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COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

Consideration and approval of country programmes

THIRD COUNTRY PROGRAMME FOR THE
REPUBLIC OF KOREA

UNDP assistance requested by the Government of the Republic of Korea
for the period 1983-1986

Illustrative IPF for 1982-1986: \$18 million

INTRODUCTION

1. The third country programme for the Republic of Korea covers the period 1983-1986. Although the Government's Fifth Five-Year Plan covers the period 1982-1986, there was no hiatus in the UNDP assistance as the previous second country programme was extended by an additional year, thus covering the period 1977-1982.

*In accordance with decision 81/15, adopted by the Governing Council on 27 June 1981 (E/1981/61/Rev.1, annex I), the third country programme for the Republic of Korea is being submitted to the Council without an accompanying note by the Administrator. The previous country programmes for the Republic of Korea and the accompanying notes by the Administrator were issued under the document symbols DP/GC/ROK/R.1-DP/GC/ROK/R.2 and DP/GC/ROK/R.1/RECOMMENDATION-DP/GC/ROK/R.2/RECOMMENDATION, respectively. The Administrator extended the second Country Programme for the year 1982. See DP/1982/87.

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2. The third country programme was formulated by the Government agency responsible for the co-ordination of all foreign technical assistance, that is, the Technical Co-operation Bureau of the Ministry of Science and Technology, in consultation with the appropriate ministries and the UNDP Resident Representative as well as the specialized agencies of the United Nations, where appropriate.

3. In the process of formulating the country programme, in addition to the close consultations mentioned above, all ongoing and prior UNDP assisted programmes to the Republic of Korea were reviewed and evaluated in terms of their effectiveness.

Resources available

4. The illustrative indicative planning figure (IPF) for the Republic of Korea for the third programming cycle is \$18 million, of which 80 per cent is available for programming. The IPF resources available for the 1983-1986 period are \$15,729,000, after deduction of the authorized budget level for 1982 (\$2,592,000) and inclusion of the unspent balance of \$3,921,000 from the second IPF cycle.

5. Within the constraints of available resources and taking into consideration inflationary factors, the Government and UNDP have carefully reviewed the priority areas along the lines of the Government's Fifth Five-Year Plan. During the programming exercise it has also emerged that the Government, mindful of over-all UNDP financial constraints, will concentrate even more rigorously on the formulation and design of individual projects so as to ensure the most cost-effective use of UNDP resources.

Highlights of the country programme

6. The Republic of Korea intends to become, in the foreseeable future, a net donor of technical assistance by increasing its activities in favour of other developing countries and sharing with them its relevant and replicable experience as a developing country. However, for the sake of the country's own progress, the Government will continue to seek, either on a grant or self-supporting basis, the assistance which it requires to build up its economic and social development-planning and implementing capabilities. During the third programming cycle, therefore, the Republic of Korea will continue to have a very strong need for UNDP support and co-operation.

7. The UNDP country programme approach will provide the basis for Korea's international co-operation. This approach, whereby the recipient country identifies its own needs and initiates the programmes, is considered the most practical one. Its value was clearly demonstrated in the course of the first and second IPF cycles. All projects under the previous country programmes were in fact based on national needs and national development priorities.

8. The Republic of Korea renews its faith in and adherence to the principles of technical cooperation among developing countries (TCDC) and the new international economic order. In this respect, during the Fifth Five-Year Plan (1982-1986) the Government will sponsor the training in Korea of about 3,300 persons from other developing countries and will provide to them some 130 experts to render assistance in agriculture, mining and industry.

Fifth Five-Year Economic and Social Development Plan (1982-1986)

9. The Fifth Five-Year Development Plan, covering the period 1982-1986, is intended to meet the rational expectations of the whole of the Republic of Korea's society, with due consideration to the future course of the economy. The Plan, which took effect in January 1982, aims at achieving an annual growth in gross national product (GNP) of 7 to 8 per cent while at the same time ensuring stability, efficiency and equity. The Plan is sufficiently flexible to accommodate unexpected changes in the economic environment, both domestic and international. Rolling annual plans for the management of the economy will be developed to meet the challenges posed by economic fluctuations.

10. The major strategies of the Fifth Five-Year Plan are summarized here below:

(a) Top priority will be given to investments in energy conservation, technology and manpower development. Expenditures for research and development will be increased from 0.95 per cent of GNP in 1981 to 2 per cent in 1986;

(b) One of the keystones of the Fifth Five-Year Plan will be the development of the machinery industry, mainly through the reorientation of the incentives system. The major task of the electronics industry will be the development of high quality new products through technological innovation. The development of industrial electronic products, such as semi-conductors, computers and communications equipment will be stressed more than consumer electronics. The light manufacturing industry is expected to maintain its position as the major export industry during this plan period; however, its over-all share is expected to decline. In order to augment the quality of simple labour-intensive products, the Government will encourage the replacement of obsolete facilities in the textile industry and the development of dyeing technology. The efficiency of small and medium industries will be improved by expanding technical and management extension services. Overseas training opportunities and financial support for the modernization of facilities will be expanded. In order to promote a balanced development of both large and small firms, product specialization will be pursued for small and medium industries. Efficient vertical integration will be implemented through co-operation and fair trade practices. Venture capital systems will be introduced to finance activities of small and medium technology-intensive firms;

(c) The main objective of the agricultural policy will be to increase production of staple foodgrains and achieve self-sufficiency in rice, mainly by the development and widespread introduction of new high-yielding varieties. Production of livestock will be also encouraged. Farm income will be increased through the enhancement of agricultural productivity as well as the increase of non-agricultural farm income;

(d) The basic objectives of the energy policy will be to diversify energy sources and to increase stockpile capacity. Conservation and more efficient use of energy will be achieved through various means, such as introducing changes in the industrial structure, encouraging the use of energy-saving equipment and raw materials, providing incentives for energy-saving innovations, and introducing a realignment of prices. The relative importance of coal and nuclear energy will be increased, while the importance of oil will be reduced;

(e) Up through the Fourth Five-Year Plan of Korea, there was little active governmental guidance or intervention in social development areas such as education, housing and health. The concern for social development was overshadowed by emphasis on industrial development. In the Fifth Plan, however, fundamental policy changes will take place. The Government will assume an active role in social development to meet the basic needs of the people. Concurrently, a non-interventionist policy will be pursued in the field of economic development to improve the international as well as the domestic competitiveness and efficiency of the country's industry.

UNDP TECHNICAL CO-OPERATION ENVISAGED IN SUPPORT OF NATIONAL DEVELOPMENT PRIORITIES

11. In order to obtain maximum benefits from UNDP funds available during the third programming cycle, it was deemed necessary to concentrate UNDP assistance in a few specific sectors. Proposals are composed of ongoing projects, new project proposals commencing in 1983, together with those proposals whose objectives and activities will be identified later for implementation in the course of the third cycle.

12. The main ongoing activities which are to continue into the third cycle relate to the adaptation of advanced technologies in the fields of: (a) energy conservation, where the project, Korea Institute of Energy and Resources (KIER) (ROK/78/010), will continue to assist the Government in the establishment of KIER as a qualified energy research institute and effective force in implementing the nation's programme of efficient use and conservation of energy; (b) telecommunications, where the project, Korea Telecommunications Research Institute (ROK/75/020), will continue to assist the Government in modernizing its telecommunications systems and in developing local research,

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development and manufacturing capabilities which will reduce the need to import telecommunications products and technology; (c) mechanical engineering, where the project, Korean Industry Co-operation Productivity Programme (ROK/74/006), will continue to assist the Government in strengthening the mechanical engineering department at the Korea Advanced Institute of Science and Technology (KAIST), so that the department will qualify as an effective research development centre, capable of meeting the demands of the mechanical industry consortium in Korea; (d) packaging technology, where the project, Korea Design and Packaging Centre (Phase II) (ROK/78/008) will continue to assist in upgrading the Centre to the level of technological and managerial capacity required to effectively meet the expanding requirements in the packaging field.

13. New proposals already identified fall within the areas of: (a) technological development to improve heavy industry and chemical industry; (b) manpower skill development in the high technology sciences and engineering fields; (c) research and development in the fields of energy conservation and alternative sources of renewable energy; (d) improvements in agricultural productivity and in the income level of the rural population; and (e) development of the social security system.

14. The distribution of IPF resources is shown in the financial summary (annex I) and is well in line with the requirements of a rapidly modernizing country such as the Republic of Korea. Within the framework of the country programme, the Government is turning more and more toward the concept of utilizing national project directors to oversee the implementation of UNDP-assisted projects, with support as needed from short-term international consultants.

15. The Government is mindful of the importance of human resources development, which is one of the primary objectives of UNDP assistance worldwide. Accordingly, the Government will make maximum use of fellowship training under the country as well as the intercountry programmes, including TCDC projects.

16. The Government is also keenly interested in establishing a close link between capital and technical assistance and, accordingly, over the last few years a productive relationship has been developed between UNDP, the World Bank and the Asian Development Bank. UNDP technical assistance has often been a catalyst in establishing major loans and investment programmes.

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Annex

FINANCIAL SUMMARY

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A. Resources

(a) IPF and other resources

(i) Illustrative IPF for 1982-1986	18 000 000
(ii) Less unprogrammed balance <u>a/</u>	(3 600 000)
(iii) Less authorized budget level for 1982	(2 592 000)
(iv) Previous IPF cycle balance	(3 921 000)

Total resources available for programming: 15 729 000

B. Use of resources

(a) Programmed

(i) Ongoing projects	1 010 000
(ii) New projects and new phases of ongoing projects included in the country programme	<u>14 719 000</u>

Subtotal: 15 729 000

Total programmed: 15 729 000

C. Financial distribution of programme, by sector

Sector <u>b/</u>	<u>Ongoing projects</u> \$	<u>New projects</u> \$	<u>Total</u> \$
02 General development issues, policy and planning	34 883	1 936 076	1 970 959
03 Natural resources	318 810	2 497 000	2 815 810
04 Agriculture, forestry and fisheries	-	1,231 852	1,231,852
05 Industry	333 758	4 237 000	4 570 758
06 Transport and communications	104 220	825 000	929 220
10 Health	-	1 999 000	1 999 000
12 Employment	218 401	419 000	637 401
14 Social conditions and equity	-	20 000	20 000
16 Science and technology	-	1 554 000	1 554 000
TOTAL	<u>1 010 072</u>	<u>14 718 928</u>	<u>15 729 000</u>

a/ Representing 20 per cent of the illustrative IPF which has not been taken into account for programming.

b/ According to ACC classification.