy issues regarding economic development such as WTO accession, state-owned enterprise reform, human resources development, macroeconomic stabilization, and FDI. By 2009, it became clear that economic bureaucracies from both countries agreed that the most important core of Korean development experience that Vietnam needs to learn was economic planning. Thus the focus of the Vietnam SDCP was put squarely on Vietnam’s ten-year development strategy, SEDS 2011-2020, and five-year implementation plan, SEDP 2011-2015. With the goal of becoming “an industrialized middle-income country,” the three-year project was set to address four broad policy topics:

- (1) Search for development path and evaluation of growth potential up to 2020
- (2) Monetary and financial policy
- (3) Industrial technology and development strategy
- (4) Efficient and harmonious enterprise policy (Hahn et al. 2012, 13-16).

It looked as though the Korean authoritarian developmental state found its worthy successor in Vietnam. As the Minister of Planning and Investment acknowledges in the official letter to his Korean counterpart at MOSF, MPI is eager to take lessons from Korea's past at this particular juncture of drawing a new SEDS and SEDP: "Vietnam highly values the development experience of Korea, especially in terms of addressing the problems of a developing economy (during the 1960s, 1970s and 1980s) and wishes to be shared relevant experience in many fields of economic and social development."⁸ The MOSF-MPI partnership at the ministerial level extends to the practical collaboration between KDI and DSI (Development Strategy Institute), the think-tank of MPI. One of the strong points in the Vietnamese KSP is this sort of "institutional isomorphism" (DiMaggio and Powell 1983).

The missing piece in the otherwise comprehensive agenda for the Vietnam KSP is political reform of any kind, not to mention democratic reform. Aversion to anything that smacks of "political interference" fits right into the Asian style of ODA we sketched out earlier. With respect to the KSP, this stylistic feature is even more conspicuous since the KSP is not entirely an ODA program, but a mixture of development assistance and economic cooperation. For instance, the KSP has operated in middle- or high-income oil producing countries not known for democratic governance, such as Kuwait and Libya. While it would be a stretch to argue that the Vietnam case is swayed by the same logic of resource diplomacy as in the Middle Eastern cases, there is at least consistency of non-political engagement that runs throughout the KSP. Be they democratic or authoritarian, the KSP is open to those national governments that wish to learn from the Korean development experiences, and favorable to those who are capable of applying the lessons to their own development plans.

What makes the Vietnam KSP a compelling case for the Asian-style ODA is the demonstration of country ownership in the knowledge sharing process: Vietnam wants to replicate the strength of the Korean developmental state without simply mimicking its experience. Despite the tight partnership between the two countries' principal KSP agencies, Vietnamese officials never forget to stress that they do not take the lessons wholesale from South Korea, or from any other country for that matter. Vietnam does have a strong position in this knowledge-sharing partnership just as it does in all other ODA programs, because, as we have observed earlier, so many other bilateral and multilateral donors are all lined up to render their service and Vietnam is managing them very well.

8. Minister Vo Hong Phuc's letter to Minister Yoon Jeung-Hyun, March 4, 2011 (No: /BKHDT-CLPT), p.2.

V. KSP as Asian-style ODA: Development Model without Politics?

Let us summarize the Vietnam KSP as it casts light on three key stylistic features of Asian ODA. First, it is focused on planning capacity of the economic bureaucracy, which is at the heart of the East Asian developmental state model. Second, it operates under the strong partner country ownership, not simply because the KSP has a “demand-oriented program design” (Lim et al 2011, 48), but because the partner country structurally has a strong position vis-à-vis the donor in this particular case. Korea was in a relatively strong position as an U.S. aid recipient in the Cold War security situation and as a claimant to Japanese colonial reparations. Presumably, Vietnam has an even greater leverage on Korea since the latter is but one among many ODA donors it can choose from. Finally, the Vietnam KSP reveals an important point of contention between the Western and the Asian style ODA involving democratic governance and legitimacy. If the KSP can be a catalyst for the Vietnamese development success, it may well prove the viability of the authoritarian developmental state model that drove the Korean economic growth in the past century, and further justify the non-interference approach of the Asian style ODA.

But herein lies the conundrum of the Vietnam KSP: can the explicit claim of ownership simply be equated with “true” ownership? More specifically, has the political non-interference/technocratic approach of the KSP actually helped increase planning capacity of the Vietnamese economic bureaucracy? The answer to these questions should be based on the outcome, that is, the tangible results of policy consultation regarding SEDS 2011-2020 and SEDP 2011-2015. Not surprisingly, the Korean side touts the outcome as highly successful: “The 22 research papers that have been produced under KSP have been incorporated into the 2011-2020 Socio-Economic Development Strategy of Vietnam which was approved at the 11th Party Congress of Vietnam in 2011” (Kim and Tcha 2012, 6). However, the texts of SEDS and SEDP do not betray much of the detailed research and policy consultation the KSP produced.⁹ Based on these documents, it is difficult to identify specific influences of the KSP on the Vietnamese economic development plan. If the previous decade’s SEDS and SEDPs were any guide, this was not wholly unexpected:

9. Only an unofficial English translation is available for SEDS 2011-2020 (<http://www.economica.vn/Portals/0/MauBieu/1d3f7ee0400e42152bdcaa439bf62686.pdf>), whereas the official translation of SEDP 2011-2015 can be found at the Vietnam Government Portal (<http://www.chinhphu.vn/portal/page/portal/English/strategie/strategiesdetails%3FcategoryId%3D30%26articleId%3D10052505>).

In the process of drafting these documents, international agencies and Western consultants played an important role... it is wise to consider that they also reflect a sort of compromise with the international financial institutions. Once again, the compromise was reached by approving documents that set goals and targets, but fell short of indicating in a precise manner the policies to be implemented for reaching those targets. Only in a few cases did these documents express significant strategy formulations... most of the rest consists of a rather boring litany of past achievements and future expectations (Masina 2006, 95-96).

To be fair, there are some notable achievements that came out of the Vietnam KSP. The most prominent one is Korea Eximbank's effort to clone itself, begetting Vietnam Development Bank (VDB) in 2006. The KSP has indeed had much success in transferring export promotion policies and export financing institutions to Vietnam and elsewhere.¹⁰ The final KSP report published by Korea Eximbank in 2008 details the clear progress it has made in building capacity of VDB officers to issue loan guarantees and credit ratings, and to manage risks (KEXIM 2008). But this particular Vietnam KSP project was carried out separately without the KDI involvement, along with the ministerial level dialogue between Korean MOSF and Vietnam's Ministry of Finance, not MPI.¹¹ When it comes to the core mission of increasing planning capacity, it is difficult to gauge exactly how successful the KSP has been. KDI and DSI's joint research effort on Vietnamese economy under the KSP has produced an impressive total of twelve reports since 2005, and the latest 2016-2017 report contains a wealth of specific policy recommendations. Then again, there is no clear indication as to how many such recommendations have been implemented.¹²

An ideal scenario of exporting the Korean development model under the KSP scheme would feature MPI as the bureaucratic command center for the emerging Vietnamese developmental state. In fact, MPI is but one ministry among many, without a strong mandate to push forward strategic planning. According to Kenichi Ohno's scathing remark, it is neither Japan's MITI in the 1960s nor Korea's EPB in the 1970s: "In Vietnam, while every policy document specifies a leading ministry and a list of related

10. The Eximbank model is also transferred in the Dominican Republic KSP (Lim et al 2011, 40-41). As shown in Table 2, export promotion is one of the major modularization topics applied to many other KSP partner countries, such as Uzbekistan (2004, 2010), Azerbaijan (2007), Ukraine (2008), and Cambodia (2010).

11. This was confirmed by the officials from both Korea Eximbank and VDB in our interviews.

12. For Vietnam's official announcement of the latest KSP report, see the news article on MPI's website (<http://www.mpi.gov.vn/en/pages/tinbai.aspx?idTin=36124&idcm=133>).

ministries, a mechanism to make them work as one is entirely missing... Development effort centered on a clear roadmap towards a national vision with concrete strategies and action plans, which is the hallmark of East Asian industrialization, is entirely missing in the Vietnamese policy process” (Ohno 2013, 237). He goes further on to state that MPI lacks “authority, capability and policy instruments” to do such a task, calling for “a new dynamic technocrat team” with top-down authority to lead the charge. One can disagree with his prescription, but many agree with his diagnosis of Vietnam’s lack of planning capacity and coherent bureaucratic structure (Painter 2003; Conway 2004; Masina 2006; Ohno and Ohno 2008).

What is even more interesting is that it raises a particularly political issue with regard to the East Asian development model and, by extension, the Asian-style ODA. Despite the façade of undemocratic, one-party socialist rule of Vietnam, its policy decision process is often described in such terms as “bottom-up”, “horizontal”, and “consensus-based”, all of which are typically associated with democratic politics and administration, even though the process itself is largely confined within the one-party system. If this intra-governmental quasi-democracy is a serious impediment to strategic planning capacity, then the solution should be a “political” one – even in the narrowest sense as Kenichi Ohno suggests above – rather than purely technocratic one without “political interference.” Is the Vietnamese state authoritarian enough to be transformed into the twentieth century-style developmental state with strong economic bureaucracy? Can a development model be exported without addressing such political questions? At best, the Vietnam KSP leaves these questions unanswered.

VI. Concluding remarks

The Vietnam KSP may not be a representative case for the Asian-style ODA we have characterized. And yet it is a very instructive one that shows the inherent tension in such a model: implicit preference for highly centralized bureaucratic form of government under the guise of political non-interference. It also suggests that “true ownership” is not easy to achieve even if recipient countries like Vietnam have enough positional power to dictate the terms of ODA they are receiving from donors.

Finally, it proves that an exportation of development model is not an implantation. Although Vietnam has many characteristics analogous to authoritarian Korea that fit well on paper, such as economic planning authorities and one-party rule, it turned out that the legacy of central planning was not quite helpful for strategic planning, and

the socialist rule was not as centralized as the authoritarian capitalist counterpart. It does not rule out the possibility of Vietnam's successful adaptation of East Asian developmental state model, but such a transformation would require a political shift much more than technocratic knowledge transfer.

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