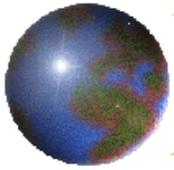


**Workshop on China-Japan-Korea Rural Vitalization Experiences:
Implications for Asian Developing Countries
25-28 June 2019, Nanning, China**

The Neo-Endogenous Development in two villages of Korea : Same Start but Different Results

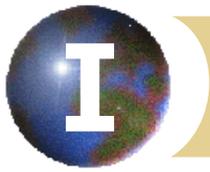
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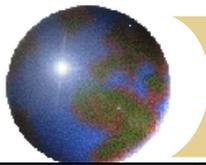
Introduction

❑ Emerging of Neo-Endogenous Approaches to Rural Development

- To overcome the limitation of exogenous/endogenous rural development (Lowe et al.1995)
- Defined as “endogenous-based development in which extra-local factors are recognised and regarded as essential but which retains belief in the potential of local areas to shape their future” (Ray, 2001: 4).
- Identified in European context of rural development cases.

❑ Changing rural development policy responding to Globalization

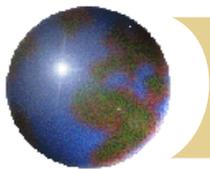
- OECD suggested a new rural development paradigm (2006)
 - The end of old approaches to rural development (exogenous development)
 - The emerging of new paradigm to RD (Neo-Endogenous development)
- OECD Declaration of “Rural Policy 3.0”(2015)
 - Operation of Neo-Endogenous approaches to international RD policy
- Need to check if the NED is applicable to Korean Context.
 - Exogenous approaches dominated in Korean Economic Development Policy
 - => adverse effects in current rural villages
 - Need to search for alternative rural development policy models



The Characteristics of the three approaches

	Exogenous	Endogenous	Neo-Endogenous
Key Principle	economies of scale and concentration	Economies of scope the specific resources of an area (natural, human and cultural) hold the key to its sustainable development	Network. Diverse sources of development threshold
Dynamic Force	urban growth poles (the main forces of development conceived as emanating from outside rural areas)	local initiative and enterprise	Interplay of local and extra-local resources
Function of rural areas	food and other primary production for the expanding urban economy	diverse service economies	diverse productive and service economies (based on ecosystem services)
Major rural development problems	low productivity and peripherality	the limited capacity of areas and social groups to participate in economic and development activity	Inequalities and asymmetries within network, Imbalance local and extra-local control Weak networks (under circuits, power, knowledge and capital)
Focus of rural development	- agricultural industrialisation and specialisation - encouragement of labour and capital mobility	- capacity-building (skills, institutions, local networks and infrastructure) - overcoming social exclusion	- Decentralisation, - capacity-building of local actor to steer larger processes and actions - Valuing rural areas (and resources) within wider economic development (incubation and catalyst of growth)

Source : Lowe et al. (1998), *Participation in Rural Development, Research Report, CRE, Newcastle University*
: Kim & Lowe(2012), *Operationalising the Concept of Neo-Endogenous Rural Development, Korea*



The New Rural Paradigm to Policy 3.0

	Old Paradigm	New Paradigm	New Policy
Objectives	Equalization or entitlement approach, focused On farm income, farm competitiveness	Competitiveness of rural areas, Valorisation of local assets, Exploitation of unused resources	Integrating policy domains to address well-being dimensions
Key target sector	Sector based	Various sectors of rural economies (eg. rural tourism, ICT industry, manufacturing, etc.)	Low density economies (Better understanding of the variety and diversity of rural places)
Main tools	Subsidies	Investments	Complementarities with cities
Key actors	National governments, farmers	All levels of government (supranational, national, regional and local), various local stakeholders(public, private, NGOs)	Toolkits/Policy Dialogue (Rural-Urban Partnership)

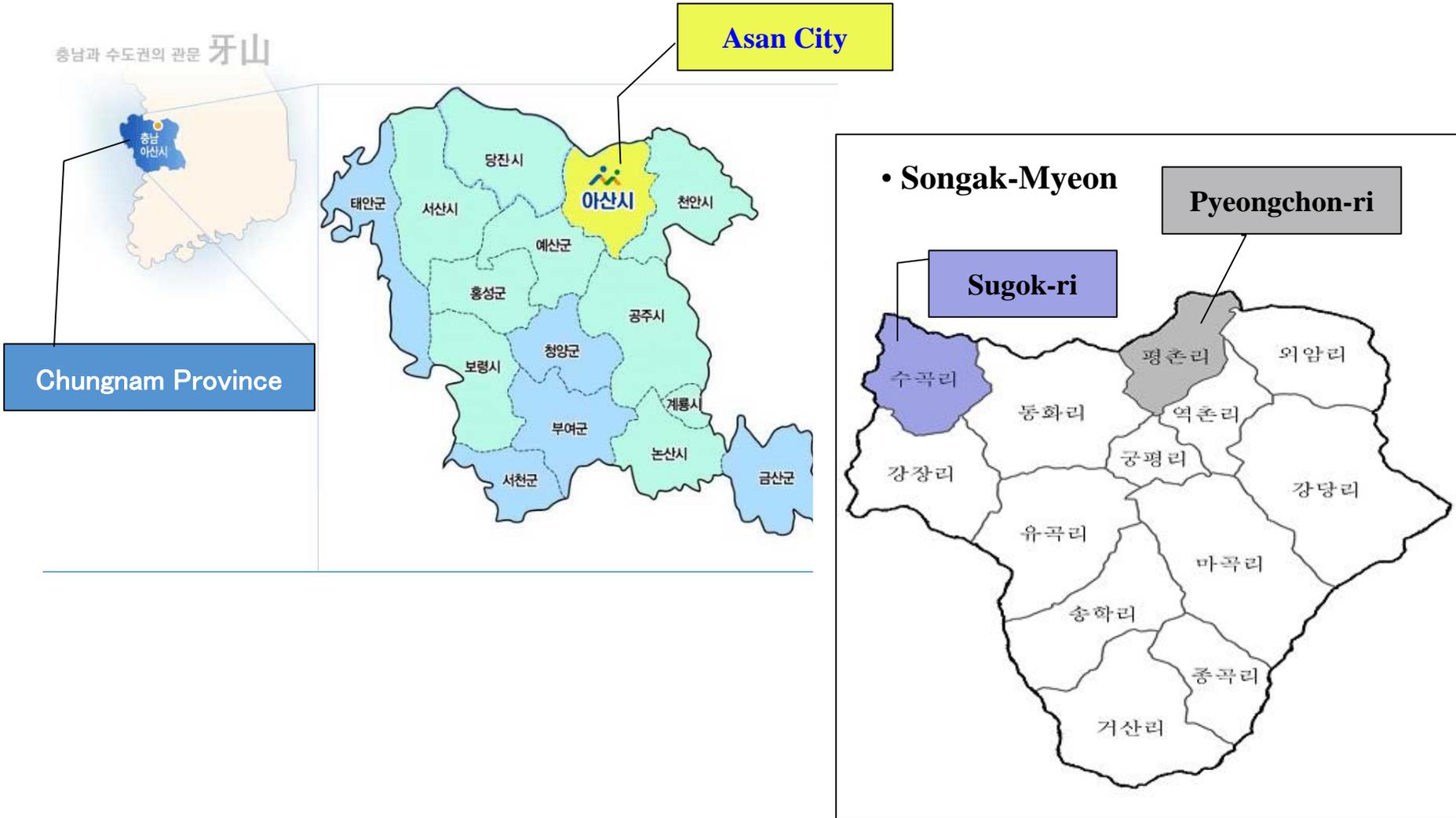
Source : OECD(2006), The New Rural Paradigm, OECD Publishing, Paris

: OECD(2015), The New Rural Policy: Linking Up for Growth, OECD Publishing, Paris



Overview

Geography of Asan





Overview

❑ Pyeongchon-ri

- **Relatively high percentage of the plain area in Songak-Myeon, Asan**
- **38 farming households in total 45 households.**
- **70% of farms and land are registered as Environmentally Friendly Farming.**
- **Traditional Fork Village nearby (Tourist Attraction)**
- **Increasing houses and land prices near to main urban center of Asan.**

❑ Sugok-ri

- **Located in mountainous area in Songak-Myeon, Asan**
- **Relatively more rice paddy than crop fields**
- **Consisting of 26 households in total**
- **No newly returning people and high level of aging population**
- **1 livestock shed in the village**



The start of village development

❑ Common starts by Hansalim movement

- Both were participated in the Hansalim Movement of EFA
 - Engaged in Asan Producers Association connected to the Prundle Ltd
 - The Prundle → Hansalim Cooperative
- Provided stable market for local EFA producers
 - Way to increase the EFA land and farmers
 - And farmers got high income

❑ Project by the Prundle

- The Prundle implemented a regional agriculture plan to both villages
- Pyengchon-ri (PC) started a business of **producing bean sprouts for Hansalim**
 - Also, organized a mil vetch flower festival
 - Cooperation between farmers and local residents
- Sugok-ri(SG) started a business of **producing salted cabbages for Hansalim**
 - Asan pressured by Samsung's relocation plan to Asan (now withdrawn)
 - So, designated it as model for viable community for Asan EFA
 - And farmers and residents earned an additional income

IV

The progress of Pyeonchon-ri projects

❑ 1st expansion : Establishing traditional theme village

- **Applied for the RDA funded project**
 - **Problem of funding delay caused by the RDA's own responsibility**
 - **Self funding by the residents of 33 households**
 - **Completion of the Experience Center and used it for visitors stay in**
- **Overcoming the difficulty with the cooperation among residents**
 - **Motive to enhance self esteem and identity of local people**

❑ 2nd expansion : Village-run food processing factory

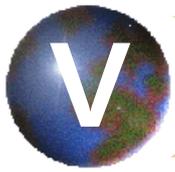
- **MAFF funding project of Jang Ah Chi(sliced vegetable food seasoned by source) factory**
 - **50m(MAFF) + 20m(community money) => community business**
 - **Sold for visitors and residents as a side dishes for meals**
- **Not giving a big profit, but providing small money for many local residents**
 - **A way to dispose local produced agricultural products**
 - **Income from selling those to visitors and for laboring in the factory**
 - **Help to get more cooperative relationship between villagers**

IV

The progress of Pyeonchon-ri projects

❑ 3rd expansion and failure

- **Started economic purpose businesses**
 - **Package business : sending seasonal food selected by farmers to members regularly.**
 - **Social enterprise : cultivating vegetables in three green houses**
 - **Both to get more income for villagers**
- **Package business : violating food law and many complains from consumers**
 - **Needed to have formal license for food processing and marketing (not recognized)**
 - **Complains for food sour and damage during delivery process**
 - **Decided to quit the business**
- **Social enterprise : no knowledge for managing employees and no works for winter season**
 - **Lack of sincerity of employees : regarding salary as a government subsidies**
 - **Hardly utilize employees for winter season => labour cost increase**
 - **Giving up the assistance and turned it to village farming corporation**
 - **Well managed without government support and back to normal operation**



The progress of Sugok-ri projects

❑ Running of salted cabbage project

- The level of income of household was relative low and it help to get additional income
 - New processing facilities installed for common interest of villagers
 - Providing additional income earning activities for the first time
 - Recognized the need of cooperation among residents

❑ Suspending salted cabbage project

- Failed to solve the problem of supply chain of raw material
 - To cope with ncreasing demand, need to have additional cabbages but high price.
 - Faced with the worsening profitability
 - Decided to suspend and then stop the business later

❑ Conflicting on dividing labour and stop project

- Promoting common livestock rearing by the Prundle
 - Deputed on the way to divided labour among farmers but failed to reach agreement
 - No common project any more and seeking for income individually



Conclusion

❑ Implication form the Pyeongchon-ri case

- **Awareness of pride and identity of village**
 - **Basis for the success of the village project and resulted in the expansion of networks**
- **Small income from their own contribution**
 - **Recognition for the need of cooperation and resulted in the expansion of participation**
- **However, Profit seeking project**
 - **Followed by excessive investment and then failure**
- **Village development need to base on participation and cooperation among residents**

❑ Implication form the Sugok-ri case

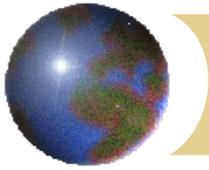
- **Village project started for higher income without cooperative relationship**
 - **Project sustained until it guaranteed addition profit**
- **Income earning project not stemmed from their own needs**
 - **No capability to cope with unexpected circumstance requiring cooperation**
- **External support may destroy the social relationship and ties between residents**
 - **Policy aiming at short-term financial gain would not help to develop rural villages**



Conclusion

□ Implication for rural development policy

- **End of the exogenous economic development policy**
 - **Exogenous approaches to increase income for farmers or residents is not useful any more.**
- **Policy need to start from encouraging cooperative activities**
 - **It may start by the external organization or government support, but managed and decided by the local group of villagers.**
- **Even in Korea, the neo-endogenous approach is useful way for sustainable development**
 - **Success cases of rural development are found in the NED type of policy**
- **Rural development need to reinforce both internal and external networks of rural villages**
 - **It is the starting point of the neo-endogenous rural development.**



Thank you for your attention