

# Alternatives for Local Economic Development for the Kyrgyz Republic

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1

## Outline

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1. **Introduction:** What is Local Economic Development (LED)
2. **“Saemaul Undong”:** Republic of Korea’s (Korean) rural development model (socioeconomic background; process & effect)
3. **“LEADER” programme:** European Union’s (EU) rural development model (socioeconomic background; process & effect)
4. **“My Village” Initiative:** Korean led rural development model in the Kyrgyz Republic (country context; priorities & plans for rural development; possibilities & limitations)
5. **Conclusion:** A Tripartite Stakeholders model for local economic development in the Kyrgyz Republic



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2

## 1. Introduction: Local Economic Development (LED)

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- LED until the 1980s, applied to economically disadvantaged territories. To attract new businesses to relocate from centers to peripheries. However, the mid-1990s, LED focused on the self-help activities through the initiatives of local stakeholders (the government agency, business, and community) to prosper and generate growth in a particular area (Cochrane, 2011).
- Tödttling (2011) emphasizes on the importance of indigenous and endogenous development. *Indigenous*: homegrown & embedded locally. *Endogenous*: 'bottom-up' approach. Yet, the exogenous or 'top-down' approach neglected in the endogenous development study.
- The paper proposes alternatives for the Kyrgyz Republic, which applied endogenous (**bottom-up**) and exogenous (**top-down**) approaches to develop rural areas.
- They are: Republic of Korean "**Saemaul Undong**" & European "**LEADER**" models.

## 1. Introduction (objective & research question) (2)

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**Objective:** The study aims to expand opportunities and offer recommendations for improving the quality of life in rural areas of the Kyrgyz Republic through local development based on our alternative models.

### Research Question:

1. What are the main differences and similarities of the EU "LEADER" and the Korean "Saemaul Undong" schemes of local development?
2. Are these role models applicable to the Kyrgyz Republic, depending on its context?

## 2. “Saemaul Undong”: a model of rural development in the Republic of Korea

**Republic of Korea:** socio-economic background

- ✓ **1950-1953:** civil war (division into North & South Korea)  
GDP per capita: \$73 (1953)  
Absolute poverty rate: 40.9%;  
internal migration, the disparity between urban & rural areas



### catching-up process

- ✓ **1960-1970:** Five-Year Economic Development plan (industrialization & export-oriented policy)
- ✓ **1970~1979:** Government-led “Saemaul Undong” where ‘Sae’ - new, ‘maul’-village and ‘Undong’ – development (movement)  
**New Village Development; Community Development, and Rural Development**



## 2. Saemaul Undong: Republic of Korea’s rural development model (2)

2.5% of GNP per year spent on the Saemaul Undong projects (Kwon, 2010).

Goh (2010) claims that Government *investment in infrastructure* (cement & iron bar) increased accessibility of the market places by widening roads, and improved the environment & quality of life.

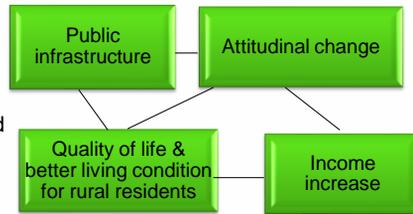
### Theoretical and conceptual framework of the Saemaul Undong

Rho (2014) argues that government leadership and the spirits of Saemaul built a *social capital* (trust) between local people and government.

Brandt (1981) stresses that the ideology of Saemaul Undong in the three principles ‘diligence’, ‘self-help’, and ‘cooperation’ that have become values.

Chung (2009) - *community participation* through “*dure*” (working together) and “*hyangyak*” (cooperation) tradition.

Park (2009) highlights that the cooperative culture of Koreans is related by *Confucianism*.



Brandt, 1981; Chung, 2009; Park, 2009; Rho, 2014

## 2. Saemaul Undong: Process & Effect (3)

Table 1 – Budget Expenditure on Government Support for Saemaul Undong

Unit: billion won

	1971	1972	1973	1974	1975	1976	1977	1978
Government Investment in Saemaul Undong Projects	4.1	3.6	17.1	45.5	165.3	165.1	246.0	338.4

Source: Economic Planning Board (1979), Republic of Korea; Eom, (2011b, p.598).

Table 2 – Achievements of the Saemaul projects (1971-1980)

Projects	Unit	Goal (A)	Results (B)	B/A (%)
Expansion of Village Roads	km	26,266	43,558	166
Establishment of Farm Roads	km	49,167	61,797	126
Building Small Bridges	one	76,749	79,516	104
Building Village Halls	one	35,608	37,012	104
Building Store Houses	one	34,665	22,143	64
Housing Improvement	one	544,000	225,000	42
Community Resettlement	one	—	2,747	—
Installing Sewage Systems	km	8,654	15,559	179
Installing Telephone lines in Farming and Fishing Villages	household	2,834,000	2,777,500	98
Saemaul Factories	one	950	717	75

Source: The National Council of Saemaul Movement (1999:22), and Seok-Jin Eom, 2011b, p. 612



7

## 2. Saemaul Undong: Process & Effect (4)

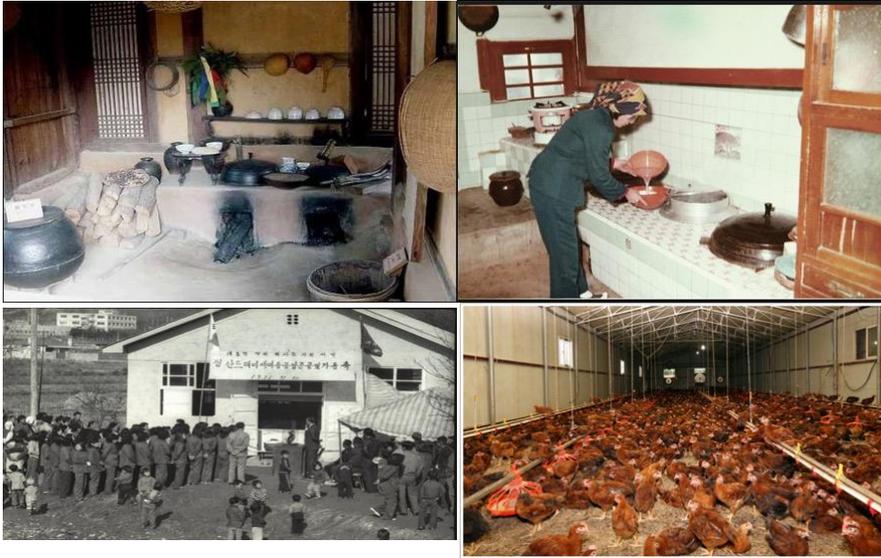


Source: The National Council of Saemaul Undong Movement in Korea

Note: Accessed through the Park Chung Hee school of Policy and Saemaul (PSPS), Yeungnam University, Republic of Korea

8

## 2. Saemaul Undong: Process & Effect (5)



Source: The National Council of Saemaul Undong Movement in Korea

Note: Accessed through the Park Chung Hee School of Policy and Saemaul (PSPS), Yeungnam University, Republic of Korea

9

## 2. Global Saemaul Undong (6)



**Community Hall  
in Sri Lanka**

**Animal Bank  
in D.R.C.**

**Public Well  
in Nepal**

**Road Pavement  
in Nepal**

Source: Accessed through the Park Chung Hee School of Policy and Saemaul (PSPS), Yeungnam University, Republic of Korea

10

### 3. “LEADER” Initiative: EU rural development model

“LEADER”: socio-economic background

- ✓ **1990s** emergence of the Rural Development Programmes (RDPs) in the EU
  - ✓ “LEADER” stands for 'Links between the rural economy and development actions'.
- (Original acronym in French: "Liaison Entre Actions de Développement de l'Économie Rurale").
- ✓ **Aim:** The Leader Initiative is aimed at establishing partnerships through the formation of **local action groups (LAGs)**, to mitigate disparities in the diverse and heterogeneous context of the European Union.
  - ✓ It is a **bottom-up approach**, based on a selection of the best local development plans, designed and developed by local action groups, representing **public-private partnerships** (EC, 2006; Van de Poele, 2015; Chevalier et al., 2012).

### 3. LEADER Initiative: EU rural development model (2)

Characteristics of the LEADER

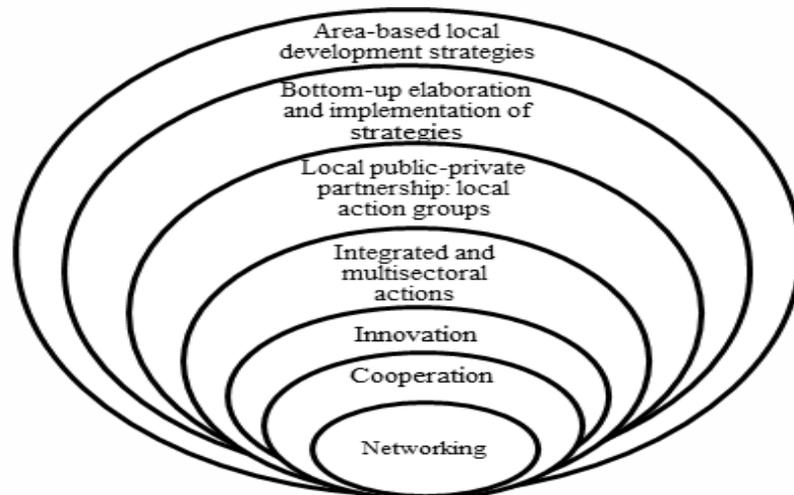


Figure 1 – The seven key principles of the LEADER

Source: author own illustration

### 3. LEADER Initiative : Process & Effect

Table 3 – The scale of the Leader Initiative (1991-2013)

Leader Initiative	No. of LAGs	Area covered (1000 km <sup>2</sup> )	EU funding (billion euro)
Leader I – 1991-1993	217	367	0.442
Leader II – 1994-1999	906	1375	1.775
Leader + 2000-2006	893	1.577 <sup>a</sup>	2.105 <sup>b</sup>
Leader Axis (2007-2013)	1.400	3.500 <sup>c</sup>	5.800 <sup>d</sup>

Source: Van de Poele, 2015, p. 199.

<sup>a</sup> Equal to 15% of the total territory of EU-15 and covering some 50 million people.

<sup>b</sup> Plus 1.5 billion euro by private contribution and some 1.5 billion euro by the Member States of EU-15.

<sup>c</sup> Covering 88 million people in EU-27.

<sup>d</sup> Plus 3.4 billion euro by the EU-27 Member States and private contribution.

- In the 2014-2020 programming period, the LEADER Initiative has been extended under the broader term Community-led Local Development (CLLD).
- The LEADER method was borne 30 years ago in the form of 217 pioneering LAGs. It is currently being implemented by an impressive network of nearly 2800 LAGs, each of which can count on hundreds of active citizens, covering 61% of the rural population in the European Union (EU Rural Review, 2020).



13

### 3. LEADER Initiative & Saemaul Undong

Table 5 – Comparison of the Saemaul Undong and Leader

Indicator	Saemaul Undong	Leader
Policy initiation & objective	Government-led policy; Poverty reduction, modernization of villages, income increase, rural development, nation-building, and attitudinal change	European Commission; Mitigating disparities in rural areas in the Member States, job creation and quality of life
Local development scheme	Top-down and bottom-up approaches (government guidelines, village participation)	Bottom-up approach; building local partnerships, local initiatives
Basic principles	Diligence Self-help Cooperation	Area-based Bottom-up Local action groups Integrated and multisectoral actions Innovation Cooperation Networking
Government and governance	Authoritarian regime (highly centralized)	Democratic regime (decentralized)
Main stakeholder	Central government including all layer of government institutions and officials and villagers or community residents	Municipalities, private sector, and local associations or resident
Local participation	Full voluntary participation	Participation in the EU Member States varies: passive in Eastern Europe with the communist heritage; weak due to sparsely populated rural areas in Western Europe



14

## 4. «Menin Ayilym - My Village Initiative»

### The country context: Kyrgyz Republic

- ✓ The Kyrgyz Republic (Kyrgyzstan) is one of the post-soviet countries in Central Asia.
- ✓ The World Bank (2018) classifies Kyrgyzstan as a lower-middle-income country of 6.5 million people.

#### *The economic background*

- ✓ The GDP per capita in 2018 amounted to \$1.281
- ✓ The economy is vulnerable to external shocks owing to its dependence on one gold mine, Kumtor, which accounts for about 9.7% of gross domestic product (GDP), and on worker remittances (mainly in Russia), equivalent to about 28% of GDP in 2019 (NSC, 2018).
- ✓ the rural population is 65%.

*The political condition. 2005-2010 revolutions negatively affected the country's development; frequent changes of the high-ranking officials in the Kyrgyz Government hinders national and local development programs.*



15

## 4. “My Village” Initiative (2)

### Priorities and plans for rural development in Kyrgyzstan:

- ✓ On July 20, 2019, the visit of the Prime Minister of the Republic of Korea to the Kyrgyz Republic allowed launching ‘Menin Ayilim’ which means ‘My Village’ Initiative, based on Korean Saemaul Undong model considering Kyrgyz tradition of ‘Ashar’ method.
- ✓ Ashar is the traditional method of collective action, voluntary citizen participation in rural areas of the country.
- ✓ The project My Village, based on the Kyrgyz tradition of *Ashar*, was proposed as an analog of the principles of *self-help* and *cooperation* of Korean Saemaul Undong. Thus, Earle (2004) claims that Ashar is a tool that stimulates participation, but it is a top-down process, utilized by the local government.
- ✓ 30 villages selected for the My Village Initiative
- ✓ The project budget: \$3,5 million, where \$1 million were deducted from the Kyrgyz Government.



16

## 5. Conclusion: A Tripartite Stakeholders model for local economic development in Kyrgyzstan

- ✓ The LEADER focused on the establishment of the partnership by forming the LAGs on solving local challenges.
- ✓ For this purpose, we have developed a 'tripartite stakeholders' model for LED in Kyrgyzstan, based on the Leader's LAGs characteristic and Saemaul Undong's self-help and cooperation principles in the form of Kyrgyz tradition of Ashar mechanism for local participation.

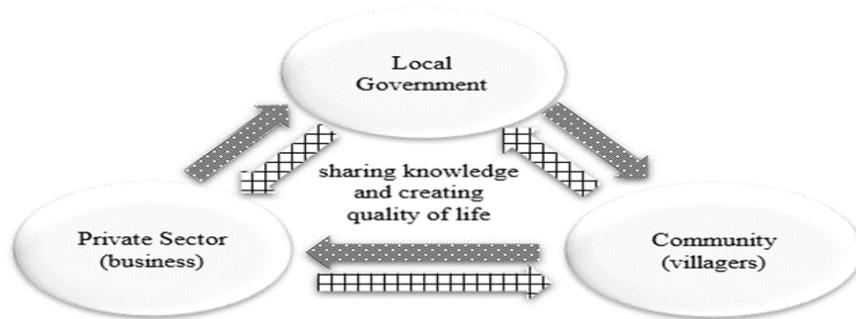


Figure 2 – Tripartite Stakeholders for LED

Source: made by the author

17

# Thank you for your attention!



18