

Rising Asia and Implications to the Development Agenda

Ambassador Ong Keng Yong

Director, Institute of Policy Studies,
Lee Kuan Yew School of Public Policy, National University of Singapore

Keynote Address

International Volunteer Cooperation Organisation (IVCO) Conference 2010
Furama Hotel, Singapore
4 October 2010

Asia is a huge place and it is not easy to generalise in specific terms the diversity of this continent. For this Conference, I am looking at Japan, China, India and the Republic of Korea, and a small part of their foreign policy, that is, their role as donors of aid or providers of development assistance to developing countries. I will also cover what Singapore is doing in this respect.

Development assistance is traditionally given by developed countries to developing countries to assist in the recipient country's economic development, and improve social conditions within the country. Such assistance takes the form of loans, grants, infrastructure projects and human resource capacity building through training. Different countries adopt different approaches, depending on the resources available as well as their policy objectives in giving aid. With the growth and success of the Asian economies I am looking at, they are now providing more aid and development assistance. Their inclusion as donors has started to change the aid architecture.

The emergence of new actors in the donor scene no doubt represents tremendous potential for recipient countries. There are more resources available, greater selectivity and fewer conditions for aid reception. Yet, it has been argued that this move could also result in increased donor competition, fragmentation of efforts and reduced aid effectiveness and accountability.

Let us take a closer look at the Asian donors concerned.

Japan is still the dominant provider of development assistance in Southeast Asia. In earlier times, Japan and the Republic of Korea had received substantial foreign aid which they used to eradicate poverty and modernise their economies. China and India are still foreign aid recipients even as they provide assistance to poor countries around the world. The four

Asian countries are now using their first-hand knowledge and practical insights into the needs and processes necessary for foreign aid to be effective, to offer new perspectives and methods of managing such assistance. By doing so, they are providing recipient countries more policy and negotiating space.

In their aid policies, these four Asian countries have adopted the approach of minimal intervention in the domestic affairs of receiving countries. This is in contrast to the practice of traditional donors which see foreign assistance as an influential instrument of effecting desired economic, political and social development in the recipient states.

Japan

Japanese overseas aid originated in war reparations to Asian countries it invaded and colonised. Japan's method of aid giving is largely project-based and it incorporates a high share of loan financing. Japan has been criticised internationally as well as domestically for using aid as a vehicle to promote Japanese exports. However, the Japanese Government has continued to emphasise that the main rationale in its aid giving is "support for self help" and at the operational level, Japan follows a non-interference principle. Arguing that development or reduction of poverty is possible through meritocracy and self-help effort, Japan maintains that overseas development assistance can promote the development of recipient countries without substituting their self-reliance. Japan strongly believes that the promotion of productive forces is essential in reducing poverty. Furthermore, development cannot be realised without self-reliant endeavours by recipient societies. Aid must supplement not substitute efforts of 'self-help'.

China

China's donor history dates back to the 1940s. Under Mao Zedong, China maintained an aid programme shaped by the geopolitical rivalry with the US and the then Soviet Union. With Deng Xiaoping's administration, a new aid policy took effect under the motto: "Giving moderately and receiving a lot". By the year 2000, China had also provided large-scale humanitarian and emergency aid to countries hit by natural disasters. China began to involve itself in internationally coordinated aid programmes. China's aid has been linked to the expansion of trade and investment activities in countries rich in natural resources such as oil and gas. China is also increasingly providing aid to developing countries which are of economic interest to itself, or have some kind of association to Chinese objectives in international relations. Publicly, China proclaims that its aid policy is not determined by self-

interest and adopts a non-interventionist approach or non-attachment of political conditions in its aid programmes.

India

The earliest and largest beneficiaries of Indian aid are its immediate neighbours, Nepal and Bhutan. Since the mid-1960s, India's Technical and Economic Cooperation Scheme has involved more than 150 countries with a clear emphasis on unconditional technical and project-based cooperation. More recently, India's assistance strategy is determined by political factors, such as the strengthening of relations with other developing countries, and by economic factors like gaining access to markets or raw materials. Yet, other strategic concerns have been seen to be replacing the older models of Indian aid giving. A growing correlation has been observed between India's aid portfolio and either potential markets for Indian goods, or sources of raw materials and energy. India is predominantly promoting bilateral aid giving, but the Indian Government is now more open to participation in international humanitarian operations with other donors where such multinational initiatives are deemed more appropriate and useful.

Republic of Korea

The three-prong vision of aid giving by the Republic of Korea includes contribution to poverty eradication, support for sustainable development of developing countries, and improvement of conditions which would help advance Korea's relations with developing countries. The last element has been regarded as particularly self-serving and seen as a conditionality of Korean assistance. Korea's aid model promotes trade and the inducement of foreign investment, as well as the planning and management of market-based economic development. Basic healthcare, educational services and human resource development through high-quality education, research and training, are areas favoured by the Korean aid agencies. The Korean experience in eradicating poverty in 40 years through foreign assistance has been held out as a reference point, especially in shaping development policies and how to make the best use of foreign aid. The Korean case illustrates the importance of knowledge transfer and capacity building as a key driver of aid.

Singapore

When independence was thrust upon Singapore in August 1965, pressing problems such as high unemployment, housing shortages, inadequate infrastructure, poor social amenities and

an underdeveloped education system plagued the country. The Singapore Government launched an industrialisation programme to generate economic growth and to create jobs. The country received support and technical assistance in human resource development from developed countries such as Germany, France and Japan, as well as international organisations like the Colombo Plan, the United Nations Development Programme and the Commonwealth.

Having benefitted tremendously from international assistance, Singapore recognised the value of technical cooperation and the transfer of knowledge and experience to other countries. Its own technical cooperation and assistance to other countries has increased over the years. To better administer these diverse programmes, the Singapore Cooperation Programme (SCP) was established in 1992. Through the SCP, Singapore shares its developmental experience and public sector expertise with the developing countries through courses, seminars, workshops and study visits spanning a wide range of fields. From 849 participants in 1993, the SCP welcomed 6,729 participants in 2009. The SCP also reached out to 169 countries in 2009, compared to only 55 countries in 1993. As of August 2010, the SCP has trained a total of 71,419 officials from the 169 countries. In financial terms, the SCP's total commitment so far has exceeded SGD\$400 million.

Over the last five years, Singapore has spent more than S\$60 million under the SCP on technical assistance to ASEAN, training a total of 20,233 ASEAN officials. The key recipients of Singapore's assistance to ASEAN are the CLMV countries (Cambodia, Laos Myanmar and Viet Nam), as part of Singapore's contributions to the Initiative for ASEAN Integration (IAI). The IAI, which was launched in 2000, is aimed at helping narrow the development gap in ASEAN. Since then, Singapore has contributed more than S\$119 million to CLMV's human resource capacity development.

The four training centres, one each in Phnom Penh, Vientiane, Yangon and Hanoi, are the most visible showcase of Singapore's IAI contribution in CLMV countries. To date, more than 18,000 CLMV officials have been trained at the centres. Currently, an average of 25 to 30 courses are conducted at each of the training centres annually, covering six key training areas that CLMV countries and Singapore have collectively identified as priority areas. They are English Language and Communications; Trade and Finance; Information Technology; Public Administration and Governance; Tourism and Hospitality; and Environment and Health.

Lessons have been learnt by Singapore trainers who have conducted courses in the CLMV countries. The most popular courses are those on trade and investments, followed closely by those on tourism. When sharing Singapore's experiences, the trainers need to moderate and customise their syllabus to local conditions as each of the CLMV countries has a different development experience and one that is not similar to that of Singapore's.

Language differences are another significant cultural barrier when conducting training courses. Even though trainees need to have a minimum level of competence in the English language, the trainees' level of proficiency varies widely. As such, when teaching and communicating with trainees, trainers must be fully aware and conscious of this limitation. Trainers need to use simple English and speak clearly and slowly. The trainees respond better to practical activities and interactive modes of instruction.

Singapore will continue to share its knowledge, expertise and experience with ASEAN and other developing countries, both on its own, and in collaboration with international partners. Singapore believes that human resource capacity building in areas like economic development, good governance and education will help developing countries meet their own needs.

To sum up, how aid is handled by both donors and recipients will be a critical factor for success. Donors need to be focused on their commitments to the recipient country and not let global trends or individual country agendas influence aid giving. Asian donors are said to be more receptive to capacity building and sharing experiences with recipient countries. This way, the required capacity and skills at the local level can be developed effectively. At the same time, this approach could reduce the role of non-governmental organisations (NGOs) which are relied upon more extensively by non-Asian donors.

Volunteers

Whatever the form of aid and assistance provided, the key factor influencing its effectiveness is the men and women on the ground implementing the programmes. Many of whom are volunteers. We are now witnessing an unprecedented expansion of international volunteering and service, in both the numbers of volunteers and the number of sponsoring organisations. International volunteering and service brings many ordinary people into global affairs to promote peace, understanding, and to make tangible contributions to the well-being of people around the world. Yet, critics contend that international volunteering and service tends towards imperialism, reinforcing existing inequalities, or at best, is

ineffective in the face of global challenges.

Concerns have been raised about the value of international volunteers in enhancing development causes. International volunteering and service may affect social, economic, environmental, and political development; host organisation's capacity; intercultural relations; and civic/global engagement in host communities. Social development outcomes potentially include improvements in health, nutrition, education, or welfare services in host communities. It is said that local people may be better able to provide these benefits. The possibility of volunteers undervaluing local staff, local systems and practices, being inexperienced and reducing the incentive for local governments to set aside appropriate budgets and resources to improve the basic needs of citizens, has been argued to be an undesirable consequence of having such volunteers in development projects and aid programmes. In fact, the issue is one of matching and managing. If the focus on the "customer" is properly maintained, international volunteers can provide substantial gain for capacity building.

In more recent times, Asia's growing middle class has seen an increase in the number of individuals from professional backgrounds willing to dedicate their time to pursue noble causes outside of their own countries. These volunteers live on the same terms as their local counterparts, immersing themselves in the lives of the communities they serve. This allows for a greater appreciation of local cultures and promotes greater cooperation with their local counterparts in the uplifting of disadvantaged communities.

According to research carried out by experts, international volunteers are seen as approachable agents trying to bridge the gap between their countries of origin and the stark reality the less developed world faces. The impact of their volunteering does not cease with the mere provision of much-needed technical assistance, but also serves as a promotion of "two-way understanding and change between North and South". Upon their return home, these volunteers will also be well suited to promote development in their own communities, supporting equitable and sustainable development projects.

Interactions between people from different parts of the world through international volunteering and service may result in increased grassroots empowerment and could attract the attention of policy-makers. In the private sector, companies engaged in corporate social responsibility, including volunteering, might help 'jump start' the development of civil society. The constructive interaction among people from different countries and cultures may also increase intercultural knowledge and skills, leading to increased tolerance which could

contribute to community efforts aimed at reducing cultural tensions.

International volunteer and service programmes could also offer a model of global civic engagement and promote international cooperation. Community leaders and residents would then be able to gain greater international understanding and global awareness. Host communities would also be able to expand their international social networks, suggesting opportunities for social and political development.

Yet, international volunteer and service programmes in Asia may be more closely linked to the state through public-private partnerships and quasi-governmental relationships as compared to their counterparts in other parts of the world. The dependence on the public sector funding may also impair the work carried out as government budgets are reduced, or as a result of shifts in policy focus. International volunteer and service groups from Asia also face constraints such as the acquisition of appropriate knowledge base, requisite expertise, funding and “professionalisation” of their activities. As these groups continue to involve national, regional and international governance organisations, they should look towards developing their own expertise and competence, which will help define their agenda and priorities.

Conclusion

Successful long-term development is a complex process which depends on many factors. Two themes seem particularly important - the quality of governance in a country will greatly influence its development; and adapting economic policies that promote growth will contribute significantly to development. Compared to those two factors, foreign aid or development assistance is much less important in determining whether a country will achieve long-term economic growth and development. Foreign aid is likely to be most helpful when it is given to countries that maintain stable, honest governments and have adopted market-oriented, outward-looking economic policies.

As Asian aid donors become more self reliant and prefer to use their own experts and resources, there is an urgent need for a better understanding of the working culture and style of volunteers from non-traditional donors. Asia’s needs, priorities and challenges are changing dramatically. A period of adjustment by both giving and receiving countries is definitely necessary.

I am confident that this Conference will provoke thought and invoke creative ideas. In

closing, I would like to restate three points which I hope participants will take away from this event:

- Asia is growing fast and catching up with the developed world but it is a win-win development if we all seize the opportunities and make the best of them;
- The development agenda will be well served by the growing number of Asian donors as they want to make a difference and they bring many positive things to those in need; and
- International volunteering and service is flourishing because its canvass has been enriched by new participants and their commitment, creativity and customer focus.

I wish all of you a fruitful time of discussion and exchange.

Thank you.
