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## Fighting Poverty – Copy the Success?

### A comparative analysis of the potentials of the Philippines and Vietnam to repeat the South Korean Saemaul Undong rural development success

#### Topic and Research Question

Post-1945 witnessed several countries like Singapore, Japan or **South Korea** who demonstrated that a majority of the population can be rescued from poverty within a few decades. For South Korea a key element was the rural development program Saemaul Undong (SMU), *New Village Movement*, which helped a poor and underdeveloped South Korea to escape poverty on a large scale within only 20 years as from the 1960s.

Today, the development situation in some East Asian countries shows resemblances to South Korea in the 1970s, esp. in **Vietnam and the Philippines**, two countries that face the problem of rural poverty despite major reforms in the late 1980s. The author undertook two field trips to each country during which professors, organizations or government officials were interviewed as well as projects sites were visited. In both countries, the author witnessed that the will to follow the example of South Korea is expressed clearly. Based on these observations and other important parallels, this paper follows the question: Can Vietnam and the Philippines introduce a rural development program similar to SMU to generate similar success?

#### State of the Art

In the last decades, apart from Western scholars, more often also researchers stemming from the region have received more international recognition in the poverty discourse, which is often driven by the two regional organizations ADB and ASEAN (ASEAN 2008). For the two countries in this paper, Filipino and external scholars often analyze the relation between corruption and poverty (Briones 1999; Habito 2012; Johnston 2009) or opportunities for enhancing inclusive growth, especially in rural areas (Fuwa et al. 2016; Raquiza 2014). For Vietnam dominating aspects in poverty literature are the poverty-alleviating potential of further privatization (Heberer et al. 1999; Pham and Mohnen 2012; Yoon and Nguyen 2009) or strategies to promote pro-poor growth (Fritzen 2002; Kang and Imai 2012) and micro-finance (Quach 2005).

During the 1990s international organizations such as the World Bank or the ADB more prominently advocated the Community-Driven-Development (CDD) approach, which deviates from the Developmental State Theory (ADB 2006). Against the backdrop of

rising support for CDD, SMU became more frequently the unit of analysis (Do et al. 2016; Reed 2010), as it is based on local empowerment and participation. Apart from analyzing its success factors, the importance of the historical context and its impact for the development of South Korea (ADB 2012), more authors dedicated their work on its applicability to other countries (Baek et al. 2012; Jemal et al. 2013; Luan 2016). Several studies included criticism of SMU, especially the increasing rural debt, the urban-rural gap or the authoritarian political context under which SMU was carried out (Baek et al. 2012; Park 2009).

#### Methodology and Approach

The methodology is based on the SMU ideas. After explaining the historical context, the content and success of SMU, the analytical framework is developed by using those indicators that have been largely agreed in literature discussions to be the critical success factors: **(1) Governance and Structure** (Leadership, Mix of Top-Down and Bottom-Up, Land reform), **(2) Socio-Cultural Factors** (Homogeneous society with a strong sense of unity, Participation of Women, Transparency and Accountability), **(3) Human and Financial Capital** (Human Development, Infrastructure Investments, Access to Finance). Each subcategory is evaluated on a scale from 1-6 (worst-best), the top score thus being 54.

#### Main Facts

**(1) Governance** is rated the lowest in the **Philippines**. Although the government seems committed to poverty alleviation, this commitment is not constant, because each new government introduces new strategies and often ends previous programs. **(2) The Socio-cultural** category is rated high due to the success of women participation and the increased efforts in terms of transparency and accountability. A spiritual movement comparable to SMU is however unlikely in the Philippines, as the differences among people and the distrust towards the government seriously reduce the chances to initiate a country-wide campaign of trust and unity. Extreme inequalities of wealth and land possession, oligarchic structures in politics and deeply rooted corruption have to be overcome first. **(3) Like in SMU** the Philippines have spent much to increase the education quality and to align market requirements with training contents. However, too often the beneficiaries

of these new facilities are not the ones really in need. Poor people in remote areas remain stuck with low-quality education which does not prepare them to be economically productive. Furthermore their access to finances is often limited to informal sources.

**(1) Vietnam** achieves a high score for Governance, as the leadership is strong, shows long-term commitment and recently set out to allow for more decentralization through an empowerment program resembling SMU's structure, called New Rural Development (NRD). The practical effectiveness is however limited by corruption or lack of commitment. Furthermore Vietnam lacks a central oversight body like it was the case for SMU. **(2) Vietnam's** society is split between ethnic groups and a different mentality in the north and south. When a commune inhabits different ethnic groups, a harmonic cooperation might be difficult. The high engagement of women in agriculture helps them to benefit from projects. Vietnam's administration is weakened by low transparency, accountability and corruption which make the implementation of programs challenging. **(3) A** major challenge in Vietnam is the unequal degree to which people benefit from education, vocational training or finance access. While the ethnic majority and people in urban centers perform well on human development indicators, minority groups or villagers struggle. People residing in remote areas do not receive sufficient education, are denied formal access to funds and cannot rely on sufficient road networks.

#### Results

Premise # 1: Governance		
	Philippines	Vietnam
Leadership	3	4
Mix of Top-Down / Bottom-Up	3	4
Land reform	2	4
<b>TOTAL SCORE</b>	<b>8</b>	<b>12</b>
Premise # 2: Socio-Cultural		
	Philippines	Vietnam
Participation of Women	3	2
Homogeneous Society	2	2
Accountability and Transparency	3	3
<b>TOTAL SCORE</b>	<b>8</b>	<b>7</b>
Premise # 3: Human and Financial Capital		
	Philippines	Vietnam
Human Capital	4	3
Investments	3	3
Access to Finance	4	3
<b>TOTAL SCORE</b>	<b>11</b>	<b>9</b>
<b>TOTAL SCORE</b>	<b>27 of 54</b>	<b>28 of 54</b>

The NRD is a clear comparative advantage of Vietnam over the Philippines. Additionally Vietnam already carried out a successful land reform, which distributed land relatively equally. The limitation of limited private land usage however remains. Major disadvantages for Vietnam are providing adequate infrastructural, financial and educational means to rural people in remote places or ethnic minority groups. A big part of the improvements only benefits relatively well-off residents around major centers like Hanoi or Saigon.

Comparative advantages of the Philippines are the more wide-spread provision of education which to some extent attempts to teach practical skills required for employment and a more developed banking system incl. Microfinance. A still not fully carried out land reform is a big comparative disadvantage of the Philippines.

The conclusion **answers the research question negatively**. Currently the Philippines as well as Vietnam face too many obstacles to implement a rural development program based on the SMU premises.

#### References

All references can be found in the full version of the MA thesis available at <http://othes.univie.ac.at>.

#### About the Author

Ole Engelhardt completed a dual degree Bachelor of Arts in Business Administration at the HSBA, Hamburg while working in the Shipping sector. After further working and studying in Singapore and China, he started his MA in East Asian Economy and Society at University Wien which he partly completed at Yonsei University, Seoul, and during which he gained further work experiences at the UN, EU and private companies.

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