



The role of intermediation on the international aid for the governance of technical training program



Yongrok Choi

Department of International Trade, Inha University, Inha-ro 100, Nam-gu, Incheon 402–751, Republic of Korea

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ABSTRACT

This paper examines the factors affecting the governance of technological training programs under official development assistance (ODA) for the information and communication technology sector. There are diverse theories explaining the effectiveness of ODA in recipient countries. The most representative theories are based on paradigm shifts over time, starting from classical economic growth support, proceeding to socioeconomic integration, and ending with sustainable governance in the macro perspective. In general, ODA is considered to contribute to the development of recipient countries.

However, the question of the effects of ODA still remains unanswered. This may result from methodological bias, which considers all arguments in parallel as independent variables. Inconclusive results may also arise from the missing link between ODA influx and its performance. Using the stepwise approach, the present study identifies this missing link in terms of mediation. Using the partial least squares regression (PLS) model, our empirical research concludes that sociocultural factors could be fully mediated, while sustainable governance factors, in terms of internal capacity and readiness, are partly mediated.

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1. Introduction

The official development assistance (ODA) paradigm evolved from the need for economic support under the cold war regime during the 1950s and 1960s and went on to address poverty reduction (1960s and 1970s), social development (1970s and 1990s), and eventually, sustainable development (1990 onwards) (Oh and Jin, 2013). A huge amount of ODA has flowed into developing countries, and there have been numerous studies on the effects of this kind of international cooperation (Hjertholm et al., 2000). Even during economic crises, some countries, such as Korea, have extended outstanding support for ODA. In practice, ODA has resulted in positive outcomes for recipient countries, such as Korea, although many other countries did not record similar performances due to lack of governance, such as political corruption.

In a similar vein, various studies have focused on the effectiveness of ODA (Tarp, 2000), but many researchers and governments continue to question the effects of ODA on recipient countries. About half the studies on ODA effectiveness

have highlighted its contribution to economic development (Oh and Jin, 2013; Doucouliagos and Paldam, 2008). However, Boone (Boone, 1996) doubted the effects of ODA on economic development in developing countries from a microeconomic perspective, and Lensink and Morrissey (Lensink and Morrissey, 1999) also questioned the effects of ODA in recipient countries.

These conflicting findings raise considerable concern about the governance of ODA in recipient countries, in practice as well as in theory. Here, we define governance as a performance-oriented mechanism with collaboration networking (Choi, 2014). Notably, given the recent paradigm of sustainability in ODA, much effort has been expended, in theory and practice, to ensure continuous and positive ODA outcomes in the recipient countries. As the most representative project of sustainable ODA, technical training programs serve as an essential policy of donor countries to help developing countries cope with rapidly evolving technological development. Many countries use ODA to promote technological transfer via international cooperation, because ODA is essentially international aid flow administered

officially to promote economic development and welfare in developing countries. Unfortunately, ODA related projects do not always perform as well in practice as envisaged by theory.

This paper tries to uncover the effect of ODA from the perspectives of governance, with special implications on the role of intermediaries. The term “intermediaries,” in the context of ODA training projects, refers to groups such as training organizations, industry associations, and academic societies with research manpower, which are capable of providing sustainable governance and can play a central role between host governments and ODA participating trainees from developing countries as well as among companies, universities, and research institutions. In Korea, such intermediaries are still in the early stages of development. For this reason, their role is still not clearly understood, and their level of participation remains quite low (Kim et al., 2010). Although many research groups and associations in Korea match the profile of an intermediary, the level of their activities as intermediaries has been quite modest; their role in driving sustainable performance, at least up to now, has been negligible. This, therefore, calls for a more proactive role and efforts to build systemic governance, to better tap the intermediary potential of these organizations, as well as attempts to stimulate their activities as intermediaries.

This paper examines the role of intermediaries on ODA performance in the field of information and communication technology (ICT) training projects, using the diverse theories based on the paradigm shift. An important objective of this study is to provide appropriate policy alternatives for collaborative technology transfer, such that they consider relational factors between host governments and ICT ODA participants from developing countries.

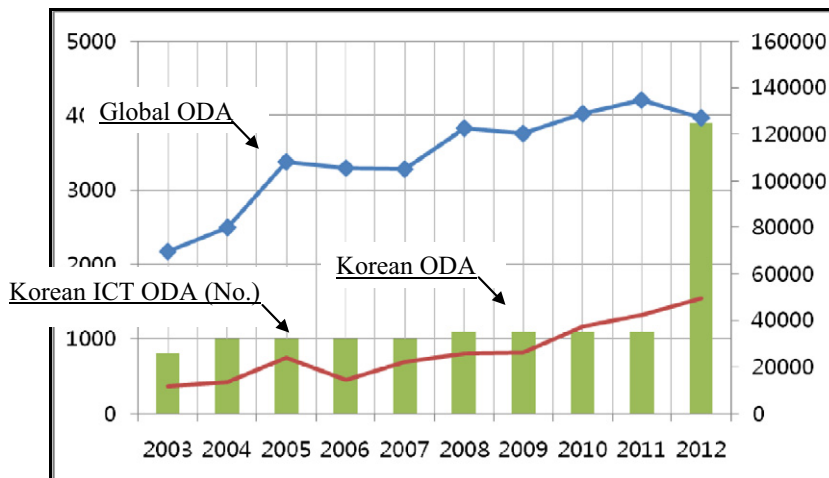
2. Literature review

Official development assistance (ODA) is defined as aid directed at developing countries by the governments or organizations of donor countries. The premise is that ODA

should be used to improve the economic development and welfare of recipient nations, but the major focus of the premise has gradually changed from economic support and poverty reduction in the 1950s through the 1970s to socioeconomic considerations such as income inequality and social polarization in the 1970s and 1980s, and finally, to sustainable development in ecological systems via environmentally, socially, and economically harmonized governance since the 1990s.

According to the Organization for Economic Co-operation and Development (OECD), the continuing financial crisis and turmoil in the euro zone has led several governments to tighten their budgets, which has had a direct impact on development aid. As shown in Fig. 1, globally, ODA reached its peak in 2010, following which it fell by –6.0% in real terms in 2011. The largest donors, by volume, were the United States, followed by the United Kingdom, Germany, France, and Japan. ODA from these countries rose in real terms, with the largest increases recorded from Australia and Korea. After 2010, Korea transformed itself from a recipient country to a donor country. At the end of 2012, Korea offered ODA to the tune of 1.7 billion dollars, which amounts to about 0.15% of the gross national income (GNI). While most other countries decreased ODA, Korea recorded a 17.6% increase in 2012 due to the overall scaling up of its aid with plans to achieve an ODA/GNI ratio of 0.25% by 2015.

Notably, the Korean government has placed increased emphasis on the ICT field in recent times because of its relatively high competitiveness. Moreover, it is hoped that ODA in the ICT sector results in a sustainable performance, thus enhancing the competitiveness of the recipient country. Currently, the ICT sector accounts for about 15% of the whole ODA, but this ratio has been increasing rapidly. As shown in Fig. 2, the majority of ODA for the ICT sector is awarded on a project basis; projects include promoting e-governance (39.5%) and telecom infrastructure (34.8%), and establishment of an ICT center (16.9%). About 4.2% of ODA in this sector is allotted to



Source: OECD Query Wizard for International Development Statistics (QWIDS), 2013.
 KIET, Grand Evaluation and Enhancing Effectiveness in the Field of ICT ODA (Korean), 2011.
 Korean EXIM Bank, Annual Statistics, 2013.

Fig. 1. Global and Korean ODA trends.

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