

The United Nations Development Programme and the Two Koreas

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Abstract

This paper examines the United Nations Development Programme's role in South and North Korea's economic development. The UNDP is not only the UN's lead agency for economic and social development, it is one of the few UN organizations to have worked with both countries in traditional bilateral arrangements, as well as in a multilateral initiative. Operating in South Korea from 1963 to 2009, the UNDP contributed to the nation's economic development by complimenting the government's policies. However, its role was minor compared to the government's own actions. Nonetheless, South Korea has served on the UNDP board four times since its UN admission in 1991, raising the country's diplomatic standing. After North Korea joined the UNDP in 1979, the organization's work in the country focused on improving food production and supporting industrial development. These activities helped improve the economic crisis since the 1990s. In the 1990s, the UNDP provided humanitarian assistance and scholarships to develop human resources. Pyongyang officials restricted the UNDP's work throughout the time it was active in North Korea. These violations led the UNDP to suspend operations in 2007. Since the early 1990s, the UNDP has supported the Tumen River Area Development Program, the only initiative that involved the two Koreas, as well as China, Russia and Mongolia. Although the UNDP facilitated initial contacts, it was unable to overcome longstanding animosities and disagreements. The successor Greater Tumen Initiative continues to languish.

Keywords: South Korea, North Korea, United Nations, United Nations Development Programme, Country Programs, Tumen River Area Development Program, Greater Tumen Initiative

Introduction

Much of research into the two Korea's relations with the United Nations (UN) focuses on the countries' interactions with the Security Council. It is more difficult to find studies dealing with the two Koreas'

involvement with particular UN agencies. This is especially true for research on North Korea. This paper seeks to fill this gap by examining South and North Korea's relationship with the UN Development Programme (UNDP). The UNDP is not only the UN's lead agency for economic development, it is one of the few UN organizations to have worked with both countries. The UNDP supported South Korea from 1963 to 2009 and North Korea from 1979 to 2007. In addition to its independent interactions with the two states, the UNDP supported South and North Korea in the Tumen River Area Development Program (TRADP).

After briefly describing the UNDP, this paper examines the UNDP's relationships with South Korea, North Korea, and both Koreas. The section on South Korea reviews the UNDP's early work in the country and successive Country Programs that began in 1972. The following section examines the UNDP's activities in North Korea, along with restrictions on the organization's work, and outcomes of its efforts. The TRADP section outlines the UNDP's involvement with the two Koreas, China, Russia and Mongolia in a regional development initiative, the only example of the UNDP working on an issue involving both Koreas. All sections seek to analyze the UNDP's contributions to social and economic development relative host-nation government policies and other explanations. These issues raise the questions whether UN member states can benefit from membership in the UNDP and whether members can influence the organization's agenda.

United Nations Development Program

The UNDP was founded based on the post-war belief that the developing countries needed multinational technical assistance to fill the gaps in domestic institutions and skills. In 1965, the UN's Expanded Program of Technical Assistance was merged with the Special Fund to create the synergize organizational functions. The resulting UNDP became the largest development agency in the UN system.

The UNDP's mission is to channel and fund structural assistance to developing countries. It works to build democratic societies, reduce poverty, prevent crises, assist in crisis recovery, protect the environment and curb the AIDS epidemic. Since 1990, the UNDP has issued the *Human Development Report* as a resource to provide expertise and intelligence to the benefit of member states. In 2007, the UNDP had approximately 7,000 staff members in 166 countries.

With an annual \$5 billion budget, the UNDP serves more as a fund than a program; it also manages another \$4 billion for other UN agencies and donor programs. The UNDP is funded through voluntary contributions from participating countries. It is led by an Administrator instead of globally recognized development specialists.

The administration and in-country staff establish the development goals for a particular country, who identify and prioritize the needs of the host country. They draft and periodically revise development plans. The final plans are implemented in the host countries through the UNDP's local offices.

South Korea's Relationship with the UNDP

Cooperative relations between South Korea and the UNDP began in 1963.¹ This includes eight years of work prior to the formalization of the Country Program, followed by seven four-year programs. The UNDP concluded its activities in South Korea in 2009. Under both frameworks, the UNDP provided South Korea government officials and organizations with professional advice and technologies to foster economic development. In the pre-Country Program period, the UNDP determined the type and scope of the projects. Following the formalization of Country Programs, the UNDP and South Korean government jointly determined projects. Table 1 outlines the UNDP's activities in South Korea from 1993 to 2009.

Table 1: UNDP Program by Sector and Period

Sector \ Period	Pre-CP	Country Program							Total
		1 st	2 nd	3 rd	4 th	5 th	6 th	7 th	
	63 - 71	72 - 76	77 - 81	82 - 86	87 - 91	92 - 96	97 - 04	05 - 09	
Industry	7	13	5	17	6	1			49
General Development	5	3	6	10	5	9	6	4	48
Science & Technology	2	5	5	6	12	2	3	4	39
Agriculture, Fishery & Forestry	14	9		5	2	3	3		36
Social Development		2		1	1	8	4	4	20
Education	4		1	1	2	1	1	3	13
Environment					1	4	4	4	13
Health	1	2	1	1		1	1	4	11
Employment		3		1	4	2		1	11
Natural Resources		2	3	2	2		1		10
Transportation			2	3		1		1	7
Information & Telecommunication	1	1		2			1		5
Statistics						2	1		3
Energy					1	2			3
Human Residence		1				1		1	3
Culture					1			2	3
Disaster Management						1			1
Total	34	41	23	46	40	38	25	28	275

Source: ROK Ministry of Education, Science and Technology²

The majority of the UNDP's programs focused on industry, general development, science and technology, and agriculture, fishery and forestry, which accounted for 172 of 275 programs during it supported.

Pre-Country Program Period (1963 to 1971)

During the pre-Country Program period, the UNDP largely determined the programs to be implemented with little input from the South Korean government. The South Korean government cooperated with the UNDP, believing that external assistance would supplement its own development policies. Following Major General Park Chung-hee's coup d'état on May 16, 1961, the new government prioritized economic growth. It established the Economic Planning Board in June 1961. The

board's initial economic development plan emphasized exports as a means to growth.

In 1962, the Ministry of Trade and Industry began to set annual export targets. Businessmen who met the government's targets received preferential credit and loans, administrative support, and tax benefits. South Korea's exports of light industrial products—textiles, clothing, and footwear—occurred at a time of rapidly expanding world trade. During the First Five-Year Plan, South Korea exceed its planned 7.1 percent growth rate, averaging 7.9 percent from 1962 to 1966. The Second Five-Year Plan was marked by the establishment of heavy and chemical industries (HCI), including steel, cement, shipbuilding, automobiles, and machine tools. From 1967 to 1971, Gross National Product grew at an average annual rate of 9.7 percent, against a planned 7.0 percent.

As shown in Table 1, most UNDP initiated during the First and Second Five-Year Plans concentrated on general development, industry, and agriculture, fishery and forestry.³ At first glance UNDP programs and government economic policies appear to diverge. A closer examination indicates the different focus of the two initiatives complimented one another. The South Korean government spent heavily to imports food staples such as rice, wheat, corn and beans to close a 16 percent shortfall in domestic production. In response, the UNDP and South Korean government prioritized increasing food production. In response, the UNDP supported institutes specializing in agricultural production, soil research, water management, and land reclamation, as well as supporting research in those areas.

In 1963, the UNDP provided training on soil management practices and established a laboratory to research the effective use of fertilizer. Through this program, the government established guidelines on the use of fertilizers by agricultural and ecological region. In parallel, the Ministry of Agriculture established the Soil Fertility Unit to supervise and coordinate field work, along with providing information to farmers and fertilizer manufacturers. The following year, the UNDP created a detailed map depicting the types of soil across the nation, aiding farmers in selecting the most suitable crops and expanding the varieties of crops grown in South Korea. In 1970, the government cooperated with three experts from the UNDP to adapt lessons learned from the soil management project. In 2009, the last year the Country Program operated in Korea, the nation-wide system of agricultural and forestry planning was still conducted on the basis of the original research results. At the

government's request, the UNDP also supported \$1.13 million in research and training for plant protection that significantly reduced loss of crops caused by diseases or insects and raised food production.⁴

The UNDP played a similar role in supporting South Korea's fishing industry. In 1965, the UNDP and the Food and Agricultural Organization (FAO), which served as executing agency, assisted the government in establishing the Deep Sea Fishing Training Centre in Pusan. The Centre trained more than 2,500 fishermen from 1968 to 1975 to support the nation's fishing industry. In 1975, the government transformed the center into an international training facility, teaching Koreans and foreign students from across Asia. The Deep Sea Fishing Training Centre became the core of the government's efforts to train fishermen. By 2016, the renamed Korea Institute of Maritime and Fisheries Technology continued to train more than 250 students annually. Like the 1964 national map of soils, the center has had long-term benefits to South Korea.

The Fine Instruments Centre is another example of the UNDP's early initiatives. In 1966, the UNDP and the UN Educational, Scientific and Cultural Organization (UNESCO) assisted the government in opening a Fine Instruments Centre. As part of the National Industrial Research Institute, the Centre trained technicians to produce and service scientific instruments, helped strengthen skills of engineers, and offered advisory services to industry on instrumentation. The Centre's staff helped develop up-to-date calibration standards that enabled Korean products' to successfully compete in global markets. By providing quality management services, the Centre helped improve the reliability of the electronics manufacturing companies that led South Korea's export growth. The Centre is currently known as the Korea Testing Laboratory, but retains its original mission of working to advance industrial technology.

In 1967, UNDP, together with the FAO, assisted the government with a five-year project on conducting technical studies of upland reservoirs to manage water for farmlands. Covering a watershed area of approximately 100,000 hectares, the project evaluated the economic feasibility of introducing a comprehensive watershed development and management system to enhance agricultural productivity. The government used the project's findings in the wake of the 1974 global food crisis, directing projects to improve drainage to improve crop production in staple crops including rice and barley. The UNDP provided support to implement three sample drainage projects covering 2,000 to 4,000 hectares of land between 1975 and 1978. Using newly introduced construction technologies for

modern drainage facilities, the projects prevented flooding, improved soil conditions in waterlogged areas and increased agricultural yields and land use.

The UNDP's last initiatives prior to beginning Country Programs was the establishment of the Telecommunication Training Centre in 1968. With the assistance of the International Telecommunications Union (ITU) as executing agency, the UNDP trained technicians to operate, service, and maintain telecommunications equipment. The specialized courses were taught in Seoul and ranged from four to 12 months in duration. Separately, the UNDP and the International Labor Organization set up the Central Vocational Training Institute. The UNDP paid \$2.62 million to hire experts, as well as pay training and equipment expenses. The institute educated over 50,000 students since its establishment and is now part of Korea Polytechnics University. According to a 2009 assessment by the Ministry of Education, Science and Technology, the institute contributed significantly to the development of skilled manpower. Lastly, the UNDP established the Korea Design and Packaging Center to train designers and improve packing standards. The total UNDP support during the pre-Country Program period amounted to \$17 million and helped South Korea build basic organizations and develop institutional capabilities.

Country Programs

When the First Country Program started in 1972, the South Korean government began to be involved in evaluating the needs for specific programs reflecting strengthened capabilities. As seen in Table 1, most programs implemented during the First Country Program were in industry, agriculture, fishery and forestry, and science and technology. The shift reflected the UNDP's support for the government's industrialization program that occurred concurrently. Seoul's Third Five-Year Plan aimed to raise the amount of HCI products as a percentage of GNP and exports. To support this aim, the government founded technical high schools, directed improvements to engineering college curricula, and ordered the expansion of industrial training at individual companies. The government facilitated the introduction of technology—primarily from Japan—on a large scale.⁵

UNDP support during the First Country Program supplemented the government policies. The UNDP provided advisors, overseas training sessions and basic equipment to the Shipbuilding Industry Technical Services (SITS), which the government established in 1973 to enhance the

level of technology and manpower. By transferring shipbuilding welding and steel fabrication technologies, the UNDP helped South Korea acquire the second largest market share in shipbuilding by the late 1980s. The Semiconductor Technology Development Center was another prominent initiative the UNDP supported during the First Country Period. The center supported the development and distribution of semiconductors and integrated circuits to meet electronic industry's rising demand. The UNDP-supported Port Development Study provided a roadmap for modernizing port facilities at Pusan and Incheon. This initiative was further supported with capital from the World Bank and the Asia Development Bank, as well as domestic labor.

The Second Country Program emphasized technology-intensive industries to enhance global competitiveness. The program ran concurrent with the Fourth Five-Year Plan, which continued policies emphasizing the development of HCI. To meet increased requirements for skilled manpower, the UNDP designed a technical qualification testing program to evaluate the skills of engineers and technicians. Based on the UNDP's technology classification guidelines, the government established the Technical Qualification Testing Agency under the Ministry of Science and Technology.

UNDP programs implemented during this period paralleled the government's development strategy. Almost half of the programs supported industry and science and technology; there were none in agriculture. According to a 2009 study by the Ministry of Education, Science and Technology, the UNDP-supported technical assistance to engineering and technology schools during this time contributed significantly to improving the supply of skilled manpower. However, the assessment does not consider the impact of government policies in the same field. During the first two Country Programs, UNDP support amounted to \$14.5 and \$14.9 million, respectively.⁶

The Third Country Program focused on strengthening policy planning capabilities for national development, cultivating technical capabilities for enhancing competitiveness in HCI industries, and developing the energy sector. The UNDP's program occurred during the same time period as the government's Fifth Five-Year Plan, which changed the direction of industrial policy from supporting strategic industries to more general assistance. This included support for manpower training and research and development (R&D). The Ministry of Education, Science and Technology assessment of the Third Country Program concluded that programs on

statistics, restructuring, development planning and performance evaluation of state-owned enterprises significantly enhanced the government's policy planning capabilities.

The most notable change during this period was South Koreans serving as national project coordinators instead of foreign experts. The UNDP office in Seoul continued to provide logistical support. Another major change was the UNDP's initiatives to promote technical cooperation among developing countries. In the early 1980s, South Korea began to share its successful experience with other developing countries at international seminars or conferences.

The majority of programs remained focused on industry. However, the ten general development programs reflected a shift in focus toward strengthening government capabilities through such activities as policy research on energy and economic restructuring. Additionally, the UNDP supported programs to improve national statistics and revise the government's Fifth Five-Year Economic Development Plan. UNDP support during this period reached \$13.8 million.

The Fourth Country Program helped establish R&D institutes in industrial engineering, toxicology, pharmacy, textile dying, fishery, and mining and exploration. The Sixth Five-Year Plan (1987 to 1991) had a similar objective of promoting R&D. The Fourth Country Program's cases remained concentrated in industry, general development, and science and technology. UNDP support amounted to \$12.85 million; South Korea contributed \$540,000.

During the Fifth Country Program, the UNDP introduced the National Execution System (NEX), which entitled the government to lead implementation of the programs that judged to be successful in terms of cost and effectiveness. The NEX system helped ensure the sustainability of the programs after support from the UNDP ended. Other significant change was the during this period included increased attention to environmental protection, promotion of women's participation in society, and expansion of vocational training. Reflecting this trend, general development and social development were the largest number of programs implemented. Separately, South Korea began transferring technology to developing countries. Finally, in 1993, South Korea became a net-contributor country, contributing more international assistance than what it received. South Korea had transformed itself from an aid recipient to an aid donor and had passed through the stage of a developing country.⁷ Reflecting the new status, the UNDP programs promoted regional

cooperation such as the Tumen River Area Development Program (TRADP). UNDP support amounted to \$4.9 million whereas South Korea paid \$9 million.⁸

Following UN admission in 1991, South Korea was elected a board member of the 48-member UNDP in April 1992. Following a successful first term from 1993 to 1995, South Korea served three additional terms on the board: 1998 to 2000, 2008 to 2010, and 2012 to 2014. Because the UNDP is one of the UN's central agencies in the economic and social field, board membership reflected not only South Korea's successful growth from a developing to developed country, but also provided Seoul with diplomatic influence within the UNDP's Executive Board (EB). The EB is made up of representatives from 36 countries that serve on a rotating basis. Through its Bureau composed of representatives from five regional groups, the EB oversees and supports the UNDP's activities, ensuring the organization remains responsive to the evolving needs of program countries. South Korea has been very active as a member of the EB's Asian-Pacific regional group. EB members and observers actively engage on UNDP decision-making through formal (three per year) and informal sessions. Board membership enabled South Korea to enhance its role within the UN.

Towards the end of the Fifth Country Program, the UNDP named South Korea as a model country for economic development. The UNDP decided to terminate aid at the program's conclusion. However, because of the 1997 Asian economic crisis and inter-Korean tensions, the UNDP elected to continue to provide support through the hastily arranged "Follow-up Program 1998 to 1999." Renamed the Country Cooperation Framework (CCF), the UNDP continued its work in two distinct phases, 1998 to 2000 and 2001 to 2004. The first phase was aimed at developing national capabilities to implement sustainable human development in such areas as the environment, science and technology, gender equality and poverty. Although general development and science and technology remained important, social development and environment accounted for one third of programs implemented.

In the second phase, South Korea's status within the UNDP advanced from a net contributor to a development partner. In conjunction with the UNDP, South Korea focused on pursuing technology cooperation with developing countries and diffusing best practices rather than the more limited role of funding the UNDP. South Korean financial support totaled

\$5.16 million, significantly eclipsing the \$880,000 paid by the UNDP and reflecting the nation's increased economic power.⁹

During the Seventh Country Program, the UNDP planned programs from the outset that the organization would end its support and withdraw from the country. The purpose of the programs was to share South Korea's successful experience with developing countries. The UNDP advised the government to design the programs in alignment with the UN efforts, including the elimination of poverty, Millennium Development Goals, and results-based management. It also tried to make sure that such programs would be demand-driven.

The programs implemented during the Seventh Country Program were more equally divided than previous periods. From 2005 to 2009 there were four cases each in general development, health, social development, science and technology and environment. The programs implemented in those areas were all international cooperation programs supporting developing countries, including Vietnam, Cambodia, Laos, Indonesia, Malaysia and Mongolia. The majority of programs were intended to strengthen capabilities of recipient countries and concentrated in areas where South Korea had abundant experience: education, health management, and science and technology. These programs were exclusively financed by South Korea, which paid \$13.9 million. The UNDP withdrew from the country in 2009, closing an office that had provided service since 1963. Since its inception, UNDP contributions amounted to \$78.8 million, while South Korea paid \$28.6 million.

In November 2009, South Korea became a member of the Organization for Economic Cooperation and Development, Development Assistance Committee (OECD/DAC). The following October, the country engaged with a special unit within the UNDP for South-South Cooperation. Seoul provided capital to facilitate cooperation with developing countries. In 2011, the UNDP returned to Korea as the UNDP Seoul Policy Centre (USPC). The USPC's objective was to broker new partnerships between South Korea and the developing countries through UNDP networks. The USPC has since represented the UNDP in South Korea and worked with the country on global issues. One of USPC's key tasks is to share development experiences with other countries. The Development Solutions Partnership (DSP) is a key means to fulfill this mandate.

DSPs leveraged South Korea's experience and knowledge to exchange lessons learned and foster peer-to-peer mentoring. The DSPs channel seed

funding and technical support to partner countries through existing project facilities of UNDP Country Offices. DSPs create and deepen triangular cooperation among South Korea, the UNDP and partners in developing countries. DSP initiatives use the UNDP's convening power and the national implementation modality of UNDP projects to maximize the partner government's ownership of programs. The USPC initiated the DSP program in 2014. To date, it has implemented three DSPs with five partner countries—one for effective anti-corruption assessment, a second program for transparent public construction management, and the most recent program centered on gender-based violence.¹⁰

In an assessment of the UNDP's activities, the Ministry of Education, Science and Technology noted, "... the UNDP's support has played a very important role in South Korea's industrialization, democratization and development process to become one of the advanced countries." While making the statement, the study fails to examine the UNDP's contributions to democratization. This error notwithstanding, the assessment affirms the UN's role to provide expertise and intelligence to the benefit of member states.

This is a highly questionable assessment. Historical legacy, government policies, foreign trade, the introduction of foreign technology and foreign capital, and economic relations with the United States and Japan also contributed to South Korea's economic development.¹¹ Additionally, the United States provided South Korea with \$13 billion in economic and military aid from 1945 to the late 1970s, dwarfing amount provide through the UNDP support. Foreign technology licenses follow the same pattern: the South Korean government and industry acquired 5,306 licenses from various sources from 1962 to 1988. The UNDP obtained 144 licenses over a largely similar period.¹² Thus, the UNDP played a minor role in a complex development process, largely supplementing government initiatives.

North Korea's Relations with the UNDP

North Korea joined the UNDP in June 1979 and signed an agreement on technical cooperation in November of that year. In December 1980, the UNDP opened a resident office in Pyongyang, the only UN agency in the country. Whereas South Korea's UNDP contacts were intended to enhance early stage economic development, the UNDP's work in North Korea focused on assisting the country in overcoming its economic difficulties. Joining the UNDP allowed the North Korean government access to

technology and capital in accordance with the UN's role of providing needed knowledge or expertise to member states. The Pyongyang government regarded the UNDP—and similar international organizations led by countries including the United States and Japan—as tools for imperialistic exploitation to deepen the dependency of less developed countries. Accordingly, the country's decision to work with the UNDP was unprecedented.

The UNDP's work in North Korea focused on improving food production, as well as enhancing economic and environmental management. UNDP employees or contract personnel held the most senior positions, while local North Korean citizens held the remaining administrative, clerical, development, and support positions. The government did not permit the UNDP to hire local staff. Instead, the regime selected government officials for positions within the UNDP. Similarly, North Korea refused the UNDP access to project sites without prior approval, with government officials typically requesting a week's notice. Once approved, North Korean authorities closely monitored UNDP staff during visits. In contrast, the author found no evidence the South Korean government restricted the UNDP's work.

During the first two periods the UNDP operated in North Korea—1980 to 1986 and 1987 to 1991—it supported 71 projects valued at \$42 million. The projects focused on technical development in the nation's backward industrial sector, along with support to agriculture and fisheries. A signature achievement of the program was the completion of an integrated circuit test factory in 1987. UNDP activities during North Korea's Third Five-Year Plan (1987-1993) took place during the collapse of the socialist bloc and the first nuclear crisis. These events led to the loss of Pyongyang's principal allies and trading partners.¹³ At this time, UNDP support was critical to make up for lost trade and support.

The UNDP's third period of support occurred from 1992 to 1996. During this time, the UNDP provided \$26 million for energy development, policies to prevent environmental pollution, and international cooperation initiatives. In January 1993, North Korea and UNDP signed an agreement on energy cooperation at a time when the country was in the midst of a severe energy crisis following the sharp fall in imports from Russia and other principal suppliers. The UNDP introduced advanced equipment and technology to alleviate chronic shortages. Following the signing of September 1993 agreement on intellectual property rights in industry, North Korea received information on advanced countries' production

technologies in the form of licenses, utility models, trademarks, and design. In October 1995, the UNDP supported the modernization of transformer production facilities. As a result of these initiatives, North Korean raised its production of gaseous and liquid chromatographs to international standards. Additionally, North Korean factories producing vinalon reduced energy consumption by more than 50 percent.

According to the British scholar Hazel Smith, UNDP research during the 1990s produced the most reliable information on North Korea's macro socio-economic indicators, including GDP, per capita income and trade volume. Since 1995, the UNDP coordinated the large volume of UN research undertaken by the international body. Data include detailed evaluations of nutrition, food, and agriculture.

North Korea's requested urgent assistance through its UN mission in the wake of severe flooding in August 1995. Supported by the UNDP's Pyongyang Office, the World Health Organization (WHO), the UN Children's Emergency Fund (UNICEF) and the FAO completed a joint survey of the food crisis and relief efforts. Pyongyang's request was unprecedented as North Korea had prided itself on the *juche* of self-reliance, attempting idea to find internal solutions to its problems. As was the case with its UNDP entry, North Korea acted pragmatically. Subsequently, international organizations began to provide humanitarian assistance to North Korea. According to the South Korean scholar Kim Kun-sik, humanitarian assistance from the World Food Program, FAO and UNICEF made the most decisive contributions to resolve the food crisis following the flood.¹⁴

From 1996 to 1997, the UNDP provided \$4 million to the Agricultural Relief and Rehabilitation Program to restore flooded farming land, build dikes and develop waterways and rivers. Support included excavators and bulldozers, 6,500 tons barley seeds, and 800 tons of fertilizer. From 1997 to 1999, the UNDP supported projects totaling \$9.6 million, including construction of a business center in Rajin, pollution prevention measures, and materials to support a second planting (double cropping).

In April 1998, the UNDP helped modernize Pyongyang's Soviet-era power generation equipment. The UNDP developed and implemented a plan to reduce energy consumption by the coalmines in the Anju area in August 1998, reducing the need for wood and the accompanying deforestation. The following month, the Rajin Business School opened to train local personnel to support the anticipated foreign businesses

investment in the Rajin-Sonbong area. The UNDP and UN Industrial Development Organization (UNIDO) provided capital and technical assistance to the school. The UNDP also supported completion of the 2002 opening of the Pyongyang Information Centre, which provided information technology training. In another example of the UN's role to provide expertise to benefit member states, the UNDP provided scholarships to improve management and computer skills. The training occurred during North Korea's economic crisis and officials showed considerable interest in learning about the market economy. The UNDP and UNIDO supported training for 91 officials.

North Korea's interactions with the UNDP are the best example the author has found contradicting the opinion by the South Korean scholar Chi Young Pak that Pyongyang's political system has been an obstacle to meaningful participation in UN activities. Data on UNDP support indicate that North Korea benefited from its long-term relations with the agency at a time when the country experienced an economic and food crisis. However, restrictions on the UNDP's activities, challenges in collecting data, and shorter period of support make comparisons with the UNDP's work in South Korea somewhat difficult.

Later, as a result of the second nuclear crisis in 2002, the global community got a negative opinion on aid to North Korea which in 2005 itself refused to receive humanitarian aid. In 2006, UNDP resumed aid but due to the hard line American policy towards the DPRK interrupted it in 2007. Non-transparent accounts, payments of hard currency, selection of local staff and contents of projects were the points raised but North Korea refused to accept them.

The situation aggravated when it became publicly known in 2007 that the DPRK government had convinced the UNDP to provide hard currency payments without even minimal safeguards or supervision. The United States claimed that at least since 1998 those funds had gone to the hands of the Kim Jong-il regime. The money could have helped fund its nuclear program. North Korea dictated hiring for UNDP personnel and denied the agency the ability to supervise projects freely. When the American mission to the UN questioned these activities, UNDP denied the United States access to internal audits and other relevant information. Following these management and operational concerns violating UN rules, UNDP suspended in March 2007 its operations.¹⁵

The UNDP informed the government that it would be unable to continue operating in the country unless it, among other steps, agreed to a) accept all UNDP payments using the local North Korean currency instead of convertible currencies, b) permit UNDP to select the local staff who would work in its offices and c) ensure on-site project inspections would take place without delays. The local staff was not recruited according to merit but was nominated by the government that was the exclusive national partner. Since North Korea declined to agree to these changes in UNDP work, negotiations over these and other matters broke down. In April 2007, UNDP withdrew its staff from North Korea and closed its office. UNDP had also been hindered in its work by government monitoring of all correspondence and reluctance to allow radios and satellite phones.

However, after UN Secretary General Ban Ki-moon in 2007 had announced a flash appeal following floods in the North negotiations between the DPRK and UNDP took place. Subsequently, after a roadmap was devised by the Nemeth Panel (named after the former Hungarian Prime Minister Miklos Nemeth) in June 2008 to meet the conditions for the return of UNDP, in January 2009 the UNDP Executive Board authorized UNDP to re-establish its presence in North Korea. For instance, UNDP would resume six projects that were suspended in March 2007, discontinue the subcontracting of national staff via government recruitment and embody a more competitive recruitment process of national staff and make local payments in local currency. The UNDP Pyongyang office reopened in October 2009, local staff was hired according to newly agreed-to practices and, from October to November 2009, international staff was engaged, headed by the UN Resident Coordinator/UNDP Resident Representative. Six projects in agriculture, rural energy and statistics on the Millennium Development Goals were updated and resumed in 2010. In 2013, the operative UNDP office in Pyongyang took care of business of 12 other UN agencies and led cooperation between them.¹⁶

The Tumen River Area Development Project

The sole example of the UNDP working on an issue involving the two Koreas is the Tumen River Area Development Project (TRADP). It is unclear who first advocated the idea of developing the area. However, as Cold War moods began to thaw, academics in Northeast Asia began to advocate for regional cooperation. In July 1990, at the UNDP-supported

Conference on Northeast Asian Economic and Technical Cooperation held in Changchun, a government representative of China's Jilin Province expressed a wish to turn the Tumen River delta region into a hub for international transport, trade and industry. The UNDP announced its support for the project in July 1991. The TRADP's objectives were in line with UNDP's mandate in the areas of poverty eradication and sustainable livelihoods by encouraging national, regional and global dialogue, developing environmental and natural resources, and improving regional capacity to monitor and assess environmental conditions.

The UNDP's status as an outside agency was to facilitate discussions in a region characterized by conflict and historical tension. The UNDP played an important role in fostering cooperation. Participating countries trusted the UNDP as an agency pursuing common global benefits. In particular, the UNDP enabled a deeply distrustful North Korea to engage with regional countries by working through the agency and not a particular country.

In October 1991, the UNDP presented its "Vision for the Development of the Tumen River Area." It was a bold document that envisioned \$30 billion in infrastructure development over 20 years that would turn the region into the Hong Kong of Northeast Asia. That same month, Pyongyang hosted the UNDP Northeast Asia Mediation Business Meeting, which formally launched the TRADP. Because the UNDP managed to create consensus among the partners involved, a Program Management Committee (PMC) with government representatives from the two Koreas, China, Russia, and Mongolia was formed. To attract foreign capital, the North Korean government designated the Rajin-Sonbong (Rason) area a free economic and trade zone in December 1991. Pyongyang also designated Rajin, Sonbong and Chongjin free trade ports, as well as pledging to reduce or waive corporate income taxes and exempt foreign companies from customs duties. Partner countries hoped the zone would become a transit transportation center, an export-processing base and a base for international tourism. However, North Korea's declaration to withdraw from the Nuclear Non-Proliferation Treaty halted progress in March 1993. Politics prevented further development.

The pause allowed diplomats and technocrats time to review original assumptions and actions to date. The UNDP had proposed to lease land from China, North Korea and Russia, establish the Tumen River Area Development Corporation, and construct a special economic zone under joint international management. However, the involved countries could

not reach an agreement and the proposal was abandoned in early 1994. Following a January 1994 meeting of practitioners in New York, the UNDP changed its focus from master planning to progressive discussions. At the fourth PMC meeting in Moscow in July 1994, the UNDP turned over responsibility for leading the initiative to the concerned countries and assumed a supporting role. Going forward, the UNDP would promote the TRADP, attract investment, and arrange workshops on transport and tourism. This arrangement—the UNDP coordinating developments and participating governments assuming responsibility for development in their respective countries—remained unchanged through 2004.¹⁷

In December 1995, the PMC was replaced by two committees: North Korea, China, and Russia were members of the Tumen River Area Development Coordination Committee; the two Koreas, China, Russia and Mongolia participated in the Consultative Commission for the Development of the Tumen River Economic Development Area and Northeast Asia. Japan participated as an observer. Like the PMC, both committees served as a means for coordination between the countries interested in developing the region. All parties signed the Memorandum of Understanding on Environmental Problems Relating to the Tumen River Economic Development Area and Northeast Asia. The Tumen Secretariat was set up in Beijing to implement the three agreements. Although the Coordination Committee and the Consultative Commission held six meetings from 1996 to 2002, development of the Tumen River area stagnated.

North Korea held the Rajin-Sonbong International Investment Forum in September 1996. Investors pledged \$834.5 million to support 30 investment projects at the forum. However, actual investments totaled \$88 million, concentrated in infrastructure, hotels, communications and tourism. The Hong Kong Emperor Group completed the Emperor Casino Hotel in 2000, but many projects were later cancelled. The UNDP reported some progress in developing the zone as a transportation center and a base for international tourism. However, there was no progress in establishing an export-processing base by 2000 due to severely underdeveloped infrastructure.

In 2004, foreign companies that had invested in Rason highlighted the challenges of doing business in the region. These included a lack of infrastructure, delays in obtaining central government permits, and requirements to employ local staff. The North Korean government established the wages for all workers employed. Because of these and

other problems, planned foreign investments never materialized. In particular, neither the Government of Japan nor Japanese private investors committed to supporting the project. The historical acrimony that marked relations between Tokyo and Pyongyang was exacerbated by North Korea's admission that its agents had kidnapped Japanese nationals.

During this time, South Korea supported the development of the Tumen River area by participating in UNDP-led conferences and providing financial support. By the end of 2000, South Korea had provided \$4.06 million to support the UNDP's work. In addition to improving relations with North Korea through multilateral cooperation, Seoul's enthusiasm may be traced to the number of South Korean companies expanding into the area to market services to the ethnic Koreans who accounted for 40 percent of the Yanbian (Yonbyon) region's population.¹⁸ However, by 2004, South Korea expressed more interest in developing the Mount Kumgang tourist project and the Kaesong Industrial Complex. Coupled with North Korea's indifference to South Korean investments, Seoul ceased supporting activities in the Rason region.

Greater Tumen Initiative

Recognizing the process was stalled under the TRADP, the UNDP supported the Greater Tumen Initiative (GTI) in September 2005. The GTI was a wider intergovernmental regional cooperation mechanism involving the two Koreas, China, Mongolia, and Russia. The GTI would concentrate on transport, tourism, energy, investments and the environment, with participating nations contributing to a joint fund. The GTI agreement extended the December 1995 agreement ten years.

The GTI was unable to overcome many of the same obstacles faced by the predecessor TRADP. North Korea withdrew from the GTI in November 2009, upset with the lack of foreign direct investment and angered by the sanctions imposed by the UN Security Council over its nuclear program. Because of its geographical position, North Korea was critical to the project and its withdrawal disappointed other members.

However, a more fundamental reason for the GTI's failure was the organization's excessive expectations. Neither the TRADP nor the GTI was successful in attracting the foreign capital critical to the project or building confidence among the different political and economic systems of partner countries. Like the TRADP, the UNDP-supported GTI's long-term vision was insufficient to overcome the distrust and animosity that characterized relations among countries in Northeast Asia. The UNDP

exacerbated this problem by transferring authority to participants too early in the process, thereby widening tensions among them.¹⁹ As of this writing, the GTI had obtained no concrete results and remained as a loose agency for economic cooperation.

Conclusion

The UNDP is the UN's leading agency for economic and social development. South and North Korea have worked with the UNDP separately, as well as part of a regional consortium. The UNDP worked with South Korea from 1963 to 2009, primarily through a succession of Country Programs that focused on general development, industry, science and technology, and agriculture, fishery, and forestry. UNDP efforts complimented government initiatives at the outset of the nation's economic development. Although these programs provided expertise to enhance development, the UNDP's contributions are minor compared to government policies designed to expand trade, introduce foreign technology, and acquire foreign capital. Sustained and substantial American military aid also contributed to South Korea's economic development. By the 1990s, South Korea had advanced to the point where it became an aid donor, supporting developing countries through the UNDP. South Korea served on the UNDP board on four occasions since being admitted to the UN in 1991, influencing the selection of projects undertaken by the UNDP and raising its own international standing.

The UNDP and North Korea began working together in 1979, focusing on improving food production and supporting technological development of industry. From the outset, North Korea viewed the UNDP as a tool for imperialistic exploitation that contradicted its *juche* ideology. Nonetheless, Pyongyang's desire to acquire technology and capital from the UNDP that revealed a practical approach to dealing with the international organization. In the 1990s, the UNDP also provided humanitarian assistance and scholarships to develop human resources and undertook research on socio-economic conditions.

It is difficult to make a comparative assessment of the UNDP's role in the economic development of South and North Korea. The agency entered each country at different points in their respective stages of development and operated for different periods of time. The scope of the programs differed, as did the amount of data generated and collected by various programs. North Korean authorities restricted the UNDP's work in the country. Pyongyang's eventual violation of UN principles led to the end

of the UNDP's activities. Nonetheless, the UNDP's work in South Korea can be viewed as complimenting government policies while its efforts in North Korea helped improve a difficult economic situation that would have been worse without the UNDP's involvement.

Since the early 1990s, the UNDP has supported the TRADP and its successor, the GTI, involving the two Koreas, China, Russia and Mongolia. Both programs sought to foster regional cooperation. Although the UNDP played a constructive role in an initially promising idea, it was unable to overcome many longstanding obstacles including the partners' unwillingness to cooperate. Failure in these initiatives may also be attributed to the UNDP's focusing on long-term benefits, neglecting regional animosities, and prematurely transferring responsibilities to individual countries, thereby exacerbating tensions among the participants. Lastly, the absence of Japanese capital and technical expertise created additional challenges for these ambitious projects.

Notes:

¹ Since Ministry of Education, Science and Technology, *The Republic of Korea and the United Nations Development Programme (UNDP)* (n. p., 2009) does not say when UNDP was founded on p. 4, different years are recorded here and on pages 2 and 4.

² Ministry of Education, Science and Technology, *ibid.*, pp. 18-19, Table 2-1 and 2-2. **Note:** In *ibid.*, pp. 94-108, 282 UNDP programs are enumerated. It is unclear what explains the difference from the above figure.

³ Ministry of Education, Science and Technology (*ibid.*, pp. 18, 22, 24, 27) does not define "general development."

⁴ Stephen Browne, *The United Nations Development Programme and System* (Oxon and New York: Routledge, 2011), pp. 7, 17, 18, 19, 48, 53; table 2.1; Gabriel Jonsson, *Shipbuilding in South Korea: A Comparative Study* (Stockholm University: Institute of Oriental Languages. Stockholm East Asian Monographs 8. PhD thesis, 1995), pp. 24-25, 26; Carl Levin and Norm Coleman, *United Nations Development Program: A Case Study of North Korea* (Washington: United States Senate, Permanent Subcommittee on Investigations, 2008), pp. 6-7, 8; Ministry of Education, Science and Technology, *ibid.*, pp. 18-19, 28; table 2-3, 37-38, 39; Ministry of Education, Science and Technology, *ibid.*, pp. 4, 18, 19, 20, 21, 22, 23, 25, 26; Park, Heung-Soon, "Yuen-ûi kiwôn, palchôn, yôkhal-gwa kukche sahoe" ["The Origin, Development and Role of the UN and the Global Community"], in Park, Heung-soon, Cho, Han-Seung and Chung, Utak (eds.), *Yuen-gwa segye p' yônghwa [United Nations and World Peace]* (Seoul: Tosô ch'ulp'an Oruem, 2013), pp. 64, 65; Park Hye-jin, (ed.), *UNDP-Korea at 50: Retrospect and Prospect* (n. p., 2016), pp. 8-9.

⁵ Jonsson, *ibid.*, 1995, pp. 27, 28; Ministry of Education, Science and Technology, *ibid.*, pp. 19-20, 28; Table 2-3, 40; Park, *ibid.*, 2016, pp. 10, 12, 14-16.

⁶ Jonsson, *ibid.*, 1995, pp. 28, 29; Ministry of Education, Science and Technology, *ibid.*, pp. 20-21, 28; Table 2-3, 40, 43, 44, 45-47, 48; Park, *ibid.*, 2016, p. 22.

⁷ After having received \$13 billion from the United States, multilateral development and non-governmental organizations (NGOs) as well as other foreign aid donors over the four decades after World War II, South Korea began to provide official development assistance in 1987. Contributions rose from \$24 million in 1987 to \$1.551 billion in 2012. The figures do not include assistance provided to North Korea. From Terence Roehrig, “South Korea, Foreign Aid, and UN Peacekeeping: Contributing to International Peace and Security as a Middle Power,” *Korea Observer*, vol. 44, no. 4 (Winter 2013), pp. 625-628.

⁸ Jonsson, *op. cit.*, 1995, p. 31; Ministry of Education, Science and Technology, *op. cit.*, pp. 4, 21-24, 28; table 2-3, 81.

⁹ Chung, U-tak, “Hanguk-gwa kukche kigu: yöksajök koch'al” [“South Korea and International Organizations: An Historical Study”], in Park, Heung-soon, Chung, Utak and Lee, Shin-wa, *Kukche kigu-wa Han 'guk wegyo - iron gwa silche [International Organizations and Korean Diplomacy]* (Seoul: Tosô ch'ulp'an Oruem, 2015), p. 34; Gabriel Jonsson, *South Korea in the United Nations: Global Governance, Inter-Korean Relations and Peace Building* (London: World Scientific Publishing, 2017), p. 79; Ministry of Education, Science and Technology, *ibid.*, 25-26, 28; table 2-3; UNDP, e-mail received June 16, 2017.

¹⁰ Kim, Nam-sil and Lee, Myeong-jin, “Han-UNDP hyômnyök saop' ch'ulbôm-gwa saeroun hyômnyök moderûi sido” [“The Emergence of Cooperation between South Korea and UNDP and An Attempt for a New Cooperation Model”], *Kwahak kisel chôngch'aek*, vol. 21, no. 2 (2016), p. 90; Ministry of Education, Science and Technology, *ibid.*, pp. 26, 28; table 2-3; Park, *op. cit.*, 2016, 28; UNDP, *ibid.*, 2017.

¹¹ These explanations remain valid but China emerged following the establishment of diplomatic relations in 1992 as a new large export market making it an engine for South Korea's economic growth. No other country could have played the same important role for the South Korean economy. From Gabriel Jonsson, “Trade between South Korea and China and its implications for the Korean economy,” in Vladimir Tikhonov (ed.), *Contemporary South Korean capitalism: its workings and challenges* (Oslo: Unipub, 2010), p. 46.

¹² Jonsson, *op. cit.*, 1995, pp. 37, 43; table 2.1, 46; Ministry of Education, Science and Technology, *op. cit.*, 2009, pp. 4, 27, 28; table 2-3; Park, *op. cit.*, 2016, p. 28.

¹³ Levin and Coleman, *op. cit.*, pp. 9-10, 23; Park, Jae Young, “Pukhan-ûi taekukche kigu chôngch'aeg-ûi hyônhwang-gwa chônman” [“Current Conditions of and Prospects for North Korea's Policies towards International Organizations”], *T'ongil*, no. 1 (1996), pp. 71-72; Yoo, Ho-Yeol, Kim, Jong-Ha, Bae, Jin-Soo and Kim, Seong-Hyung, “Pukhan-gwa UNDP·UNIDO-wa-ûi kwahak kisel kyoryu· hyômnyök: Pukhan-ûi ipchang-gwa ihae kwangye-rûl chungsim-ûro” [“Scientific and Technological Exchange and Cooperation between North Korea and UNDP·UNIDO Focusing on North Korea's Position and Interests”], *Pukhan yôn'gu hakhoebo*, vol. 12, no. 2 (2008), pp. 140-141.

¹⁴ Kim Kun-sik, “Pukhan-ûi Yuen wegyo: Yuen kaip ijôn-gwa ihu-ûi pigyo-rûl chungsim-ûro” [“North Korea's UN Diplomacy: Focusing on a Comparison between the Period Prior to and After UN Admission”], *Kukche chôngch'i nonch'ong*, vol. 41, no. 4 (2001), p. 101; Lee, Keumsoon, *Kukche kigu-mit pichôngbu kigu-ûi indojök chiwôn sarye [Humanitarian Aid from International Organizations and Non-Governmental Organizations]* (Seoul: Tongil yôn'guwôn [Korea Institute for National Unification], 1997), p. 77; Park, *ibid.*,

1996, p. 72; Hazel Smith, "Opening up by default: north Korea, the humanitarian community and the Crisis," *The Pacific Review*, no. 3 (1999), pp. 456-457, 466: *North Korea Markets and Military Rule* (Cambridge: Cambridge University Press), pp. 7-8; Yoo et al., *ibid.*, pp. 141-142.

¹⁵ Cho, Han-seung, "Yuen kigu-ûi taepukhan chôpkûn-ûi sisajôm: UNDP-wa FAO/WFP-rûl chungsim-ûro" ["Relations between UN Agencies and DPRK: Implications of UNDP and FAO/WFP Cases"], *T'ongil munje yôn'gu*, vol. 26, no. 1 (2014), p. 45; Nile Gardiner, Brett D. Schaefer and Steven Groves, Steven, *The UNDP North Korea Scandal: How Congress and the Bush Administration Should Respond*, WebMemo, no. 1318, January 23, 2007, pp. 1-2; Lee, *ibid.*, p. 80; Levin and Coleman, *op. cit.*, p. 13; Paek, Yông-ok, "Kukche kigu-esô-ûi Nambukhan hyômnyôk pangan mosaek" ["Groping for a Plan for inter-Korean Cooperation Within International Agencies"], *Pukhan yôn'gu hakhoebo*, vol. 5, no. 1 (2001), pp. 223, 234-235, 236: table 1; Pak, Chi Young, *Korea and the United Nations* (The Hague: Kluwer Law International, 2000), p. 150; Yoo et al., *ibid.*, pp. 142-144.

¹⁶ Browne, *op. cit.*, p. 79; Cho, *op. cit.*, 44: fn. 10, 45; Levin and Coleman, *ibid.*, pp. 13, 16; United Nations, Executive Board of the United Nations Development Programme and of the United Nations Population Fund, *Draft country programme document for the Democratic People's Republic of Korea (2011-2015)*, DP/DCP/PRK/3 (n. p., April 14, 2010), p. 4; United Nations Development Program, "About UNDP in DPR Korea." Available at http://kp.undp.org/content/dprk/en/home/operations/about_undp.html. Accessed November 4, 2016.

¹⁷ Cho, *ibid.*, pp. 45-46, 48-49, 56; Kim, Joonsuk, "Yuen kaebal kyehoek (UNDP): kukche kaebal hyômnyôg-ûi saryôngtab" ["UN Development Program (UNDP): The Conning-tower of International Development Cooperation"], in Kim Joon-suk, Kim Chi-wook, Jo Dong-joon, Moon Don and Lee Wang-hwi, *Kukche kigu-wa kyôngje hyômnyôk-kaebal: UNDP · OECD · World Bank Group · WTO · IMF [International Organizations and Economic Cooperation · Development: UNDP · OECD · World Bank Group · WTO · IMF]* (Seoul: Tosô ch'ulp'an Oruem, 2015), p. 25; Koo, Chung Mo, Lee, Hyun-Hoon and Yoo, Donna, *Northeast Asian Economic Cooperation: Assessment and Prospects of the Greater Tumen Initiative* (Chuncheon, Kangwon National University: Asia-Pacific Cooperation Academy, August 10, 2011), pp. 4, 5, 6, 8; Hisaku Tsuji, *The Tumen River Area Development Programme: Its History and Current Status as of 2004* (Niigata: Economic Research Institute for Northeast Asia, April 2004, pp. 1-4, 7. ERINA Discussion Paper No.0404e. According to Tsuji, *ibid.* (p. 16), investment figures for 1999 onwards had not been published.

¹⁸ The author added the Korean name Yônbyôn in the text.

¹⁹ Cho, *op. cit.*, pp. 46, 47-48, 49-50, 57; Kim, Doo-jin, "The Greater Tumen Region Development Programme and Multilateral Policy Rationales: Geopolitical Factors Reconsidered," *The Korean Journal of Defense Analysis*, vol. 26, no. 3 (September 2014), pp. 283, 285, 286, 288, 295: fn. 1; Ko et al., *op. cit.*, pp. 1, 8, 11-12; Tsuji, *op. cit.*, pp. 3, 4-5, 7, 8, 10-11, 16, 17.