Building Sustainable Peace Through Socio-Economic Cooperation: The Role of the Inter-Korean Cooperation Fund in Peacebuilding on the Korean Peninsula

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Submitted for the degree of Doctor of Philosophy to Trinity College Dublin, the University of Dublin

2024
Declaration

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Abstract

This research engages with ‘peacebuilding’ as ‘sustainable relationship building’ in the context of fluctuating inter-Korean relations between 1991-2022. Employing Lederach’s notion that sustainable peacebuilding is challenged by interdependence, justice, and process-structure gaps, it addresses key inhibitors to Inter-Korean cooperation using the lens of Strategic Peacebuilding Theory.

Analysis of Inter-Korean Cooperation Fund (IKCF) operations clearly shows that Republic of Korea (ROK) ‘progressive’ governments were able to reduce all three of Lederach’s gaps with correspondingly higher IKCF implementation rates and the development of platforms for Civic Sector participation, while under ‘conservative’ administrations the reverse has been true. It was notable, however, that a justice gap emerged during the ‘progressive’ Moon Jae-in government (2018-2022), which held top-level summits but failed to engage grassroots activists and the Civic Sector in the IKCF initiative, a fact reflected in its low IKCF implementation rate.

Effectively through a higher frequency and quality of contact with the Democratic People’s Republic of Korea (DPRK), the ROK Civic Sector demonstrated greater capacities to shape horizontal relations with the DPRK than the ROK Government Sector. However, any positive experiences of attitudinal change and reduced hostility on the part of DPRK citizens remained unappreciated by the wider ROK population who were unaware of these developments, effectively eroding popular support for ROK/DPRK cooperative programmes during periods of crisis.

Comprehensive interviewing of top, middle, and grassroots level actors involved in the IKCF sponsored programmes, alongside analysis of IKCF data, revealed that the IKCF measures have been pre-dominantly government led. Hence, research findings indicate that the ROK Government
needs to consider an evolution of its IKCF policy, addressing Lederach’s three gaps to prevent future
damage to sustainable peacebuilding, while providing adequate IKCF resources to maintain a
platform for Civic Sector participation if sustainable peace is to be maintained across the Korean
Peninsula.

Keywords: Sustainable Peacebuilding, Inter-Korean Cooperation Fund, Government and
Civic Sector, Lederach’s key gaps: interdependence, justice, process-structure
Acknowledgements

I am immensely grateful to numerous individuals and communities whose invaluable support made the completion of this thesis possible.

Initially, I would like to express my heartfelt appreciation to the 35 interviewees who graciously took part in the interviews, sharing their invaluable experiences and insights acquired from their long journeys between North and South Korea. Their contributions have significantly enhanced the depth and quality of this study.

I extend my heartfelt appreciation to Windsor Baptist Church for warmly embracing me as a newcomer to Belfast and assisting me with various aspects of settling into life in the city for 4 years. I would like to acknowledge the support of many of my friends, including Dr Laura and Ho Meas, Naomi Jones, Gordon and Janet Darra, Dr David and Dorothy McMillan, Christine Thomson, Katy Diong, Dr Gift Sotonye, Dr Femi Omotayo, Dr Angelina Romanova, Kerry and Peter Fee, Nigel and Carolyn Younge, Robert and Eunyoung Anderson, etc. I am profoundly grateful to Lady Alison Mark for graciously providing me with a serene room and beautiful garden at Moira during my final six months in Northern Ireland. The Mark family became my sanctuary during a period of solitude, and I am indebted to them. I would also like to thank Dr Olwyn Mark for her helpful review of my thesis.

My sincere gratitude also extends to my dedicated supervisors David Mitchell and Dongjin KIM, whose guidance and encouragement propelled me forward on my academic journey. Their patience and generosity were instrumental in keeping me steadfast on the path to completing my PhD. Additionally, I am thankful to my examiners, Jude Lal Fernando and Kyungmook KIM, for their insightful evaluation of my thesis and valuable suggestions for future research directions. I wish to...
express my appreciation to Caroline Clarke and Brid O’Brien for their consistent warmth and support at school. I’d also like to thank Dr Megan Greeley for her insightful advice, as she was way ahead of me.

Furthermore, I am grateful to Dr Paul Ohagan and his daughter Orla, as well as Dr Hyojung SUN and her partner David Humphries, and Martina Marek for their help and encouragement in proofreading my non-native English thesis. My colleagues Dong-Hyuk KWON, his wife Hae-young, their children Siho and Sieun, Sang-yeol BAEK, and Han-kyo SEO’s family, all of whom I know from my time at the Korean Ministry of Unification, have been extremely supportive to me.

I am profoundly thankful to the members of True Love Methodist Church on Ganghwa Island in South Korea for their unwavering encouragement and prayerful backing during my challenges. Mari CHO and Sujin JEONG went above and beyond by travelling to Belfast to assist my family and take care of us so well. My deepest appreciation goes to Pastors Eunshil CHUNG, Sekwang CHUNG and Jahyun KU for their continuous spiritual sustenance throughout this journey. A special acknowledgement goes to my dear friend Dr Sook-hyun LEE for her invaluable contribution in reviewing, restructuring, and providing feedback on my thesis was indispensable; without her assistance, completing this thesis would have been inconceivable.

I also extend my heartfelt gratitude to my three sons Jason Jeong-jun, Dan In-jun and David Se-jun KIM for witnessing and supporting me through the struggles of my PhD journey, and to my loving husband Min-seok KIM for his patient wait in South Korea, steadfast support, and belief in us throughout this process.

Finally, I send my infinite gratitude, appreciation and love to my loving God who provided all the helping hands and everything I needed throughout this journey.
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LIST OF ABBREVIATIONS

CSO: Civil Society Organisations

DAC: Development Assistance Committee

DPRK: Democratic People’s Republic of Korea (DPRK)

GNI: Gross National Income

KEDO: Korean Peninsula Energy Development Organization

KIC: Kaesong Industrial Complex

IKECA: Inter-Korean Exchange and Cooperation Act

IKCF: Inter-Korean Cooperation Fund

IKCFA: Inter-Korean Cooperation Fund Act

MDL: Military Demarcation Line

MND: Ministry of National Defence in the ROK

MOEF: Ministry of Economy and Finance

MOU: Ministry of Unification in the ROK

NGO: Non-Governmental Organization

NSC: National Security Council
NIS: National Intelligence Service

ODA: Official Development Assistance

OECD: Organization for Economic Cooperation and Development

PCMF: Public Capital Management Fund

ROK: Republic of Korea

SMEs: Small and Medium-sized enterprises

UN: United Nations

UNC: United Nations Command

UNSC: United Nations Security Council


WHO: World Health Organization

WPK: Workers’ Party of Korea
Ch 1. Introduction

This research analyses how the Inter-Korean Cooperation Fund (IKCF), designed by the South Korean Government, officially the government of the Republic of Korea (ROK), for peacebuilding on the Korean Peninsula, has been operated and implemented over the past 30 years. The analysis will focus particularly on stakeholder relationships – from top level administrators and negotiators through to the grassroots activists within the ROK, who had direct interaction and contact with the conflicting party North Korea, officially the Democratic People's Republic of Korea (DPRK), while participating in IKCF-funded inter-Korean cooperative projects (IKCF initiative/measures).

This introductory chapter initially discusses the purpose of this research, i.e., why there is a need for it, and reflects upon its background and scope, including the definition of terms used in the context of its inquiry. Following on from this, the chapter presents a brief review of the previous literature and discusses the formation of research questions and the context of contributory data. Finally, the outline of this thesis is presented.

1.1 Research Context

1.1.1 Research Purpose

The Inter-Korean Cooperation Fund (IKCF) was established in 1991 to build peace on the Korean Peninsula, providing the Republic of Korea (ROK) with its sole source of funding to cooperate and improve relations with the Democratic People’s Republic of Korea (DPRK). Although over the past three decades the ROK has sought to improve relations with the DPRK through IKCF-funded cooperative projects, inter-Korean relations have fluctuated between periods where relations have been positive and then deteriorated drastically. Contextually, this study focuses on the dynamics
of South Korean top, middle, and grassroots-level participants in IKCF initiatives/measures, to explore the challenges of building a sustainable peaceful relationship with the DPRK.

The eminent peace scholar, John Paul Lederach, emphasises that sustainable peacebuilding is challenged by “three key gaps: interdependence, justice, and process-structure (Lederach, 1999).” This research inquires as to whether these three key gaps are encountered by stakeholders involved in various IKCF measures, analysing achievements and challenges related to IKCF implementation, from 1991 when it was first introduced to 2022, a period of just over 30 years. Hence, the implications of IKCF operations in relation to sustainable peacebuilding on the Korean Peninsula are examined in light of ongoing engagement between the ROK and DPRK as oppositional and conflicting parties. The following sections describe the historical context of the ongoing division and conflict between the ROK and the DPRK on the Korean Peninsula, and the circumstances in which the IKCF was introduced.

1.1.2 Historical Background

Korea is one of a handful of countries that remained divided North and South even after the Cold War. Although Korea has long strived for peaceful unification, technically North and South Korea are still at war, and despite numerous efforts, a peace agreement has not yet been concluded. Moreover, levels of support among the South Korean public for unification with the DPRK on the Korean Peninsula are currently very low,¹ and the ROK has long sought ways to reconcile divergent elements which have inhibited attempts at forging a peace agreement or impeded unification. This was decidedly more difficult following the end of the Korean War when contact with the DPRK was restricted: however, current levels of consensus among South Korean citizens anticipating a

¹ According to the results of an August 2023 public opinion poll by South Korea’s public broadcaster KBS, 82.3% of respondents answered that they ‘feel antipathy’ towards North Korea’s regime and Kim Jong-un’s ruling system. The highest number of responses indicated that North Korea is perceived as a cause for caution by South Koreans (39.7%), followed by the second highest number of opinions which perceived the DPRK as a ‘target of hostility’ (36.2%). In other words, 75.9% of all respondents warily perceive North Korea negatively and as hostile.
possible reunification with the DPRK remain stubbornly truncated. It should be understood, however, that following the armistice agreement ending open hostilities of the Korean War on 27th July 1953, the ROK has been governed by a ‘national security law’ which constrains contact between the two Koreas (ROK/DPRK). This effectively makes it illegal for people to have private meetings with anyone across the Demilitarized Zone (DMZ), rendering cooperation impossible. Hence, civilian level inter-Korean interactions without the approval of the government are also unlawful (Kim and Mitchell, 2022).

Throughout the 1950s, both the DPRK and ROK regimes pursued competitive ideological rivalry, while serious military tensions between the two Koreas continued up into the 1960’s. In the early 1970’s, however, the onset of a détente between China and the United States began to ameliorate Cold War animosities (Park, 2018). Amid these changes in the international setting during the 1970s, the DPRK and ROK began to demonstrate conciliatory attitudes towards each other for the first time (Hong, 2010). Moreover, following the collapse of the former Soviet Union and the Eastern bloc in the late 1980s, in an attempt to take advantage of the ensuing thaw in East/West political dynamics, the ROK adopted a Nordpolitik approach, developing the ‘Unification Plan of One National Community.’ Consequently, the ‘July 7 Declaration’ was announced in 1988, followed in 1991 by the ‘Inter-Korean Basic Agreement’ (Chung, 2021).

This sea change in communications paved the way for a less confrontational relationship between the ROK and DPRK, helping to lay the foundations for inter-Korean cooperation and exchange (Park,

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2 According to an August 2023 survey by ROK national broadcaster KBS (Korean Broadcasting System), 82.3% of respondents said they were "disgusted" with North Korean leader Kim Jong Un and his regime. The DPRK is most likely to be viewed by South Koreans as an "object of vigilance" (39.7 %), followed by an "object of hostility" (36.2 %). Overall, 75.9 % of respondents perceive the DPRK as a negative target to be wary of and hostile to.

3 Nordpolitik refers to a set of foreign policies towards communist countries promoted by former President Roh Tae-woo, who served as president from 1988 to 1993. It centred on seeking to improve relations with the DPRK’s main allies, China, and the Soviet Union, as well as the Eastern Bloc socialist states, and normalising inter-Korean relations to create a favourable environment for peacebuilding. UNIFICATION, M. O. 2022. North Korea Knowledge Portal [Online]. Seoul: Ministry of Unification. Available: https://nkinfo.unikorea.go.kr/nkp/main/portalMain.do [Accessed 5th March 2022]. Nordpolitik is the Korean version of Ostpolitik, which was pursued by West Germany during the Cold War in the early 1970s. USA, I. 2012. Korea South Country Study Guide Volume 1 Strategic Information and Developments, International Business Publications USA.
The Inter-Korean Exchange and Cooperation Act (IKECA) in 1990 and the Inter-Korean Cooperation Fund Act (IKCFA) in 1991 were enacted as follow-up measures to support inter-Korean exchange and cooperation (Lee, 2018b). From this, the IKCF was established in 1991. Significantly this policy change opened a space for the Civic Sector to participate in cooperation and exchange programmes between the ROK and DPRK, creating the legal and institutional framework for various actors to engage with the DPRK. When the IKCF began to grant funds in 1991, this became the primary source of funding to promote inter-Korean relations and implement inter-Korean agreements on cooperation (Park, 2021b).

### 1.1.3 Focusing on the Inter-Korean Cooperation Fund

The IKCF initiative, one of many ROK peace-building tools, is one of the most significant outreach instruments for building relationships with the DPRK. The IKCF is the South Korean government’s sole source of funding for inter-Korean relations and peacebuilding and is 99.8 % funded by government contributions. IKCF implementation figures and trends clearly demonstrate the policy directions of successive ROK governments over the past 30 years, highlighting the areas of inter-Korean cooperation, and how diverse actors are involved. Consequently, IKCF expenditure trends and the IKCF expenditure-to-plan ratio\(^4\) provide an analogue to IKCF policies implemented by each successive government over the past 30 years. The amount of funds provided by the IKCF in various sectors, such as economic, cultural, and humanitarian assistance, can therefore be used for gauging the development of DPRK-ROK cooperation. The extent to which the IKCF has been used and the type of projects supported also highlight how the IKCF initiative has accommodated, or been driven by, different actors. Thus, IKCF implementation can be seen to mirror ROK efforts to promote inter-Korean cooperation and peace on the Korean Peninsula over the past 30 years.

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\(^4\) See Appendix Figure 7 for IKCF’s expenditure trends and Chapter 4 Figure 3 for IKCF’s expenditure to plan ratio.
1.2 Why Strategic Peacebuilding?

1.2.1 Failure to Apply Functionalism

The ROK’s ‘functionalist’ engagement policy with the DPRK, which underpins the IKCF initiative (Lee and Jung, 2021; Choi, 2020a), proffers an optimistic outlook based upon the premise that functional cooperation within a democratic market economy system can promote integration and achieve peace (Sewell, 2015). Lee (2022), Kwon (2018), and Hwang (2017), however, have criticised the IKCF initiative for failing to build peace on the Korean Peninsula using a functionalist approach. Accordingly, ‘(neo) functionalist’ advocates promote political integration and peace through the generation of spillover effects related to economic exchange and cooperation (Visoka and Doyle, 2016).

As the theoretical basis for the IKCF initiative, politically speaking, functionalist integration strategies assume the adoption of a pluralist perspective. However, in the case of the DPRK, where a pluralistic domestic political environment has not yet materialised (Hwang, 2017), a functionalist approach to integration can be construed as being inhibited or even pre-mature. Functionalist suggestions that economic cooperation leads to politico-military cooperation and integration, are difficult to reconcile with the fact that the ROK and DPRK have different economic structures and systems, where even ‘spillover effects’ occur within a disjointed political environment (Im and Seo, 2021; Cho, 2022).5

1.2.2 Strategic Peacebuilding

In overcoming the limitations of functionalism, this research seeks to analyse the achievements and limitations of the IKCF through the lens of Strategic Peacebuilding Theory, which emerged as a

5 Functionalism is explored in more detail in Chapter 2.
critique of the concept of ‘liberal peace’. Presenting the spread of democratic institutions and market economies as necessary conditions for peace (Mac Ginty et al., 2019; Avi-Guy, 2021), ‘liberal peace’ is predominantly a Western concept that supports intervention as a peacebuilding strategy. Advocating a top-down approach (Joshi et al., 2014), ‘Liberal peace’ has faced strident criticism for ignoring local contexts and failing to build sustainable peace through top-down peace transplantation (Nadarajah and Rampton, 2014; Richmond, 2011; Pugh et al., 2008; Duffield, 2007).

Having witnessed the failure of ‘liberal peace’ interventions in conflict zones in the past, strategic peacebuilding scholars contrastingly emphasise local participation in peacebuilding and promote bottom-up approaches (Mac Ginty et al., 2019; Selby, 2013).

In the ROK, the field of peace studies is grounded in the study of international relations premised upon a ‘realistic’ appreciation of the DPRK’s nuclear threat. A primary emphasis on ‘realist’ perspectives (Park, 2020), has called for an intensification of pressure diplomacy and promoted the continuation of sanctions against the DPRK via the United Nations (Kim, 2022; Byun, 2017). Rooted in the social contract philosophy of authors such as Thomas Hobbes (1651), realists accept that both individuals and states are bound by conditions of nature to pursue self-preservation (Kasonga, 2013). Accordingly, national security is a state priority, and this is defended by promoting what peace scholar John Galtung (1990) has referred to as a ‘negative peace’, i.e., a peace that is reliant on the maintenance of the balance of power (Kim, 2019c). While negative peace refers to the absence of direct violence and can be delivered quickly through a ceasefire or peace agreement, by contrast, positive peace is achieved by addressing the deep-rooted structural causes of conflict requiring a more sustained strategy focused on gradually building sustainable systems that promote freedom, equality, and justice (Galtung and Fischer, 2013b; Webel and Galtung, 2007; Galtung, 1990).

Traditionally, peacebuilding processes have integrated negative peace concepts while seeking to explore the causes of conflict through the prism of national security (Lahai and Lyons, 2016).
However, strategic peace scholars suggest there is a need to move away from nation-state-centred archetypes, beyond considerations of the state as the primary analytical actor, and to recalibrate the entire conceptual framework of peacebuilding (Paffenholz, 2018; Diehl, 2016; Mac Ginty, 2014), while rejecting conventional state-centric diplomacy as a determining focus of activity (Lederach, 1997b).

Hence, strategic peacebuilding acknowledges the presence of a diverse range of actors and emphasises the need for multiple interventions in order to establish a durable state of peace (Lahai and Lyons, 2016). Strategic peacebuilding scholars emphasise comprehension of local culture and context and highlight the importance of local communities/residents taking ownership and participating in peace processes (KROC, 2021; Schirch, 2013). This approach is exemplified in the statement made by former Secretary-General of the United Nations, Kofi Annan (Annan, 2000); “Peace must be built from the bottom up and begins with every one of us”, stressing the importance of engaging a wide range of actors in peacebuilding, and acknowledging that peace is built not just by top-level political elites, but with the participation of people at the grassroots (Leonardsson and Rudd, 2015). In 2015, the United Nations (UN) embarked on an important series of peacebuilding structural reviews, which replaced the term ‘peacebuilding’ with the idea of ‘sustaining peace’ (UN, 2015). Moreover, the UN recognises that progress towards sustainable peace is ‘neither linear nor mono-directional’ (UN 2015a, 18).

Drawing insights from perspectives which proffer a critical analysis of the prevailing discourse of international relations and received methods of conflict resolution (Lee, 2015; Paris, 2007; Richmond, 2005), an adoption of Strategic Peacebuilding Theory as a lens through which to critique top-down processes and ‘liberal peace’ frameworks, emphasizes the need for grassroots engagement. Accordingly, this thesis seeks to analyse the extent to which different actors within the ROK have engaged and collaborated with the IKCF initiative.
1.2.3 Three Key Gaps

The strategic peace scholar John Paul Lederach draws attention to obstacles and inhibitors to sustainable peace (1999: 28), delineating this limitation in terms of ‘three key gaps’, (i.e., interdependence, justice, and process-structure). When these three key gaps are not effectively addressed, long-term goals of sustainable peace and the transformation of conflict situations become extremely challenging (Buchanan, 2016; Lederach, 1999).

The first of these, the interdependence gap, occurs when more effort is put into building horizontal relationships than vertical relationships. Horizontal relationships are those that cross divisive lines and are forged between opponents and adversaries. Hence, Lederach (1999: 29) defines horizontal capacity as “the effort to work with counterparts, enemies, across the lines of division”. Contrastingly, vertical relationships are established between top levels of leadership and the grassroots within a society. Lederach (1999: 30) defines vertical capacity as, “the ability to develop relationships of respect and understanding between higher levels of leadership with community and grassroots levels of leadership, and vice versa”. Using a pyramid framework, he further argues that there are three societal levels: top, middle, and grassroots, while insisting that all elements of the social hierarchy must participate and cooperate in the creation of a system for reconciliation (Lederach, 1997a). For sustainable peacebuilding, a capacity to build horizontal relationships with the conflicting party is important, but so also is the capacity to build vertical relationships via communication and cooperation from the top to the grassroots in a societal framework (Lederach, 1999).

When a peace agreement is signed at the end of a protracted conflict, there may be a reduction in direct violence, but a “gap between the expectations of peace and what it delivered” can emerge when intractable underlying issues remain unresolved (Lederach, 1999: 5). Hence, Lederach’s second gap, the ‘justice gap’, becomes prominent when some sort of agreement has been reached,
but expectations of social justice or a peace dividend are unforthcoming (Graf et al., 2006a). Although it is important for peace processes to address top level issues through political negotiation, the outcomes of any peace process must be tangibly enjoyed by a wide swathe of social representation, including grassroots participants, while underlying structural issues must also be addressed for sustainable peacebuilding to be validated as successful (Lederach, 1999). A 'justice gap' typically occurs when progress is made at top level peacebuilding summits, but grassroots participants are either alienated or unable to experience the realisation of peace in practical, tangible terms.

Like a river that maintains its structure while flowing dynamically, sustainable peacebuilding requires an acknowledgement of the adaptive and dynamic process of change, while at the same time having cognisance of the structure underpinning the process of change (Lederach, 1999). Lederach’s third gap, the 'process-structure gap' occurs when peacebuilding is comprehended only as either a 'process' or a 'structure', leading to a neglect of fundamental requirements related to the ongoing developmental characteristics and challenges of dealing with conflict (Lederach’s three key gaps are discussed more fully and in more detail in Chapter 2).

1.2.4 Peacebuilding as Relationship Building

Strategic peacebuilding scholars emphasise that peace is “a change process based on relationship building.” (Sempiga, 2017; Galtung, 1996). Recognising the need for a range of actors to be involved in the peacebuilding context in order to achieve sustainable peace, they focus on the restoration and rebuilding of relationships, and address the relational aspects of reconciliation as a central element of peacebuilding (Ramsbotham et al., 2011; Galtung, 2004; Lederach, 1997b; Galtung, 1990). From this perspective, peacebuilding is the process of restoring relationships between people, replacing previously hostile and competitive relationships between groups with cooperative ones. As an umbrella concept it encompasses, creates, and maintains all the
approaches and steps required to transform conflict into sustainable peaceful relationships (Miller and King, 2005; Lederach, 2005).

In other words, peacebuilding can be (re)defined as creating a platform of ‘process-structure’ for sustainable ‘relationship building’. Rather than seeing peace as a static ‘end-state’, conflict transformation views the creation and sustaining of peace as a continuously evolving process dependent upon the developing quality of relationships (Lederach, 2015: 11). Lederach insists that peacebuilding:

“[is] a process of change based on relationship-building” between societies as well as “the development of a supportive infrastructure that enhances the capacity to adapt and respond to relational needs.” (1999: 36)

Within the context of this thesis, and in acknowledgement of Galtung and Lederach’s contribution, peacebuilding is therefore operationally defined as the process of building sustainable relationships to foster people-centred ‘positive peace’.

1.3 Research Scope

Given that sustainable peacebuilding is impossible if a society does not have the capacity to build peace itself, this study aims to identify the internal factors of South Korean society that contribute to the difficulty of peacebuilding. This has meant that research into various external factors such as the complexity of DPRK political and societal variables, and the influence of the international community on the Korean Peninsula have been excluded, although these factors are acknowledged. Fundamentally, however, this research is focused on the vertical relationships established between top, middle, and grassroots stakeholders who participated in the IKCF initiative, and seeks to uncover challenges to sustainable peacebuilding that exist within the societal framework of the ROK. Moreover, this distinction between top, middle, and grassroots stakeholders in the IKCF
initiative is based upon peace scholar Lederach's pyramid framework (explained in more detail in Chapter 2).

The scope, and time frame of this thesis covers a period of just over 30 years, from 1991, when the IKCF was first introduced, to 2022. From 1991 to 2022, the ROK went through seven presidents, alternating between conservative and progressive candidates. In defining ROK governmental administrative positions, ‘conservative’ and ‘progressive’ are distinguished by their perceptions and positions on relations with the DPRK. Hence, a conservative government can be interpreted as having a hard-line stance on the DPRK and a progressive one as having an inclusive policy of engagement (Lee and Noh, 2019).

In terms of scope, this study has been limited to examining IKCF initiative expenditure for the purpose of inter-Korean cooperation from its inception in 1991 to April 2022. Over this period, the IKCF disbursed KRW 15.7497 trillion ($15.7497 billion), 34% (KRW 5.0785 trillion / $5.0785 billion), which was spent on inter-Korean cooperation projects. The remaining 66% (KRW 9.9712 trillion), was allocated to other purposes: KRW 1.3744 trillion ($1.3744 billion) in loans to the Korean Peninsula Energy Development Organization (KEDO) for Light Water Reactor construction projects, KRW 8.5474 trillion ($8.5474 billion) in principal and interest repayments from the Public Capital Management Fund (PCMF), and KRW 49.7 billion ($49.7 million) in administrative expenses, comprehensively, almost twice the amount actually invested in inter-Korean cooperation projects (MOU, 2023b). Consequently, this study has focused on discovering the achievements and challenges of sustainable peacebuilding funded through the IKCF initiative, which created a ‘contact surface’ through exchange and cooperation with the DPRK. Hence, the IKCF Operating Expenses Account, whose funds were spent on administrative costs, and the Light Water Reactor Account, a

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loan to the KEDO (an international organisation for the construction of light water reactors in the DPRK set up in 1995) are excluded from the scope of this study.

In practice, the IKCF is managed by the Ministry of Unification (MOU), divided into the categories illustrated in Figure 1. IKCF accounts are primarily segmented into a ‘Cooperation Project Account’ for projects such as humanitarian assistance, socio-economic cooperation etc., and a ‘Light Water Reactor Account’ to address the DPRK nuclear issue, followed by an ‘Operating Cost Account’ which covers primarily administrative costs.

Significantly, the Ministry of Unification (MOU) classifies the loan amount for light water reactors as a Cooperation Project Account (see Figure 1). This marks an important difference between MOU classification and this thesis, in that the loan cost of KRW 1.374 trillion ($1.374 billion) for a light water reactor has been excluded from cooperation project costs due to the fact that it can be considered primarily a programme for solving political and military issues. As a result of this discrepancy, in general the South Korean public may be given to understand that over the past 30 years, the IKCF spent all of more than KRW 15 trillion ($ 15 billion) on inter-Korean cooperation projects and humanitarian aid to the DPRK, when in fact only 34 % has actually been directly allocated to these programmes.
The following section explores the purpose of the IKCF and the meaning of inter-Korean cooperation, while defining the IKCF initiative in terms of relevant laws enacted within the ROK.

1.4 Definition of the IKCF Initiative

In considering the aims of the IKCF it is important to offer a definition. Article 1 of the Inter-Korean Exchange and Cooperation Fund Act (1990) stipulates:

“The purpose of this Act is to establish an Inter-Korean Cooperation Fund to support the mutual exchange and cooperation between South and North under the ‘Inter-Korean Exchange and Cooperation Act’, and to provide for matters necessary for the operation and management of the Fund.”

In other words, the IKCF’s primary purpose is to facilitate and foster engagement and cooperation between the two Koreas. The Inter-Korean Exchange and Cooperation Act’s Article 1 (Purpose) further outlines these objectives:
“The purpose of this Act is to contribute to the peace and unification of the Korean Peninsula by prescribing matters necessary to promote reciprocal exchange and cooperation between the south and north of the Military Demarcation Line (MDL).”

The term “inter-Korean exchange and cooperation” refers to a broad range of activities that involve such activities as: contact, trade, supply of communications services, etc. (Article 3 of the Inter-Korean Exchange and Cooperation Act). And the Article 2, Paragraph 4 defines a ‘cooperative project’ as:

“All activities jointly carried out by residents of ROK and DPRK (including juristic persons and organizations) with respect to environment, economy, art, science and technology, information and communications, culture, sports, tourism, health and medical services, disease control, transportation, agriculture and livestock industry, maritime affairs and fisheries, etc.”

The emphasis on cooperation amongst people is reiterated in Article 8 which stipulates, ‘the restoration of the reliability among the Korean people and the national community, and support of any project to promote inter-Korean exchange and cooperation’ (paragraph 6). Article 8 then discusses this in more detail as the eight primary goals of the Act:

1. Subsidization of all or some of the expenses incurred in travelling between ROK and DPRK by South and North Korean residents (Act 8, 1)
2. Subsidization of all or part of the funds needed for cooperation projects in the fields of culture, art and science, and sports (Act 8, 2)
3. Provision of guarantee, financing, and other necessary support for the purpose of facilitating cooperation projects in the field of trade or economy (Act 8, 2)
4. Insurance to cover losses incurred due to any factor other than managerial one prescribed by Presidential Decree while promoting cooperation projects in the field of trade or economy (Act 8, 4)

5. Subsidization of funds and compensation for losses incurred by financial institutions which offer convenience for settlement of bills, such as money exchange, or lending funds, and acceptance of any non-designated currency prescribed by Presidential Decree from financial institutions, for the purpose of facilitating inter-Korean exchange and cooperation (Act 8, 5)

6. Financing and subsidization of the funds necessary for inter-Korean exchange and cooperation which contributes to the restoration of reliability among the Korean people and the national community, and support of any project promoting inter-Korean exchange and cooperation (Act 8, 6)

7. Redemption of loans and the principal and interest of the deposits received from the Public Capital Management Fund under the Public Capital Management Fund Act (Act 8, 7)

8. Disbursement of expenses incurred in creating, operating, and managing the fund (Act 8, 8)

Throughout this thesis, the legal term ‘inter-Korean exchange and cooperation’ is referred to as the ‘IKCF initiative’. This is to emphasise that the research focus is on cooperation projects funded by the IKCF. IKCF measures typically include cooperative programmes across various domains, including culture, tourism, business, trade, humanitarian aid to the DPRK, reunion efforts for separated families between the DPRK and ROK, and inter-Korean travel.

Subsequently, it is important to understand who holds the reigns of the IKCF initiative. The Development of Inter-Korean Relations Act of 2005, a highly relevant piece of legislation aiming to establish a fundamental framework for the relationship between the DPRK and ROK, addresses
essential aspects related to the development of inter-Korean relations in the pursuit of peaceful reunification (Choi, 2020b; Lee, 2006). Importantly, Article 2(1) of the Act (2005) stipulates as its first basic principle:

“The development of inter-Korean relations shall be promoted, pursuing the co-prosperity of the two Koreas and peaceful unification on the Korean Peninsula, on the basis of the principles of independence, peace and democracy.”

Furthermore, the second basic principle states in Article 2, paragraph 2 of the Development of Inter-Korean Relations Act:

“The development of inter-Korean relations shall be promoted in accordance with the principles of transparency and confidence, on the basis of the national consensus, and inter-Korean relations shall not be exploited as a means to fulfil political or partisan purposes”.

Article 8 of the Act also states that:

“The Government shall endeavour to recover national homogeneity, by facilitating exchanges and cooperation in the social and cultural realms. The Government shall formulate and implement policies for promoting mutual understanding between the two Koreas and for developing traditional Korean culture by expanding and developing exchanges and cooperation of local governments and non-governmental organizations or such.”

In summary, the purpose of the IKCF and IKCF cooperative measures can be said to be the promotion of interaction and cooperation between the two Koreas (ROK/DPRK); to contribute towards peace and the reunification of the Korean Peninsula; and to create a process in which central government, local government, and non-governmental organisations can participate.
The IKCF has two major disbursement methods: i.e., grant-in-aid and loan-based finance. While projects related to humanitarian assistance to the DPRK and the establishment of a foundation for inter-Korean economic cooperation are funded in the form of grants, by contrast, trade and economic cooperation projects operating in the private sector on a commercial basis are provided in the form of loans (Cho, 2019b). Early inter-Korean cooperation programmes such as railroad connection projects and cooperation on light industrial raw materials and resources were carried out in the form of loans to the DPRK (Cho, 2019b).

The ‘Inter-Korean Exchange and Cooperation Promotion Council’ (the ‘Council’ hereafter)\(^7\) is comprised of relevant ministries who approve the allocation of funds surpassing a specific threshold, while the Fund overall was entrusted to the Export-Import Bank, which is responsible for the actual management of IKCF money and the financing of IKCF operations (Korea Eximbank, 2022b). Hence, the amount of funding required, and the type of project proposed, affects and is affected by the administrative process and is determined by decision-making at an institutional level (Article 5 of the Fund Act Implementation Rules).

In acknowledgement of this, continuous efforts have been made to expand citizen participation in policymaking by the inclusion of civilian members in the councils, and strengthen cooperation between local governments, the Civic Sector and central government through the inclusion of local government members (MOU, 2022c; MOU, 2008a). Additionally, a comprehensive annual plan for

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\(^7\) According to Article 4 of the Inter-Korean Exchange and Cooperation Act, the Council shall be established at the Ministry of Unification. The Council shall deliberate upon and resolve the following matters (Article 6 of the Act): “The consultation and coordination of policies on inter-Korean exchange and cooperation and the establishment of fundamental principles thereof” and “The consultation and coordination of important matters on approval of inter-Korean exchange and cooperation and the revocation thereof” According to Article 5 of the Inter-Korean Exchange and Cooperation Act, the Council shall be comprised of not more than 25 members, including one chairperson. As of June 2023, the council consists of the Minister of Unification, 17 government members at the deputy ministerial level, and eight civilians, and they determined of the IKCF’s use.
the administration of the IKCF is required to be presented to the National Assembly, before the Council can decide upon a course of action, and the National Assembly must also be informed and updated regarding any significant cooperation projects requiring a substantial quantity of funding or public consensus (Article 68, National Finance Act).

A review of relevant laws reveals that the purpose of the IKCF and IKCF initiative, stated in the IKCF Act, the Inter-Korean Exchange and Cooperation Act, and the Development of Inter-Korean Relations Act, is to build mutual trust, develop inter-Korean relations, and achieve peace and unification on the Korean Peninsula through inter-Korean exchange and cooperation. This can be interpreted as proposing that the IKCF remit is to build confidence with the other side of the conflict, i.e., the DPRK, through ‘contact’, that is, through exchange and cooperation.

Significantly, over the past 30 years, humanitarian aid has been provided to the DPRK through the IKCF, and three major inter-Korean cooperative projects have been promoted: the Kumgang Tourism Project, the railway road connection, and the Kaesong Industrial Complex. Military tensions have also been reduced, with the MDL (military demarcation line) and the DMZ (demilitarised zone) partially opened to create a peace corridor, and the IKCF is considered to have played a very important role in achieving these results (Lee, 2007; Kim, 2006a). In Chapter 4, further details are presented relating to how these IKCF initiatives have been pursued in the ROK. The next section reviews previous literature relating to the IKCF.

1.5 Previous Studies

Although there are a limited number of studies focusing directly on the IKCF, the following studies are related to the IKCF. Most of these studies focus on the financing of reunification on the Korean peninsula and the IKCF operation, with limited discussion of IKCF expenditures that fluctuate due to political influences and limited research into who uses the IKCF.
Studies related to how the IKCF finances reunification can be further divided into three main areas. They either suggest the need to prepare for reunification costs in advance, i.e., learning a lesson from the case of Germany’s reunification, or they suggest the need to reduce reunification costs while continuing to promote inter-Korean cooperation; or they discuss reunification financing through amendments to the IKCF Act.

Shin (2008), Lee and Han (2012), and Son and Lee (2013) suggest that any future reunification of the ROK and DPRK will be costly, as was the German reunification. Hence, it is necessary to develop the IKCF so that it can be used not only for inter-Korean cooperation, but also to accumulate funds to finance reunification. They also note that Germany reduced the cost of reunification through continuous exchange and contact between East and West Germany prior to reunification and suggest that the ROK should follow the German example and promote continuous inter-Korean exchange and cooperation. Lee (2007b), Kim (2008), and Kim (2008b) emphasise the importance of increasing the amount in the IKCF in preparation for a full-scale surge in demand for inter-Korean cooperation when DPRK denuclearises, and of continuing to create contact points between the people of the two Koreas by increasing implementation of the IKCF to promote inter-Korean cooperation projects. To this end, it is argued that efforts should be made to restore cultural homogeneity through inter-Korean socio-cultural exchanges, humanitarian assistance, and economic cooperation by making good use of the IKCF (Lee, 2007b, Kim 2008, Kim, 2008b).

As 'unification preparation' became a hot topic, following President Lee Myung-bak’s (2008-2012) proposal for a unification tax in 2010, an increasing number of studies emerged on financing reunification through the IKCF. Kang (2011) and Kim (2011) agreed on the need to prepare for reunification that could come suddenly and proposed to finance such a reunification in various ways, including continuous accumulation through the IKCF, while considering how best to utilise the Fund. Lee (2012) and Kang (2015) defined categories of reunification costs and called for an
amendment to the Inter-Korean Cooperation Fund Act to establish a purpose tax, issue government bonds, and/or accumulate/appropriate reunification costs through the IKCF.

Studies on the operationalisation of the IKCF include suggestions for enhancing its transparency by strengthening monitoring and reporting systems, increasing its effectiveness, integrating the IKCF with Official Development Assistance (ODA), and operating it in accordance with constitutional principles. Lim (2002), Kim (2008a), and Lim (2009) point out that although the scale of IKCF implementation has increased with the development of inter-Korean relations since its establishment, there are problems in terms of the effectiveness and transparency of the IKCF supporting framework. Moreover, it has been pointed out that the IKCF has been negligent in measuring outcomes to assess effectiveness and efficiency, suggesting that efforts to enhance IKCF transparency and a monitoring and evaluation system are of vital importance. Lim (2009) suggests that a new monitoring and evaluation system for the IKCF, reflecting international practice and tailored to the specificities of inter-Korean relations, needs to be developed.

Lee (2008) and Shin and Jung (2015) have suggested gradually integrating the IKCF into ODA to increase its effectiveness. They compare international development cooperation and assistance systems for the DPRK, while exploring the similarities and differences between ODA funding and the IKCF. Noting the IKCF’s humanitarian aspect, they suggest ways to integrate the IKCF into the ROK’s ODA to make it more effective while increasing the size of the ROK’s ODA as recommended by the UN.

Regarding the operation of the IKCF in line with constitutional principles, Lee and Han (2012) and Park (2013) note that the scale of IKCF operations and the way it promotes inter-Korean cooperation, have warped along with government political attitudes to the DPRK, and suggest that the IKCF should be implemented in such a way that it complies with constitutional principles, i.e., a stable purpose based on the constitution should be found for the IKCF initiative that can carry
across successive administrations. Moreover, through regression analysis of IKCF disbursement cases from 2007 to 2018, Park (2018a) observed the determinants of IKCF allocations, finding that the scale of IKCF disbursements increased under progressive governments, which implied that the domestic political situation in the ROK has a significant impact on the scale of IKCF disbursements.

Lim (2002) and Cho (2019a) criticise the administration of the IKCF for being politically driven. They point out that IKCF implementation is determined by the position of each administration and emphasises the need to promote stability. When a large-scale IKCF-funded project, such as the Kaesong Industrial Complex (KIC), is shut down due to the fluctuation of inter-Korean relations and government decision-making, the South Korean public perceive that financial resources invested in IKCF measures are being wasted, hence, they argue that it is urgent to establish an institutional mechanism to ensure the continuation of IKCF sponsored programmes and avoid a collapse of confidence during political crises.

Studies related to the purposefulness of the IKCF include Moon (2022), who points out that the active implementation of the IKCF was limited to the period from 2000 to 2007, and that the implementation rate of the IKCF has been low since 2008 and continued to be low until 2022. He suggests ways to effectively use the IKCF despite the downturn in inter-Korean relations while criticising the government for being neglectful in evaluating the performance of the IKCF initiative in terms of whether it achieved its intended purpose. The ‘2015 Fund Expenditure Assessment Report’\(^8\) has suggested that the IKCF played a passive supporting role, rather than a leading role, in the development of inter-Korean relations, and stated it was necessary to explore a more active

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\(^8\) Based on Article 82 of the National Finance Act, every three years since 2000, the Ministry of Economy and Finance (MOEF) has reviewed the adequacy of all funds belonging to the Korean government, including their operations and roles, to assess their viability and submit the results to the National Assembly.
engagement that would be expected to induce or stabilise the development of inter-Korean relations (MOEF, 2015).

Regarding the recipients of the IKCF, Lim (2002) has suggested that the ROK government should provide IKCF support for private sector inter-Korean economic cooperation projects to expand and deepen inter-Korean relations. The ‘2023 Fund Expenditure Assessment Report’ highlights the need to strengthen the role of Civil Society Organisations (CSOs) to expand channels to the DPRK, in consideration of how government-led projects, such as humanitarian assistance to the DPRK, may not be able to proceed due to the impact of the political downturn in inter-Korean relations (MOEF, 2023).

While there are few studies discussing the effectiveness of the IKCF, Son (2010) has examined the contribution of transfer income from IKCF measures to DPRK’s gross national income (GNI) from the perspective of ODA. She concluded that the ROK’s food and fertiliser assistance to the DPRK and inter-Korean economic cooperation have the effect of increasing the DPRK’s GNI, and that the Kaesong Industrial Complex (KIC) and Mt Kumgang Tourism Project have additional employment effects, which may contribute to DPRK’s economic development in the future.

Park and Lee (2011) have analysed the IKCF trends over a 20-year period (1991-2010) with the aim of evaluating the IKCF according to the Official Development Assistance (ODA) standard set by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). The results suggest that humanitarian assistance to the DPRK through the IKCF should be transformed into development assistance and that IKCF loans should be used strategically to promote the DPRK’s market economy.

Although previous research on the IKCF has primarily examined three aspects: financing reunification through the IKCF, enhancing the efficiency of the IKCF through the setting up of a monitoring and evaluation system, and building the IKCF’s role through strategic IKCF
implementation, the achievements and limitations of the IKCF in building peace on the Korean Peninsula have received little attention from researchers. Consequently, a study of the challenges to sustainable peacebuilding conducted through the prism of relationships between stakeholders involved in the IKCF initiative would address a significant knowledge gap. Contextually, a case study relating to ongoing conflict on the Korean Peninsula would also be an important contribution to the international field of sustainable peacebuilding research. To address this lack of knowledge, this thesis sets the following research questions.

1.6 Research Questions

**Main Research Question**: “What are the achievements and challenges faced by the IKCF Initiative in support of sustainable peacebuilding on the Korean Peninsula?”

**Supplementary Sub-questions**:

1. To what extent has the IKCF Initiative enhanced inter-Korean relations and supported peacebuilding efforts?

2. From the standpoint of Lederach’s three key gaps; what challenges for peacebuilding have been observed among the stakeholders involved in the IKCF Initiative?

1.7 Contribution to Knowledge

This research constitutes new knowledge and provides new literature on the dynamics of stakeholders in the Government and Civic Sectors in the ROK in terms of the IKCF initiative on the Korean Peninsula over the past three decades. The thesis explores the potential for the IKCF to fuel grassroots peacebuilding through contact and engagement as advocated by Strategic Peacebuilding Theory (Mac Ginty and Richmond, 2013). Consequently, this study helps to fill a knowledge gap in the literature surrounding how the IKCF initiative affects contact and relationship
building between parties in conflict, and how it can ultimately play a role in supporting sustainable peace.

With regard to its financing role, this study advances and extends knowledge on what the IKCF can potentially do for peacebuilding when it provides resources. In addition, this thesis makes an important contribution to existing scholarly understanding by addressing obstacles to sustainable peacebuilding highlighted by Strategic Peacebuilding Theory, evidenced by an analysis of IKCF operations and contextualised by the conflicting relations on the Korean Peninsula.

Moreover, this thesis demonstrates that the IKCF initiative provides a space for evolving relationship building with conflict parties and reveals differences in peacebuilding capacity between the top-level Government Sector and the mid-level and grassroots Civic Sector. Furthermore, the identification of the Civic Sector’s capacity to develop high quality relationships with the other side of the conflict (DPRK) shows the potential for this sector to be a resource for peacebuilding on the Korean Peninsula. As a practical matter, therefore, this research is also relevant to policymakers who are able to decide on the future use of the IKCF and how to engage the Civic Sector in sustainable peacebuilding on the Korean Peninsula.

Finally, given that it includes assessments of stakeholders who have participated in the IKCF initiative so far, this thesis will also help to shed light on lesser understood aspects of sustainable peacebuilding, as well as provide a critique of contact and engagement on the Korean Peninsula, generating new knowledge about the impact of vertical relationships within a society experiencing conflict.

1.8 Thesis Structure

Structurally, this thesis is organised into eight chapters:
This introductory chapter outlines the purpose of the study, the context of the study, and the research questions. It also provides a section describing previous literature on IKCF.

Chapter 2 initially discusses the theories that provide the analytical framework for this thesis. Over the past three decades, the DPRK and ROK have had the opportunity to make contact and build relationships with each other through the IKCF initiative. While Contact Theory demonstrates how positive contact can be effective and lead to friendly relations with the other side, a number of conditions are necessary in order for that contact to be positive. Functionalism, the theoretical basis of the IKCF initiative, is then discussed with a focus on its limitations in the Korean Peninsula context. Finally, a closer and deeper exploration of Strategic Peacebuilding Theory is undertaken with the theoretical framework of Lederach’s “three key gaps: interdependence, justice, and process-structure” adopted as the theoretical lens.

Chapter 3 presents the research methodology. It explores literature and data collection methods, the sampling technique of interviews to reduce bias, and the methods of sampling. It includes a section on research ethics and concludes with a discussion of the limitations of this research.

Chapter 4 examines how the implementation of the IKCF and its cooperation measures have progressed in line with the ROK government’s North Korean policy from 1991 when the IKCF was first introduced in the ROK to 2022, including how much the IKCF has been deployed, in which areas, and what stakeholders have been involved.

Chapter 5 analyses interviews with Civic Sector participants in the IKCF initiative. It focuses on the achievements and limitations of the IKCF initiative as perceived by the Civic Sector, detailing its success in building contact and horizontal relationships with the DPRK, the challenges faced by the Civic Sector due to changes in ROK North Korean policy, and the difficulties encountered in raising funds for inter-Korean cooperation projects.
Chapter 6 contains interviews with Government Sector actors who have worked closely with the IKCF initiative. It discusses the achievements and limitations of peacebuilding on the Korean Peninsula through the IKCF initiative as assessed by the Government Sector, its vertical relationship with the Civic Sector, its views on engaging the Civic Sector in inter-Korean relations, and its perception of their role.

Chapter 7 provides a comprehensive analysis of the South Korean government's implementation of the IKCF over the past 30 years and the progress of the IKCF initiative through interviews with both civic and government stakeholders. In relation to the achievements of the IKCF initiative, it critically analyses whether the ROK has the capacity to build and sustain horizontal relationships with conflict parties based on Strategic Peacebuilding Theory and the Contact Hypothesis. Using Strategic Peacebuilding Theory as a framework for analysis, it explores why the building of inter-Korean relations through the IKCF initiative has not been sustainable, and how Lederach's three key gaps have emerged among the stakeholders involved in the IKCF initiative over the past three decades to impede sustainability.

Chapter 8 concludes this study. It summarises the answers to the research questions presented in Chapter 1 and draws out its theoretical contributions and policy implications. Finally, the limitations of this research and recommendations for further avenues of research are presented.
Ch 2. Theoretical Framework

The ROK has been engaging with the DPRK through the IKCF initiative for the past 30 years and has been working to develop inter-Korean relations and build peace. However, this has not led to the formation of a sustainable relationship between the DPRK and the ROK. In order to build a sustainable relationship through contact with a conflict partner/adversary, it is necessary to first explore the conditions under which contact can be effective. Exploring the Contact Hypothesis first, this chapter then moves on to a critical examination of Functionalism; the theoretical foundation for the implementation of the IKCF measure in the ROK over the past three decades, and examines the conditions under which Functionalist-based cooperation leads to integration and peace, and the conditions inconducive to its success. This is particularly pertinent since the ROK IKCF initiative, which was conceived on the basis of a Functionalist approach, has been criticised for failing to deliver sustainable peace. Finally, this chapter delves into Strategic Peacebuilding Theory as a theoretical framework for building sustainable relations between the two Koreas. Strategic Peacebuilding Theory is therefore used as a theoretical lens, to analyse the achievements and limitations of the engagement policy pursued by the ROK through the IKCF initiative in shaping relations with the DPRK, and to evaluate the building of sustainable peace on the Korean Peninsula.

2.1 Contact Hypothesis

According to the Contact Hypothesis, having contact with an opponent or adversary can help alleviate hostility and can contribute to conflict resolution. Drawn from Gordon Allport’s work ‘The Nature of Prejudice’ (1954), the Contact Hypothesis, as a social psychology, has been influential in the development of a better understanding of the role of agents in overcoming prejudicial attitudes and promoting reconciliation (Hughes, 2020, Paluck et al., 2019). Fundamentally, this approach
promotes the idea that contact between groups does not generally make existing intergroup relations worse, but in most cases actually improves intergroup relations (Pettigrew & Tropp, 2006). The Contact Hypothesis is founded on the simple premise that interaction with members of a distinct group reduces prejudice and negative feelings towards that group (Paluck et al., 2019). Moreover, the Contact Hypothesis has been validated by decades of research into a range of propositions and conditionalities relating to its practical implementation (Malhotra and Liyanage, 2005). Even research into an extended form of contact, indirect contact, leads to an intriguing proposition. These advances state that positive perceptions towards outgroups can be cultivated through imaginary interactions between them (Crisp and Turner, 2009). According to Allport (1954), there are four fundamental prerequisites for effective intergroup contact:

- Equal status between groups during the contact phase,
- The pursuit of common goals,
- Intergroup cooperation, and
- The provision of institutional support

All of which are exhibited through authority, law, culture/custom, and/or local climate (Malhotra and Liyanage, 2005).

Even when Allport's prerequisites are not fully satisfied, half a century of extensive empirical research has consistently demonstrated that intergroup contact has the potential to mitigate prejudice (Malhotra and Liyanage, 2005). In a meta-analysis of over 500 studies on the effects of intergroup contact, Pettigrew and Tropp (2006) found that while these conditions are not required for positive contact, they are nevertheless facilitating conditions which increase the likelihood of positive contact outcomes. The study presents clear evidence that intergroup interaction can effectively ameliorate intergroup prejudice. It can be concluded that in terms of its overall capacity to alleviate prejudice, the Contact Hypothesis no longer requires further demonstration (Paluck et
al., 2019). It has been noted, however, that division and segregation often create barriers to contact in structurally divided societies, in which case the question may not be whether the Contact Hypothesis is valid, but whether it can function effectively within such divided societies (Hughes, 2020).

Pettigrew (1998), moreover, added a fifth prerequisite which can determine the efficacy of the Contact Hypothesis, i.e., the capacity to develop long-term friendships. Friendship and intimacy between people from antagonistic groups help to change inter-group attitudes (Bar-Natan et al., 2005). Notably, Rippl (1995) discovered that friendship played an important role in determining the contact effect between citizens of East and West Germany. However, it takes time for these inter-group friendships to emerge, and for the emotional bonds they elicit to substantially influence external conditions (Pettigrew, 1998).

For friendships to grow over time, appropriate contact settings are necessary (Davies, Tropp, Aron, Pettigrew, & Wright, 2011), let alone an actual opportunity for intergroup connection (Wagner, Hewstone, & Machleit, 1989). Once a connection is established, it is important to repeat and extend contact (Al Ramiah and Hewstone, 2013). So that the positive contact effect can be generalised to the outgroup as a whole, an explicit link must be made between interaction partners and their outgroup (Al Ramiah and Hewstone, 2013). However, the Contact Hypothesis is not without criticism. Critics of the Contact Hypothesis argue that if participants are feeling threatened and are reluctant to engage in contact, intergroup contact can actually reinforce prejudice and damage relationships (Krampe et al., 2021, Pettigrew et al., 2011). More recent studies have shown the adverse effects of negative contact on intergroup attitudes and relations, as well as the mechanisms underpinning this effect (Hayward et al., 2017). One such mechanism indicates that negative contact raises category salience, which in turn negatively affects intergroup relations (Dovidio et al., 2017; Sylvie et al., 2014; Graf et al., 2006a).
They argue that although intergroup contact may alleviate prejudice at an individual level, this is not necessarily replicated at a group level, which may be insufficient for addressing group conflicts (Forbes, 2004). That said, there are some strong reasons why contact is considered so effective for reducing prejudice:

1. Contact facilitates knowledge and understanding about the outgroup, whereby negative perceptions of a group can be reversed by newly acquired information.

2. Contact itself invokes ‘behavioural change’, involving the participants in new activities and eliciting conduct that aligns with the dynamic expectations of the inter-active situation. Furthermore, this change in behaviour can also result in a shift in attitude.

3. Emotional bonding, empathy, and friendship with individual members of an out-group can enhance perceptions of the group as a whole, reducing prejudicial attitudes generally.

4. In-group reappraisal promotes reflection and self-criticism, occurring when exposure to other groups reveals that the norms and conventions of one’s own group are not the only way to manage the social world.

According to Pettigrew (1998: 70-73), these four processes, which occur alongside contact, work together to shift people's attitudes. Hence, a ‘Contact Hypothesis’ can be used as a theoretical framework to better understand conflict situations and interventions that improve intergroup attitudes (Christie, 2006), given that it presents a view that prejudice and animosity can be overcome via positive intergroup relations and increased contact amongst formerly adversarial groups. This underlines the fact that creating sustainable peace requires an active effort to build constructive relationships (Wagner, 1988).

Across conflict resolution literature, it is argued that the causes of conflict are not only structural but also psychological and social (Gawerc, 2006). Contemporary peace processes, however, often fail to address underlying causes and triggers of suffering and trauma, which can include: inherited
memories, images as well as signifying practices and symbols (Gawerc, 2006). To address the “legacy of bitterness that hampers conflict resolution”, necessitates mechanisms which respond to shared psychological, political, and socio-economic needs (Gawerc, 2006). While there are those who perceive that the causes of conflict demand a structural focus on rights, justice, and political issues, those who take a psychological and cultural perspective emphasise the need to build relationships and eliminate ignorance, misunderstanding, fear, and hostility between groups through cooperation and contact (Gawerc, 2006).

After the end of the Cold War, peace psychologists argued that a broader, more systemic view of the relationship between violence and peace was needed, in opposition to a focus solely concentrated on the prevention of devastating (nuclear) warfare (Christie, 2006). Systematic peacebuilding efforts that sought to transform violent systems into more equitable and cooperative interpersonal and social arrangements, were considered necessary for the prevention of violence and the promotion of sustainable peace (Christie, 2006). Hence, Christie’s argument (2006: 10) is that positive intergroup contact can be used as a strategy for systematic peacebuilding.

Given the difficulties, particularly on the Korean Peninsula, it is understandable that some become pessimistic and revert to positions of animosity, antipathy and confrontation (Kim, 2018a). However, the pursuit of peace necessarily requires a deeper understanding of the causes of conflict, which in turn necessitates the design of complementary approaches that take both ‘systemic change’ and ‘relational change’ into consideration (Lederach, 2012). Intergroup contact initiatives are thus an effective instrument for conflict resolution and peacebuilding, as they pave the way for improved intergroup relations and the commencement of successful public peace policies (Al Ramiah and Hewstone, 2013). Actors from each group must, however, come to the negotiating table with an openness in terms of addressing needs and presenting perspectives, if reconciliation and peace are to be promoted and facilitated (Al Ramiah and Hewstone, 2013).
Sustainable peace, however, also requires various forms of contact to occur between the political and power elites, the general population as well as opposing/adversarial groups (Al Ramiah and Hewstone, 2013). The inter-Korean exchange cooperation initiative offers a good example of contact-based peacebuilding in the Korean context, where both sides can work towards the common goal of peaceful unification and prosperity on the Korean Peninsula. Effectively, the IKCF initiative made it possible for citizens in the DPRK and ROK to make lawful contact with each other for the first time since the division of the country. However, over the past 30 years, this platform for inter-Korean contact has been disrupted by a range of internal and external factors, exemplified by the suspension of the Mt Kumgang Tourism Project and the closing down of the Kaesong Industrial Complex. This made inter-Korean contact and relationship-building unsustainable. Correspondingly, some South Korean commentators criticised the government’s policy of engaging the DPRK through the IKCF, considering these measures to be ineffective.

2.2 Functionalism

Since the armistice effectively ended the Korean War, building peace in the Korean peninsula has been discussed widely in academia. Most studies on this, however, have followed a Functionalist line (Jeong, 2017; Wiener, 2009). The Kantian roots of Functionalism can be traced back to the liberal idealist tradition in international relations (Paffenholz, 2021), founded on the premise that functional cooperation increases the potential of peaceful integration within an agreed liberal democracy and market economy system (Sewell, 2015). David Mitrany (1966), in his book Working Peace System (cited in Wiener, 2009), contends that it is possible to create an international peace system founded upon a functional integration of a society’s economic and social sectors.

Functionalism, in this sense, asserts that the best way for states to cooperate with one another, is via ‘technical’ fields, defined as an economic system and/or political/legal infrastructure, which advance shared prosperity and peace (Pfaltzgraff and Robert, 1997). These ‘technical’ areas of
interlocution are deemed to promote synergy in related non-political areas such as socio-economics, culture and science, whereby practical collaboration in one particular field leads to increased cooperation in other connected areas (Wiener, 2009). Integrating these non-political sectors is also considered to have ramifications which automatically promote further political integration (Ambrosius and Henrich-Franke, 2016).

Functionalism places significant emphasis on this concept of ‘automaticity,’ a process whereby functional integration within a particular sector progresses from partial to complete integration (Wiener, 2009). Principally, economic integration is considered to enable the promotion of political unity by fostering greater cooperation, ultimately contributing to the strengthening of international institutions and systems of government (Haas, 2008). This is applicable not only within countries, nations, and jurisdictions, but also between these entities. However, Mitrany’s conceptualisation of functionalism in particular, has been criticised for being overly optimistic in its adherence to a belief that once functional cooperation is expanded, it automatically prompts further collaboration, inevitably leading to political integration (Theiler, 2022). To address these concerns, a theory of neo-functionalism was conceived (Hass, 2008).

Complementing Mitrany’s concept, neo-functionalists argue that the expansion of economic cooperation reaches a particular stage which then requires political decision-making and the resolution of political leaders in order to progress. This is an implicit refutation of the notion that incremental exchange and cooperation in non-political spheres ‘automatically’ leads to political integration (Schmitter, 2005). Neo-functionalism considers the ‘ politicisation of spillovers’ as a prerequisite link between functional cooperation and political integration (Nelsen and Stubb, 1994). This implies that processes of integration are facilitated in political communities, when specific groups and individuals exhibit greater allegiance to the norms of a central political system (Haas, 2008). Consequently, neo-functionalist theorists identified three key factors facilitating this
integration: i.e., bureaucratic cooperation, the establishment of an institutional framework for cooperation, and the politicisation of cooperation (Schmitter, 2005).

‘Spillover’, a process beginning in one field and spreading to another area via mutual dependence, where integration is promoted, is a defining concept for the neo-functionalist approach to integration (Haas, 1976). Neo-functionalists argue that pronounced collaboration in one area will lead to more cooperation in other relevant areas, contributing to the growth of common interests and eventually promoting political integration, while preventing the escalation of rivalrous conflict and war (Nye, 1971). This optimistic belief that the spill-over effects of economic cooperation promote peace and build community cohesion, is essentially the foundation of all functionalist notions of integration (Visoka and Doyle, 2016). Accordingly, neo-functionalists have identified specific ‘background conditions’ as prerequisites for successful integration (Nelsen and Stubb, 1994; Haas, 1961). First, countries participating in regional integration should have a pluralistic social structure and substantial economic and industrial development. Second, there should be a significant common ideological orientation among participating countries. In Europe, these background conditions were considered to have been met, demonstrating that the role and activities of bureaucrats in transnational organisations or interest groups at an international level, could sustain momentum towards integration (Nelsen and Stubb, 1998).

Even from the neo-functionalist perspective, the prediction is that regional integration can become problematic outside of a European arena, especially when none of the above conditions can be met (Visoka and Doyle, 2016). Additionally, the 1970s world economic crisis, wedded to a lack of a collective response at the European level, which plunged Europe into a deep recession, challenged these fundamental tenets of neo-functionalism. By 1975, Haas recognised the limitations of neo-functionalist theory in his work ‘The Obsolescence of Regional Integration Theory’ (Haas, 1975). Arguing that Functionalism cannot work when its basic premises have not been met, Haas acknowledged that integration is a complex affair, demanding pluralistic social structures,
strong economic development, and shared or similar ideological attitudes among participating actors. While economic integration was considered the easiest of these challenges to meet, it was accepted, however, that constraints typically exist without attendant political coordination (Sewell, 2015).

Purportedly founded on Functionalist principles (Lee and Jung, 2021; KIM, 2019f; Kwon, 2018; Hwang, 2017), the ROK's engagement policy towards the DPRK assumed that inter-Korean cooperation in the economic, social, and cultural spheres would result in ‘spillover effects’ that would eventually prompt political change in the DPRK, and that this process would enhance inter-Korean relations (Choi, 2020a; Hwang, 2017, Ha and Namkung, 2012). The hallmark of the Functionalist approach to the Inter-Korean system of cooperative exchange, is the notion of gradually homogenising the lives and consciousness of what has become a heterogeneous population across two distinctly contrasting Korean jurisdictions, as well as a focus on reducing political and military tensions that arise through various engagements (Park, 2019a; Lee, 2012b).

From this perspective, inter-Korean relations are deemed to occur essentially within the domain of ‘low politics’ resulting from inter-Korean contact, which subsequently progress, culminating in the ‘high politics’ of negotiation at a governmental level.

In other words, the ROK’s engagement policy towards the DPRK via the IKCF initiative was a strategy to develop inter-Korean relations through ‘spillover effects’, whereby inter-Korean cooperation in the economic, social, and cultural sectors would increase the surface of contact between the two Koreas, leading to cooperation across the political and military sectors (Lee, 2022b; Hwang, 2017). Nevertheless, creating connections between economic, social, and cultural domains and the politico-military sphere has proven to be challenging, and inter-Korean economic cooperation has yet to be realised in terms of political and military cooperation (Hwang, 2017).
The ROK’s IKCF-mediated engagement policy with the DPRK, particularly its aim of enhancing relations by fostering greater dialogue and promoting cooperative economic exchange, is indicative of the broad liberal values which underpin Functionalist principles (Lee, 2022b; Lee, 2016a; Moon, 1999). However, given the fruitless efforts to transform the DPRK’s political regime and forge a sustainable DPRK-ROK community rapprochement, notwithstanding the failure to maintain peace (Hwang, 2017), the effectiveness of a Functionalist DPRK-ROK integration policy has been criticised by several experts in the field (Li, 2022; Lee and Jung; 2021, Han, 2019; Hwang, 2017; Kim, 2011a).

A critique of Functionalism on these terms invokes two possible arguments/responses: First, it could be argued that conditions on the Korean Peninsula do not align with Functionalist preconditions. Second, there is an argument that inter-Korean relationships and interactions do not meet the structural requirements for the beginning and continuance of a Functionalist integration process (Park, 2008).

Pluralism, ideological alignment, and a symmetrical common denominator of economic equanimity among units on both parties are deemed essential for the success of a Functionalist initiative (Hwang, 2017; Park, 2008; Mitrany, 1994). These are exemplified in common ‘open’ and industrialised economies, heterogeneous societal groupings, and democratic politics, considered foundational for regional integration (Haas, 2004). However, because these preconditions have not been met on the Korean Peninsula, it can be argued that any (neo) Functionalist approach to integration faced structural limitations right from the beginning (Hwang, 2017; Park, 2008). In particular, ideological differences between the DPRK and ROK have inhibited the potential for economic cooperation to neo-functionally ‘spillover’ into cooperation at the political level (Kim, 2013b).

Another response highlights the context of persistent mutual distrust between the two Koreas, countering that it is totally unrealistic to expect economic, social, cultural, and other forms of
collaboration to lead to political and military cooperation between the two Koreas. Hence, recognising that the DPRK and ROK are particularly sensitive to politico-military issues, also means accepting that the reach of integration via Functionalist approaches at a lower or subordinate level, such as a socio-economic or cultural détente, is less likely to impact this higher-level politico-military realm. Accordingly, it is argued that inter-Korean relations need to be shaped by top-down political negotiations and high-level decision-making via summits (Li, 2022). Conspicuously, it is also contended that alternatives to a Functionalist approach should prioritise addressing higher-level political and military matters, such as the DPRK nuclear crisis, over what are considered to be lower-level issues like economic welfare and socio-cultural concerns (Hwang, 2017).

Despite criticism of its Functionalist limitations, the ROK has continued to promote the IKCF initiative as a platform for primary contact and exchange with the DPRK since the country’s division. For example, the Mt Kumgang Tourism Project enabled 1.95 million South Koreans to cross the DMZ and set foot on North Korean soil for the first time in 65 years. 800 businessmen commuted daily to the Kaesong Industrial Complex, facilitating contact with over 50,000 North Korean workers. In addition, ROK agencies promoted humanitarian aid programmes and built multifarious connections with DPRK citizens. However, these contacts ‘on the ground’ proved fragile when political relations between North and South Korea deteriorated. The next section explores why this system of relationship building was not sustainable through the platform of the IKCF initiative.

Regardless of the efficacy of the ROK government’s policy tool, it cannot establish a positive relationship with the DPRK or sustain peacebuilding if it continually operates on a short-term basis. This suggests the need to adopt a strategic mid-to long-term approach, and for the political elite to refrain from monopolising policy and/or marginalising grassroots participants and agents. Hence, to better comprehend circumstances under which contact has a favourable impact on the building of sustainable relationships, Strategic Peacebuilding Theory is employed as an analytical framework.
Strategic Peacebuilding Theory also highlights that sustainable peacebuilding becomes difficult when Lederach’s three key gaps emerge. Addressing these issues, the following section shall discuss Strategic Peacebuilding Theory and the impact of Lederach’s three key gaps.

2.3 Strategic Peacebuilding: A Path to Sustainable Peace

2.3.1 The Emergence of Strategic Peacebuilding

‘Strategic Peacebuilding’ evolved out of challenges faced by the dominating discourse of ‘Liberal Peace’ (Tanabe, 2017; Richmond and Mac Ginty, 2015) which takes the establishment and growth of democratic institutions and market economies as a necessary requirement for a state of peace (Avi-Guy, 2021; Mac Ginty et al., 2019). Grounded in Kant’s liberal/democratic notions, ‘Liberal Peace’ is a predominantly Western idea, which encourages intervention as a strategic concept in peacebuilding (Kim, 2023; Joshi et al., 2014; Sabaratnam, 2011) in pursuit of the belief that market liberalisation acts as a peace catalyst by promoting interaction through trade, and specifically the lowering of economic tariffs and barriers between conflicting parties (Kim, 2019a; Richmond and Mitchell, 2012). Contemporary peacebuilding has therefore often been described as ‘Liberal Peacebuilding’ due to this emphasis on activities and institutions that promote market economies and liberal democratic norms (Newman et al., 2009).

Critics, however, have suggested that in failing to address the conditions for making peace sustainable, and neglecting in particular localised peacebuilding capacity, resumption of conflict under ‘Liberal Peace’ initiatives became inevitable (Nadarajah and Rampton, 2014; Richmond, 2011; Duffield, 2007; Pugh, 2005). Critics of Liberal Peace have further argued that its tendency to apply a unilateral liberal societal model to diverse local communities, has resulted in poor-quality outcomes such as superficial democratisation, and has led to a worsening of socio-economic inequalities (Richmond, 2011; Duffield, 2007; Pugh, 2005). Critics also point to the fact that
peacebuilding missions based upon this premise have a poor track record of success in countries operating a non-liberal model (Chandler, 2010; Barkawi, 2001). In the post-Cold War era, Liberal Peace has further developed into a multidimensional activity aimed at linking peacebuilding and state-building, often without local consent (Richmond, 2010b). Critics emphasise the importance of involving local people in the building of sustainable peace, contrasting ‘Liberal Peace’ with conceptualisations of peacebuilding drawn from Peace and Conflict Studies (Tanabe, 2017; Richmond, 2016). Given the existence of contested and conflicting approaches, a strategy for peacebuilding that is itself sustainable is undoubtedly required.

‘Realists’, on the one hand, profess that international politics is chaotic and fraught with the potential for violence between nations, and tend to place a high value on military expansion and alliance formation as means to ensure national security and maintain peace (Park, 2017b; Kim, 2012). On the other hand, ‘liberals’ argue that international cooperation and the launch of new international institutions and standards of statecraft are really what can bring about world peace (Kim, 2023; Park, 2017b). Influenced by Kant’s doctrine of perpetual peace, liberal strategic priorities are about maintaining world peace and preventing interstate conflict at a national and international level (Kim, 2023; Park, 2017b).

In contrast to both, human-centred, social justice-based approaches were developed during the Cold War, resulting in Galtung’s propositional notion of positive and negative peace, which also considered the impact of structural and cultural violence (Kim, 2021b). For Galtung, social structures that lead to political oppression and economic exploitation at the national and international levels (Galtung, 1969), cause ‘structural violence’, with war representing the zenith in direct terms. Although the targets of structural violence may often be transparent, its perpetrators may not. Hence, ‘cultural violence’ operates as a mechanism which justifies structural violence (Galtung and Fischer, 2013a) in acknowledgement that violence, direct and structural can be legitimised through socio-cultural and intellectual attitudes, (e.g., nationalism, racism, sexism, and
prejudice), propagated and mediated via education, media, film, art and even street names, etc. (Galtung and Fischer, 2013a; Galtung, 1990). Consequently, Galtung describes the absence of physical violence and war as ‘negative peace’, if underlying conditions of cultural violence remain unaddressed (Galtung, 1969), while the wholesale absence of structural and cultural violence is described as ‘positive peace’. Typically, Galtung argues that dialogue and contact between warring parties cannot of itself generate peace, even in the absence of direct violence. Although, ‘negative peace’ may be established fairly rapidly and efficiently through the imposition of ceasefires or peace treaties, by contrast, ‘positive peace’ requires a long-term approach to developing a sustainable structure of equality, freedom, and justice (Webel and Galtung, 2007). Additionally, it is worth noting that imposed peacekeeping lines, often set up to contain and constrain direct physical violence, can have a perverse tendency to disrupt both military and civilian interaction and are likely to postpone discussions about the root causes of conflict (Kim, 2017a). As a result, Galtung argues, animosity will most certainly continue to grow, and some political leaders may even stoke this hatred to gain popular support, which in turn raises the stakes and the risk of recurrent war (Galtung, 1996). Hence, Galtung’s, positing of ‘positive peace’ as a superior ideal to ‘negative peace’ (1969: 183), suggests that peacebuilding efforts should focus primarily on eradicating the underlying causes of violence and conflict.

In developing Galtung’s concept of ‘positive peace’ Lederach emphasizes the importance of establishing mutual trust and societal engagement (Lederach, 1999; Lederach, 1997b), defining peacebuilding as ‘a change process based on relationship building’ holistically within societies. Simultaneously, this involves:

“...the development of support infrastructures that enhance our capacity to adapt and respond to relational needs (Lederach, 1999: 35).”

“...[where] peacebuilding is understood as a comprehensive concept that encompasses, generates, and sustains the full array of processes, approaches,
and stages needed to transform conflict toward more sustainable, peaceful relationships (Lederach 1997: 10).”

This concept draws attention to the relationship dimensions of reconciliation, resulting in a change in the focus of peacebuilding efforts from resolving ‘issues of conflict’, to repairing and rebuilding damaged relationships (Lederach, 1997b). Consequently, a holistic peace process, concerned with reconciliation, is geared toward changing the nature of relationships at all levels of human interaction and experience to address the underlying causes of conflict, as opposed to merely dealing with its symptoms (Austin et al., 2013). Inevitably, peacebuilding on these terms requires a long-term perspective. Without the capacity to visualise the big picture of interdependent relationships and to place oneself within a larger, dynamic process, peacebuilding is bound to fail (Lederach, 2005).

This relationship centrality, provides the context and potential for breaking cycles of violence, because it brings people into the pregnant moments of the moral imagination; the space of recognition that ultimately accepts that the quality of our own lives is dependent on the quality of the lives of others – that the well-being of our grandchildren is directly tied to the well-being of our enemy’s grandchildren (Lederach, 2005: 35).

Lederach’s comprehensive study of sustainable peace and reconciliation revealed the importance of social networks of relationships in the rebuilding of divided societies (Aiken, 2013). As a solid foundation for the development of lasting peace, it invokes the resilient cross-stitch of community generated by a web of people, their relationships, and their activities (Lederach, 1997: 84). Miall (2004: 8) discusses why it is critical to emphasise the relational dimension of human conflict, arguing that relationships involve the whole fabric of interaction within the society in which the conflict takes place. It also impacts other societies beyond the immediate environment or context. Lederach (1997) has insisted that these relational aspects of conflict are critical and argues that
poor relationships between groups are all too often a trigger for conflict and impede peacebuilding efforts even when direct violence has concluded.

Peacebuilding, in Lederach’s sense, should focus on the creation and nurturing of multilevel and constructive human relationships, rather than mere instrumental and technical responses to conflict scenarios. This of course necessitates the incorporation of long-term perspectives and strategic planning, as well as the fostering of constructive engagement between individuals and their environments (Shank and Schirch, 2008). Strategic peacebuilding offers an engagement with shifting and complex, geopolitical, economic, and cultural realities via a range of agencies, actors, and institutions, formal and informal, across an interdisciplinary and interdependent spectrum of knowledge and discourses — all aimed directly at dealing with root causes of conflict (Richmond, 2010: 362). In accepting that peace cannot be sustained solely through political measures and negotiations, a shift towards a more harmonious relationship with the other side is required (Lederach, 1997b). Schirch (2004b) observes that:

“Human relationships are a kind of social capital and ‘when people connect and form relationships, they are more likely to cooperate together to constructively address conflict’.” (Schirch, 2004b: 9)

Moreover, Hamber and Kelly (2009) insist that: ‘building peace requires attention to relationships, while ‘reconciliation is a process of resolving fractured relationships through a variety of activities’. In Lederach’s terms, peacebuilding and conflict transformation cannot be viewed as a fixed ‘final state’, but rather as the dynamic and ongoing condition of evolving relationships (Lederach, 2015).

2.3.2 Exploring Diverse Actors in Peacebuilding

Strategic peacebuilding scholars routinely criticise the top-down strategies employed by ‘Liberal Peace’ advocates and argue instead for bottom-up approaches that actively engage local people
and cultivate enduring relations (de Coning, 2020; Lahai and Lyons, 2016). They highlight the importance of involving local people in the process of peacebuilding, and advocate empowerment through civic engagement and enhanced local ownership (Kim, 2017a; Richmond, 2013; Mac Ginty and Richmond, 2013), pointing out that structures created by top-down leadership cannot unilaterally guarantee the long-term sustainability of peacebuilding (Orjuela, 2005; Lederach, 1996), and that the primary factors that ensure long-term peace exist within the local populace and their socio-cultural environment (Mac Ginty, 2015). From this vantage, it is imperative that leaders, political elites, and international actors, acknowledge and appreciate local people as a valuable resource in peacebuilding, as opposed to merely viewing them as recipients/beneficiaries of any trickle-down peacebuilding outcomes (Mac Ginty, 2015).

There is increasingly widespread recognition of the importance of integrating peacebuilding into local communities to address conflicts that have their roots in each group’s localised socio-cultural context (Reich, 2006; Orjuela, 2005). Ramsbotham et al. (2011) suggest that this growing emphasis on local actors could be called ‘track three’, whereby creativity, commitment, and vision from those affected by conflict are themselves recognised as essential ingredients in peacebuilding, which can be aligned with more traditional tools like formal negotiation and mediation (Graf et al., 2006b). Peace can’t be shipped in or imposed from elsewhere; it has to be owned locally (Webel and Galtung, 2007).

Pertinently, Lederach’s notion of an ‘authenticity gap’ from his book ‘Moral Imagination (2005: 49)’, addresses the point that peace, when viewed primarily as a privilege granted by a few powerful political and military figures, and where the capacity of the public to envisage and achieve peace in the public sphere on their own terms goes unrecognised (Graf et al., 2006b), a lack of authentic public engagement can become the greatest threat to ensuring a platform for a ‘just peace’ can function properly (Lederach, 2005).
According to Richmond (2008: 294), those elites who initiate conflict are more likely to adopt a peace created by external intervention, and generally tend to disregard and dismiss the frustrations and concerns of the general populace. Often the highest levels of leadership evaluate peacebuilding outcomes based on their own political and economic bias and influence (Paffenholz, 2014). So it is for this reason that Darby and Mac Ginty (2008: 5) reflect that contemporary peace processes often run the danger of freezing up conflicts into a ‘negative peace’, by failing to satisfy public expectations. Since the mid-1990s, the importance of including local people in peace processes and engaging on multiple tracks has grown in recognition, and there have been strident calls for wider societal involvement in peacebuilding (Ramsbotham et al., 2011; Reich, 2006). Hence, it is now argued that every level of society needs to be included in the peace-making process, while solutions must be those chosen by local actors, not those imposed from upon high or brought in from outside the context of the conflict (Gawerc, 2006; Lederach and Hampson, 1997).

Correspondingly, all segments of society, including government, NGOs, businesses, citizens, academics, the media, and religious leaders, need to be engaged in peace initiatives for them to be long-lasting and successful (Davies et al., 2003; McDonald, 2002). Whilst not exclusive measures in the broader sustainable peacebuilding process, alongside political negotiations relationships between stakeholders within a society are the cornerstone of any long-term peace strategy. Without public support, formal negotiations cannot deliver sustainable peace or justice in the long term (Lederach, 2002).

For Lederach, sustainable peace requires responsive and coordinated interaction across society, from the highest to the lowest social strata, addressed in terms of three separate levels of work/process: i.e., top-level (policy), middle range (community), and the grassroots (Lederach, 1997b). Questions about which actors can and should participate in peacebuilding, and what role each should play at each step of the peace process, alongside a consideration about whether peace should be initiated and developed from the top down or the bottom up, are addressed by Lederach.
in his model of a ‘peacebuilding pyramid’ (Lederach, 1999), which identifies the largest engaged population at the grassroots level at the base of the pyramid (Gluck, 2016). By contrast, the elite political and military figures involved in the conflict negotiation are concentrated in the narrow, exclusive top level of the pyramid. While the middle tier is made up of widely respected personalities from fields like academia, business, religion, ethnicity, and so on, the layer below this consists of representative leaders who originate from the grassroots levels with a direct link to the general populace (Lederach, 1999).

![Figure 2. Actors and approaches to peacebuilding (Lederach, 1997: 39)](image)

The pinnacle of the pyramid represents the most visible leadership and the fewest people, and peace efforts prioritised at that level have been referred to as the ‘top-down’ approach. Key political and military leaders of the conflict are located on this level, including the highest-ranking
officials in the government. Certain traits define this level of leadership. People pay close attention to these leaders. Everything they do, say, and what position they take, is closely scrutinized, and they get a lot of attention from the media (Lederach, 1999). Due to their high visibility, these figures are frequently called upon to deliver public statements on contentious matters, and face intense pressure to uphold a position of leadership when interacting with rivals and their support base and are called upon to project an image of resoluteness during formal talks (Fisher et al., 2011; Lederach, 1997b). High-level politicians may have trouble securing public support for peace initiatives, while leaders who profit or benefit from the structure of a conflict are not inclined to listen to contrary opinions (Hemmer et al., 2006). By contrast, the base of the pyramid represents the greatest number of people affected by the conflict, i.e., local communities spread across the geographical domain, whose interests are reflected by a ‘bottom-up’ approach to peacebuilding (Lederach, 2005: 78).

At the grassroots level in situations of ongoing conflict and war, people are often in survival mode, trying to meet basic needs such as food and shelter. However, they play an important role in relationship building and reconciliation despite experiencing rooted hostility and animosity on a daily basis (Lederach, 1997b). Tangible peacebuilding efforts and important ideas often occur at this grassroots level, which is most representative of the population as a whole (Lederach, 1997). Sustainable peace emphasises peacebuilding from the bottom up, or grassroots, (Hemmer et al., 2006; Lederach, 1997b), and ‘bottom-up peacebuilding’ is about empowering ordinary people and community leaders to affect change in their relationships with each other, so that they can more effectively manage conflict and eliminate violence within their communities (Donais and Knorr, 2013).

Middle-level protagonists are regarded as experts in their fields and/or may hold official leadership positions (Lederach, 1997). Leaders at this mid-level often have connections to both the top level and the grassroots (Gawerc, 2006). These mid-level leaders do not generally seek political or
military power and frequently engage with counterparts across the borders of the conflict (Lederach, 1997b). According to Lederach (1997: 60), it is this ‘middle range’ which is the sector that can most effectively provide the infrastructure for a sustainable peacebuilding initiative.

In the field of peace studies, there is a consensus that peace processes are more likely to be successful and sustainable when they involve multi-track diplomacy and public engagement (Ramsbotham et al., 2011; Saunders, 1999; Diamond and McDonald, 1996). Accordingly, sustainable peace should engage all three levels: top policy level, mid-range (community), and grassroots, while organic interaction across all levels, should be promoted (Lederach and Hampson, 1997).

2.3.3 Simultaneous Tasks and Adopting a Long-Term Approach to Peacebuilding

Scholars of strategic peacebuilding also contend that various peacebuilding tasks should be addressed simultaneously and in an adaptive manner, rather than sequentially, avoiding structural prioritisation (Paffenholz, 2021; De Coning, 2018). They underline the importance of deeper strategic coordination and interconnection of these peacebuilding operations with the inclusion of the public to ensure that peace efforts are comprehensive and long-term (Kim, 2013a; Wallensteen, 2010; Philpott, 2010). Hence, sustainable peacebuilding can and should be comprehensive, including political, social, economic, legal, psychological, and spiritual dimensions (Lederach, 2015; Abu-Nimer et al., 2001).

Lederach uses the terms ‘transformation’ and ‘sustainability’ to characterise this process of peacebuilding as a long-term endeavour. At an initial level, transformation represents the transition from one status to another. In more concrete terms, it is the progression from the phase of latent conflict to that of negotiation, and finally towards dynamic, peaceful relations (Lederach, 1997b). ‘Sustainability’ is the process by which such a movement is maintained as a source of peace and growth in opposition to conflict and destruction. This framework emphasises the necessity of
balancing both rapid solutions to current crises and more sustained efforts to alter conflicts in positive ways (Lederach, 1997b). Hence it is crucial to have a long-term perspective, particularly when attempting to find a solution to a conflict that has persisted for a number of years and spans multiple generations (Lederach, 1997b).

Lederach (1997: 75) states that ‘any given immediate intervention is connected to a movement toward a longer-term goal of sustainable peace’. These initiatives, therefore, extend their scope beyond the handling of any current crisis, to instead create a structure that fosters a sustainable culture of peace (Clements, 2004). Hence, Strategic Peacebuilding Theory places its emphasis on the creation of sustainable peace within the dynamic context of a protracted societal conflict. Desmond Tutu (Bloomfield et al., 2003) noted:

“There is no handy roadmap for reconciliation. There is no short cut or simple prescription for healing the wounds and divisions of a society in the aftermath of sustained violence. Creating trust and understanding between former enemies is a supremely difficult challenge. It is, however, an essential one to address in the process of building a lasting peace. Examining the painful past, acknowledging it and understanding it, and above all transcending it together, is the best way to guarantee that it does not – and cannot – happen again.”

2.4 Challenges to Sustainable Peacebuilding

Lederach’s challenge to received notions of peacebuilding is informed by the ideas of the Brazilian educator Paulo Freire°, whose Pedagogy of the Oppressed (1972) is one of the founding texts of the critical pedagogy movement (Foy, 2018). Freire stated that a peace agreement is not the end

° “The work of Paulo Freire and my own direct contact with many efforts at popular education in Latin America and Africa are perhaps the most important influences on my thinking and training activity.” (Lederach 1995: 25)
of a struggle or conflict, but merely a moment in that struggle, and observed that a peace process is likely to fail if it does not address core issues relating to the fundamental causes of violence.

Lederach (1997) identified three key gaps that are commonly observed within the framework of several peace processes. These are the interdependency gap; the justice gap; and the process-structure gap (Lederach, 1999). These present significant obstacles to sustainable peacebuilding and impede the process of conflict transformation (Buchanan, 2016; Graf et al., 2006a).\textsuperscript{10} Notable flaws in the development of capacities to create and sustain peace initiatives, are highlighted by these key gaps, which emerge as the most significant challenging barriers to the establishment, effective implementation and perpetuation of peace efforts (Wiedijk, 2022; Buchanan, 2016; Lederach, 1999). The gaps themselves result from attempts to find quick fixes and simple solutions to complicated, long-term challenges rather than developing a comprehensive understanding of peacebuilding as a complex problem (Lederach, 1999). Addressing these gaps is therefore crucial if progress in peacebuilding and conflict transformation is to be maintained (Lederach, 1999). Subsequently, the discussion will explicate Lederach’s conceptualisation of the interdependency gap, the justice gap, and the process-structure gap.

2.4.1 The Interdependence Gap

The notion of interdependence is rooted in an awareness of the essential nature of relationships, which serve as a foundation for the process of peacebuilding (Lederach, 1999). One of the fundamental goals of peacebuilding, therefore, is to restore and rebuild relationships shattered and eroded by conflict (Lederach, 1997b). Frequently, reconciliation processes can be initiated by those who possess similar levels of power or authority; for example, a political figure who engages in a peace accord with a political counterpart. This is commonly referred to by Lederach as

\textsuperscript{10} As mentioned previously, Lederach also highlights an additional deficiency which he terms an ‘authenticity gap’ in his book ‘Moral Imagination’ (Lederach, 2005).
horizontal capacity. Relationships between various spheres of life within a given society, on the other hand, are termed vertical capacity, the lack of which can just as seriously erode peace and prolong conflict (Wiedijk, 2022).

While sustainable peacebuilding requires the coordination of horizontal and vertical relationships between the conflicting parties and within their own group, in most instances, however, top-level concerns dominate the peace agenda, while initiatives at other levels are either neglected or designated as being of secondary importance (Kim, 2017a; Barnes, 2005). Liberal Peacemakers typically overlook the imperative of inclusivity in peace negotiations, whereby the participation of individuals from many societal backgrounds is essential for effective sustainability, a process which extends beyond the realm of political leadership (Wiedijk, 2022).

Lederach’s ‘interdependence gap’ (1999: 29) refers to the discord that exists between horizontal and vertical linkages in peacebuilding. According to him, a peacebuilding sector which has neglected the vertical axis in favour of the horizontal one, leaves huge gaps in the infrastructure necessary for peace processes to endure (Lederach, 1999). Although each phase of peacebuilding has distinct requirements, their effects are nevertheless interdependent, and in establishing the conditions for sustainable peace, peacemakers must consider interdependence at all societal levels (Lederach, 1999). Lederach insists that all levels influence one another and must coordinate their activities, if the effectiveness and sustainability of peacebuilding is to be enhanced – see figure 2 (Lederach, 1999).

At the top level, politicians, officers, and advisors from the military and police, as well as those chosen by the government typically engage in high-level negotiations seeking political solutions or compromise (Lederach, 1999). At the middle level, however, stakeholders such as company executives, labour union heads, religious leaders, university professors, and think tank experts
weigh in with their expertise (Knox and Quirk, 2000). While at the grassroots level, NGOs, voluntary organisations, the community sector, and local activists are heavily involved (Knox and Quirk, 2000).

It has been observed that typically those in relatively equal societal positions meet to develop relationships which contextually relate to conflict resolution objectives (Lederach, 1997b). Hence, top-level political leaders often sit down to negotiate with their counterparts at high-level summits, while those in the middle and at the grassroots correspondingly meet with counterparts (Lederach, 1999). Prioritisation of this kind of dialogue has often meant that horizontal relationships have flourished, and as a result, there is a tendency to invest more time and money in this type of activity rather than addressing impedances on the vertical axis (Lederach, 1999).

Relationships between individuals and communities that transcend barriers of any kind, including but not limited to ethnicity, religion, race, and language, are what we mean when we talk of horizontal capacity (Lederach, 2005). While horizontal capacity can connect community leadership with those who operate at a similar level of process evolution (Lederach, 2005), contrastingly, vertical capacity corroborates the relational spaces that link individuals at higher and lower levels of society. For Lederach, integration refers to the space where these vertical and horizontal linkages come together, at the centre of things (Lederach, 2005).

Given the many groups and individuals striving for peace, it is a problem when top-level leaders primarily pay attention to high-level negotiations with conflict partners and fail to take into account activities at other levels of society (Lederach, 1999). In laying the groundwork for conflict resolution through the building of sustainable relations and the development of both vertical and horizontal relationships, relationship-building between the highest and lowest levels within a country, as well as between civil society actors across the various parties to the conflict (Lederach, 1997b). These are fundamental requirements of sustainable peace (Kim, 2019b; Barnes, 2005). This is because, under the Contact Hypothesis, building relationships among citizens reduces antipathy between
conflicting parties and prevents conflagrations from intensifying (Ayhan and Jang, 2022). Without peacebuilding efforts at the grassroots level, the broader conflict system is therefore unlikely to change (Barnes, 2005). Given that it is uncommon for high-level leaders to engage with civil society and grassroots representatives, to learn about their deeper issues, needs and demands (Atack, 2012). Inevitably, an interdependence gap can foment a justice gap – a disparity between what is expected from a peace agreement and what the agreement actually provides to grassroots on the ground (Kim, 2019b).

2.4.2 The Justice Gap

While peace without justice is not sustainable, the concept of a ‘Just-Peace’ acknowledges that violence in the name of justice only leads to more injustice (Schirch, 2004b). A Just-Peace can therefore be defined as:

“An orientation toward conflict transformation characterized by approaches that reduce violence and destructive cycles of social interaction and at the same time increase justice in any human relationship (Lederach, 2005: 182).”

When a people’s material, cultural, and social requirements can be met via their own efforts, then justice is said to have been achieved (Schirch, 2004a). However, the desire for a ‘just peace’ underlines the need for ensuring that justice is genuinely felt and experienced across all levels of society (Ozerdem et al., 2016). When warring parties come to an agreement and sign a peace treaty, hostilities may cease, and direct violence can be greatly reduced. However, people generally want peace processes to address underlying problems which contributed to the conflict in the first place (Graf et al., 2006a).

A peace deal can be considered as one step in a longer peace process, however, if the underlying cause of the conflict (the gap in justice), is not properly addressed, the peace process will inevitably
fail (Freire, 2021), and violence will undoubtedly persist in its structural and cultural forms, with direct violence reappearing sooner or later (Graf et al., 2006a). Although there is often a misguided hope that any underlying issues or structural and cultural violence that underpinned the conflict will disappear as direct violence fades, this rarely occurs. Instead, a ‘justice vacuum’ is created (Graf et al., 2006a).

Justice gaps become prominent when some sort of agreement is reached towards the end of a conflict, characteristically negotiated in the form of a peace agreement or ceasefire (Graf et al., 2006a). While some want to reap the benefits of a peace dividend as conflict levels drop both directly and in terms of the overall structural framework (Graf et al., 2006a), Lederach cautions:

“[that] expectations for social, economic, religious, and cultural change are rarely achieved, creating a gap between the expectations for peace and what it delivered (Lederach, 1999: 5).”

When reasonable hopes of a ‘just peace’ remain unsatisfied, people become disappointed and frustrated. When a peace accord is finalised, there may be a decrease in explicit violence, but the fulfilment of people’s hopes and dreams for lasting societal change almost never occurs (Kim, 2019a). Hence, it is important that peacebuilding strategies integrate restorative justice, conflict transformation, and economic development processes, as factors which ameliorate frustration and reduce any justice gap (Lederach, 1999).

2.4.3 The Process-structure Gap

Peace agreements are frequently portrayed as conclusions to a peace process puzzle and have been represented as the final stage of a conflict. However, in actuality, these agreements merely serve as an initial stage in negotiations that facilitate the process of redefining relationships (Lederach, 1997b). If one conceptualises peace as an outcome, then a peace accord can readily be understood
as an ultimate culmination or concluding phase of a conflict. Nevertheless, when peace is viewed as a process, as an evolving event characterised by continuous progression, it is devoid of any concrete or measurable endpoint. Therefore, it is important to note that peace cannot be solely categorised as either a process or a structure; rather, it encompasses elements of both (Lederach, 1997b). Hence, a process-structure gap is caused by distinguishing peacebuilding only in terms of either processes or resultant outcomes (structures).

Relevant to peacebuilding as Lederach understood it, the term ‘process-structure’ is employed in quantum physics to explain natural phenomena. In order to look afresh at old realities, scientists typically had to break from inherited modes of thinking. Einstein once stated that you cannot solve a problem with the consciousness that caused it, and yet this is exactly what scientists were tasked to do (Lederach, 1997b). The term ‘process-structure’ is used in the New Sciences to describe a phenomenon that is dynamic, adaptive, and evolving, but also has form, purpose, and direction (Lederach, 2015). Typically, Lederach sees peace “not as a static ‘end state’ but as a continuously evolving process dependent upon the developing quality of relationships (Lederach, 2015: 11).”

A ‘process-structure’ gap might become manifest when peace processes excessively emphasise either attitudes (process) or the finding of solutions (structure) (Graf et al., 2006a). Hence, an excessive focus on sequential progressions such as ceasefire-negotiation-agreement is to be avoided (Graf et al., 2006a). Encapsulating peace distinctly, either as a final resultant outcome, or as an unending dynamic state that might never terminate without significant consequences, creates a “paradoxical vacuum that is reflected in both our theory and our practice (Buchanan, 2016).”

By contrast, sustainable peacebuilding calls for a shift in perspective, which merits the cultivation of new relationships, the creation of new societal structures and cultures of peace, as well as an overall shift towards resolving conflicts and war (Graf et al., 2006a). While there is undoubtedly an
urgency in the accomplishment of a ceasefire to bring an end to a conflict, it is imperative to acknowledge that a ceasefire alone cannot supplant the broader framework of initiatives aimed at building and maintaining peace (Lederach, 2012). Conflicts inevitably have dynamic characteristics, progressing through many stages, and this necessitates an ongoing effort to facilitate the transition towards sustainable peace (Lederach, 1997b). Accordingly, Lederach, insists that “peacebuilding is about pursuing and sustaining a process of change,” with the goal of resolving outstanding conflicts.

In the language of governments and the military, ‘peace accords’ are frequently referred to as an end-game scenarios, often seen as a culminating point of a peace process. Falling prey to this type of thinking attributes to an accord, a definitive idea as to the way in which war/conflict ended. In Lederach’s terms ‘accords’ are nothing more than the opening of a door into a whole new labyrinth of rooms, which further invites us to continue in the process of redefining relationships (Lederach, 1999: 34).

Much like a river that has waves and currents that move dynamically up close and may yet reveal the river’s main flow and directional capacity when viewed from a distance, peacebuilding has both a process and structure (Lederach, 2005). While a river is a structure which is in the process of being carved out; it is dynamic, adaptable, and ever-changing, but it also has a clear path and purpose (Lederach, 1999). Comprehending this adaptive and dynamic process of change is essential to the building of peace, as is the building of infrastructure necessary to support that change (Lederach, 1999). Peacebuilding undoubtedly requires that bilateral agreements are reached through high-level negotiations. However, without sustainable platforms for constructing just and meaningful peaceful relationships, process-structure gaps will widen, and any platform for peacebuilding will become challenging to implement (Lederach, 1997b). Platforms are built by supporting the constructive engagement of those who have been historically divided, and who may continue to remain in significant levels of conflict. The key to building such peacebuilding platforms relies upon a comprehension of sustainability in terms of relationship and engagement in the presence of
continued conflict, historic differences, experienced pain, and perceptions of injustice (Lederach, 2005: 48).

For thousands of years, most societies have followed a practice, which has given rise to the mistaken idea that an agreement signed by the warring parties resolves the conflict (Graf et al., 2006a). This has created long-standing gaps in peacebuilding strategy, the roots of which lie in traditional approaches to conflict resolution that rely on the use of the military, diplomacy, and the law (Graf et al., 2006a). In order to address such process-structure gaps, it is first necessary to apprehend peace as a dynamic process of transformation and then to envision peace frameworks that prioritise adaptation and response to relational requirements, rather than sole reliance on peace treaties and accords (Buchanan, 2016).

Lederach proposes that war as a system, driven by highly divided and antagonistic relationships, can be transformed into a peace system, characterised by just and interdependent relationships, by means of peacebuilding processes and structures (Lederach, 1997b). However, reconciliation should serve as the driving force behind this process-structure, with an emphasis on redefinition, repair, and the development of new relationships (Lederach, 1997b).

2.5 Analytical Framework

This study employs the theoretical framework of ‘Strategic Peacebuilding’ to comprehensively explore the sustainability and constraints of peacebuilding in the context of inter-Korean exchange and cooperation, specifically focusing on the IKCF initiative. In this study, Lederach’s three key gaps are used as an analytical framework to highlight the scale and nature of the challenges faced by sustainable peacebuilding.

Over the last three decades, many individuals including, high-ranking officials, middle-level personnel, and grassroots activists, have actively engaged in peacebuilding efforts on the Korean
Peninsula. These endeavours have been facilitated under the IKCF initiative which encompasses both governmental and non-governmental sectors. This thesis aims to analyse interactions between Government and Civic Sector stakeholders participating in the IKCF initiative, with an eye to identifying whether Lederach’s three key gaps have impeded sustainable peacebuilding and how this is manifested.

Within the framework of strategic peacebuilding theory, relationship building is widely recognised as a key element of sustainable peacebuilding efforts. For this thesis, peacebuilding is operationally defined as the process of constructing sustainable relationships (See Ch1). This is consistent with the Contact Hypothesis, which suggests that interdependent societies are less likely to experience violent conflict due to the increased costs of conflict (Kim and Chung, 2022; Lederach, 1997b; Allport, 1979). Using the Contact Hypothesis as an analytical lens, this study examines whether contact; facilitated between the ROK Government and Civic Sector stakeholders and their DPRK counterparts, through the IKCF initiative, has had any effect on the building of horizontal relations between the two Koreas.

2.6 Conclusion

This chapter described how ‘Strategic Peacebuilding’ provides an alternative framework to Functionalism for observing the process of peacebuilding on the Korean Peninsula via the IKCF initiative. This is because the ROK’s functionalist engagement and cooperation strategy demonstrably failed to establish a sustainable relationship with the DPRK despite 30 years of structured contact. The following chapter will further explore the ROK’s policy of engagement with the DPRK over three decades, and how the IKCF was used to foster sustainable inter-Korean relations and peace on the Korean Peninsula.
Ch 3. Research Methodology

Fluctuations in ROK government policy in relation to the IKCF initiative and inter-Korean relations, raise questions as to the capacity of the ROK to build and maintain a sustainable peace. The disadvantage of qualitative research is that it is unable to study a large number of people and is relatively time-consuming; however, it has the advantage of providing an in-depth analysis of the context surrounding the IKCF and the experiences of the stakeholders who participated directly in the IKCF initiative. This qualitative research addresses these questions by focusing on IKCF stakeholders and exploring the IKCF’s achievements and limitations in the context of sustainable peacebuilding on the Korean Peninsula. The section that follows covers how this data was gathered, the sampling method used and the reasoning behind the selection of the 35 interviewees.

3.1 Research Design

This study used qualitative research as a methodology, drawing upon primary documents and interviews with key informants from a diverse range of stakeholders (Bryman, 2016). As such, it depended heavily upon primary sources to obtain the perspectives of various ROK actors who participated in the IKCF initiative. Rather than merely assessing the success or failure of peacebuilding through the IKCF, this study tries to identify structural constraints to sustainable peacebuilding on the Korean Peninsula through the dynamics of stakeholders involved in the IKCF initiative. This is the most salient feature of this thesis’ attempt to fill a gap in the existing research literature.

The study utilised both primary and secondary sources to determine why the IKCF initiative failed to build sustainable inter-Korean relations and sustainable peace. Primary source data was collected from semi-structured interviews, government documents, and publicly accessible IKCF
data. The interviews in particular provided insight into the impact of contact with DPRK counterparts and actors who for obvious reasons (see research limitations section) could not be included or accommodated within the current research. This exclusion speaks volumes and indicates a fundamental limitation on most of the research carried out relating to the DPRK, in the case of this study a reflexive approach has meant a wholesale acknowledgement of this limitation, which in fact has then of course weighted the research focus towards the ROK perspective.

A comprehensive review of secondary source literature included: academic materials and journalistic publications, Government White Papers and research by NGOs and Government-sponsored research institutes. This research data was then extended and contextualised by examining official public documents, as well as data from the Export-Import Bank of Korea and the Bank of Korea – which releases annual statistics on the DPRK – data sources entrusted by the ROK government to manage the IKCF. The study also looked at annual public survey data collected by organisations such as the Institute for Peace and Unification Studies at Seoul National University, and the Korea Institute for National Unification, relating to socio-economic cooperation with the DPRK and inter-Korean reunification strategies and policies.

The data collected allowed for a detailed analysis of IKCF implementation trends over the past 30 years, and an examination of its ongoing role and its impact on sustainable peacebuilding.

3.1.1 Sampling Strategy

Purposive sampling was used in this study as an appropriate selection method for interview data. Its long evolutionary history and its focus on specific relevant elements of the population that can best answer topic focused research questions (Devi, 2017; Rai and Thapa, 2015), serve to better align the research sample with the primary objectives and goals of the research study, improving both the rigour of the study and the validity of the data gathered and subsequent findings (Campbell et al., 2020; Rose and Johnson, 2020). Purposive samples, on the other hand, are more
vulnerable to researcher bias if they are constructed based on the researcher’s own preferences and assumptions (Rai and Thapa, 2015).

To reduce the likelihood of bias, individuals with personal connections to the author were interviewed initially, followed by interviewees who were referred to the author by individuals deemed suitable for the research objectives. This study employed a method of non-probability sampling. This is typically used when the criteria for selection come from theory and experience rather than a random number source and is common in qualitative and applied social research when random sampling is either not feasible or not theoretically appropriate. (Vehovar et al., 2016; Opoku et al., 2016). Snowball sampling, prevalent in qualitative research, which combines networking and interviewee suggestion/recommendation as a starting point for sample selection (Parker et al., 2019) was also utilised to target and recruit interviewees. Snowball sampling typically starts with a small number of initial contacts (seeds) who meet the research purpose, and then the initially sampled participants recommend other potential participants who are subsequently recruited to the study (Parker et al., 2019; Johnson, 2014).

Correspondingly, this study categorised stakeholders participating in the IKCF cooperative initiative into two main sectors: i.e., the Government Sector and the Civic Sector, and endeavoured through the careful selection of interviewees, to gather informed perspectives from those possessing extensive expertise. Consequently, a total of 35 individuals were chosen as interviewees, with 15 representing the Government Sector; including the Ministry of Unification (MOU) which is in charge of DPRK policy, the IKCF initiative, and related central ministries and public institutions, and 20 from the Civic Sector; including businesses engaged in inter-Korean trade and economic cooperation, NGOs providing humanitarian assistance to the DPRK, and NGOs engaged in social and cultural exchanges with the DPRK. Selection criteria were based upon a minimum threshold of 20 years of involvement in policies or activities associated with the IKCF cooperative initiative.
Additionally, Lederach’s pyramid (1997)\textsuperscript{11} framework was employed as a reference tool throughout the research to ensure that individuals operating at various levels, i.e., top, middle, and grassroots, from both the Government and Civic Sectors were represented. Categorised accordingly, the top level comprised five individuals who had previously either held positions as minister of unification, engaged in senior government officials in the MOU, or served as vice minister in a ministry associated with the setting up of policies concerning the DPRK. The middle level comprised fourteen officials drawn from the Ministry of Unification, related ministries, public institutions, as well as leaders of North Korean humanitarian assistance organisations, and peace movement NGOs etc., and the grassroots level comprised eleven individuals who were either entrepreneurs who operated factories in the Kaesong Industrial Complex (located within the DPRK – now closed), inter-Korean trade businessman, inter-Korean economic cooperation companies, mid-level managers of humanitarian aid NGOs working on the DPRK, and/or mid-level managers of peace movement NGOs etc.

The Government Sector possessed the following attributes: top-level interviewees referred to those actively engaged in the consultation of North Korean policies through their membership in the National Security Council (NSC)\textsuperscript{12} or the NSC Working Group, entities which represent the

\textsuperscript{11}The pyramid of Lederach is described in detail in Chapter 2, Theoretical Framework. The top level of leadership comprises of the conflict’s most influential political and military figures. The middle level consists of notable figures from diverse disciplines, including academia, business, religion, and ethnicity. At the grassroots level, the third stratum is directly connected to the public. The middle level is linked to both the top and grassroots levels. They do not seek political or military power and frequently establish relationships across conflict boundaries with adversaries LEDERACH, J. 1999. Just peace: The Challenge of the 21st Century. People Building Peace. 35 Inspiring Stories from Around the World, 27-36.

\textsuperscript{12}The National Security Council (NSC) is a constitutional body immediately under the President that advises the President on the development of foreign policy, military strategy, and domestic policy relating to national security prior to the discussions of the state council.
highest echelons of decision-making in relation to North Korean policy, additionally, top-level interviewees typically engaged in official dialogue with the DPRK, with the majority being involved in inter-Korean relations since the late 1990s.

Interviews with elite informants facilitated this research by providing insight into the motivations and viewpoints of top-level decision-makers on the role of the IKCF. Acquiring this specific perspective was crucial to the research because it was unavailable elsewhere, and there is a considerable lack of research concerning the IKCF’s role in peacebuilding on the Korean peninsula.

By contrast, individuals interviewed the middle-level officials were generally from the Ministry of Unification, as well as officials from related ministries who engaged in the Inter-Korean Exchange and Cooperation Promotion Council, who did not participate in the highest levels of DPRK policy decision-making, but wrote significant policy reports and understood the policy direction of each administration and were actually responsible for implementing the IKCF. Since the late 1990s, these individuals planned the annual budget for the IKCF, and participated in inter-Korean relations, while negotiating with their DPRK counterparts and working with the ROK Civic Sector to implement IKCF cooperative projects.

Officials at the Export-Import Bank of Korea, who operate and administer the IKCF on behalf of the government, were categorised for inclusion in the Government Sector. They demonstrated a good grasp of government policy direction, as well as an understanding of the challenges of dealing directly with and providing funds to IKCF users in the Civic Sector. Due to the nature of the bank’s lending operations, these officials also accumulated a wealth of information gathered through the application of on-site due diligence. Involved in inter-Korean cooperation work since the mid-1990s or the beginning of the 2000s, they were also aware of changes in North Korean policy and were sensitive to changes in inter-Korean relations.
Entrepreneurial perspectives were readily understood by officials from public institutions such as the Kaesong Industrial District Foundation and the ROK-DPRK Exchanges and Cooperation Support Association. Responsible for the implementation of the central government IKCF initiative, such as the provision of fundamental infrastructure and construction of the Kaesong Industrial Complex (KIC), as well as supporting and counselling grassroots-level entrepreneurs on trade and economic cooperation with the DPRK, they were effectively tasked by the central government to deal directly with grassroots Civic Sector participants on the ground.

It should also be noted that stakeholders in the mid-level of the Civic Sector have a long history of contact with the DPRK because of their humanitarian assistance efforts, their participation in various peace movements, and their involvement in the organisation of joint inter-Korean socio-cultural events. Significantly, the General Manager of the Mt Kumgang Tourism Project, has been active in discussions with DPRK counterparts, interacting and working closely with the South Korean political and governmental sectors, since the project’s initiation.

South Korean society generally appears to value the knowledge and experience of this mid-level Civic Sector, and consequently, representatives have been invited to contribute to forum discussions in the National Assembly and take part in government-sponsored consultations informed by their perspectives on North Korean policy. Most mid-level operators have utilised the IKCF to finance inter-Korean cooperation measures or have self-funded projects both before and after the fund was established, witnessing firsthand the changes in ROK government policy towards the DPRK and its subsequent impact on inter-Korean relations.

The grassroots level of the Civic Sector encompasses those who operated factories within the KIC\textsuperscript{13}, inter-Korean traders and businesses involved in inter-Korean economic cooperation. Typically

\textsuperscript{13} The Kaesong Industrial Complex is a DPRK-ROK economic cooperation initiative that combines South Korean capital and technology with North Korean labour and land for the benefit of both sides. It began as a contract between Hyundai-Asan and North Korea in 2000, but it was terminated in 2016.
conducted business relations with the DPRK with the assistance of IKCF loans or grants, and primarily operationally based in the DPRK, they have close contact with North Koreans and are extremely sensitive to fluctuations in inter-Korean relations and the government’s North Korean policies. This category also includes activists who have long served in NGOs which support the DPRK and promote peace movements.

Notably, the Civic Sector has developed close partnerships with North Korean counterparts and has been able to exercise autonomy to determine and implement its own inter-Korean cooperative projects and agendas. Nevertheless, the central government ultimately determines whether projects will be greenlit or supported, which inevitably dictates which projects are able to continue operating within the DPRK.

The list of interviewees is presented as follows:

<table>
<thead>
<tr>
<th>No</th>
<th>Interviewee</th>
<th>Date</th>
<th>Sector</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Former minister of the Ministry of Unification (MOU)</td>
<td>November 28th 2022</td>
<td>Government</td>
<td>Top</td>
</tr>
<tr>
<td>2</td>
<td>Former minister of the Ministry of Unification</td>
<td>October 22nd 2022</td>
<td>Government</td>
<td>Top</td>
</tr>
<tr>
<td>3</td>
<td>Former vice minister of the relevant ministry</td>
<td>November 23rd 2022</td>
<td>Government</td>
<td>Top</td>
</tr>
<tr>
<td>4</td>
<td>Government official in the health and medical services</td>
<td>October 30th 2022</td>
<td>Government</td>
<td>Middle</td>
</tr>
<tr>
<td>5</td>
<td>Government official of the MOU</td>
<td>September 7th 2022</td>
<td>Government</td>
<td>Middle</td>
</tr>
<tr>
<td>6</td>
<td>Government official of the MOU</td>
<td>August 23rd 2022</td>
<td>Government</td>
<td>Middle</td>
</tr>
<tr>
<td>7</td>
<td>Senior Government official of the MOU</td>
<td>December 3rd 2022</td>
<td>Government</td>
<td>Top</td>
</tr>
<tr>
<td>8</td>
<td>Senior Government official of the MOU</td>
<td>November 30th 2022</td>
<td>Government</td>
<td>Top</td>
</tr>
<tr>
<td>9</td>
<td>Government official of the MOU</td>
<td>September 22nd 2022</td>
<td>Government</td>
<td>Middle</td>
</tr>
<tr>
<td>No.</td>
<td>Role Description</td>
<td>Date</td>
<td>Sector</td>
<td>Category</td>
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</tr>
<tr>
<td>10</td>
<td>Government official of the MOU/Former NGO member</td>
<td>December 21st 2022</td>
<td>Government</td>
<td>Middle</td>
</tr>
<tr>
<td>11</td>
<td>Former NGO member who has been involved in inter-Korean cooperation projects since the early 2000s</td>
<td>November 1st 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>12</td>
<td>Former NGO member/ current official of a local government</td>
<td>November 12th 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>13</td>
<td>Academic expert on inter-Korean relations</td>
<td>November 14th 2022</td>
<td>Civic</td>
<td>Grassroot</td>
</tr>
<tr>
<td>14</td>
<td>Current middle manager for a government agency that operates the IKCF</td>
<td>October 27th 2022</td>
<td>Government</td>
<td>Middle</td>
</tr>
<tr>
<td>15</td>
<td>Current executive for a government agency that operates the IKCF</td>
<td>November 7th 2022</td>
<td>Government</td>
<td>Middle</td>
</tr>
<tr>
<td>16</td>
<td>Former executive for a government agency that operates the IKCF</td>
<td>October 31st 2022</td>
<td>Government</td>
<td>Middle</td>
</tr>
<tr>
<td>17</td>
<td>Current official of quasi-governmental organization</td>
<td>November 26th 2022</td>
<td>Government</td>
<td>Grassroot</td>
</tr>
<tr>
<td>18</td>
<td>Member of a quasi-governmental organization which supports inter-Korean economic cooperation</td>
<td>November 25th 2022</td>
<td>Government</td>
<td>Grassroot</td>
</tr>
<tr>
<td>19</td>
<td>Former member of the Reconciliation and Unification NGO on the Korean Peninsula</td>
<td>December 22nd 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>20</td>
<td>Former peace activist who has organised several large-scale joint North-South events</td>
<td>November 16th 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>21</td>
<td>Leader of an NGO providing the DPRK with nutritional aid and cultural and sports exchanges</td>
<td>October 19th 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>22</td>
<td>Leader of an NGO that has provided humanitarian assistance to the DPRK for over 20 years/A reunification movement activist</td>
<td>September 14th 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>23</td>
<td>Peace education activist for the future of young generations both in the South and North</td>
<td>September 23rd 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>24</td>
<td>Humanitarian aid activist with extensive experience of DPRK, Interview 24, September 13th 2022</td>
<td>September 13th 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>25</td>
<td>Leader of one of the oldest humanitarian aid NGOs focused on the DPRK</td>
<td>October 19th 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>26</td>
<td>NGO member who has visited DPRK since the early 2000s for health and medical cooperation</td>
<td>November 9th 2022</td>
<td>Civic</td>
<td>Grassroot</td>
</tr>
<tr>
<td>27</td>
<td>Activist supporting humanitarian aid and peace movements for DPRK</td>
<td>September 13th 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
<tr>
<td>28</td>
<td>Member of an NGO supporting the peace movement and humanitarian aid towards the DPRK</td>
<td>September 1st 2022</td>
<td>Civic</td>
<td>Grassroot</td>
</tr>
<tr>
<td>29</td>
<td>Inter-Korean economic cooperation academic, and businessman doing business with the DPRK</td>
<td>November 27th 2022</td>
<td>Civic</td>
<td>Middle</td>
</tr>
</tbody>
</table>
3.1.2 Semi-structured Interview

The study conducted a series of semi-structured interviews with a diverse range of stakeholders, including representatives from the central government department with responsibility for North Korean policy, which sets the annual IKCF budget for Inter-Korean cooperation initiatives, as well as middle-level and grassroots participants from the Civic Sector involved in the IKCF initiative.

Interviews were designed to obtain the views of Government and Civic Sectors on the impact of the IKCF in terms of shaping inter-Korean relations and building sustainable peace on the Korean Peninsula, as well as to gather information and elicit opinions on the role of various actors involved with the IKCF initiative. This method was chosen because in-depth interviews can reveal perceptions, interpretations, and perspectives of actual stakeholders through verbatim comments which are often gleaned from direct experience (Druckman, 2009). The advantages of using semi-structured interviews have been well-documented and are acknowledged as an effective way to explore the thoughts and beliefs of participants on specific topics which impact upon personal and politically sensitive issues (Denzin and Lincoln, 2018, Bryman, 2016). Semi-structured interviews also provide a rich source of qualitative, open-ended data, and have the flexibility to add more
questions during the interviews, which have been dubbed ‘conversations with a purpose’ (Byrne, 2004; Mason, 1996).

Thematic analysis was then employed to uncover, identify, analyse, and present patterns in the collected data (Braun and Clarke, 2006), as this offered a practical, accessible and theoretically flexible analytical approach, which aligned well with the overall inquiry into a field of research covering three decades of peacebuilding of Korean peninsula.

Initially, the plan was to conduct in-person semi-structured interviews via on-site visits, but the global COVID-19 pandemic in 2020 required changes to the research medium. Consequently, between August 2022 and June 2023, interviews took place online using both ‘Zoom’ video conferencing and email as mediating instruments. Each conducted interview was approximately one to one-and-a-half hours in duration, to ensure an adequate degree of depth, and prior to their interviews, each participant was provided with a participant information document and consent form. Additionally, they were granted the choice to maintain anonymity. The anonymity and confidentiality of the interviewees, who declined to be named, have been strictly maintained.

In-depth, semi-structured, open-ended questions were used in all interviews. The questionnaire was sent to the interviewee prior to the schedule. The interviews were free-flowing and focused on eliciting what the interviewee wanted to talk about, rather than following an organised set of questions. Although the queries were not presented in an exact sequence or with the same wording, they all pertained to the same subject matter. Hence, the interview was effectively structured, yet not overly formal, and afforded the interviewee an opportunity to completely articulate their perspectives and opinions.

The aim was to prompt critical analysis and reflection upon the functional role of the IKCF, as well as to elicit remarks upon what were perceived as achievements and/or challenges encountered
while participating in the IKCF initiative. The following general questions were used throughout the
semi-structured interviews:

3.1.3 Interview Questions

1. What projects have you been involved in related to inter-Korean exchange and cooperation? What motivated you to get involved in inter-Korean exchange and cooperation? How long have you been doing this, and what was your role? (Common)

2. What were the main achievements and challenges of the project you participated in? To what extent do you think it contributed to building peace on the Korean Peninsula? (Civic Sector)

3. How do you think inter-Korean exchange and cooperation projects have affected the DPRK? (Common)

4. Which administration's North Korean policy and cooperative initiatives did you participate in? What do you think were its main achievements or limitations? To what extent do you think the administration's North Korean policy contributed to building peace on the Korean Peninsula? (Government Sector)

5. What were the priorities of the administration's North Korean policy formation and implementation at the time, and why? (Government Sector)

6. Given that there have been changes in North Korean policy and IKCF operation from the period of the Roh Tae-woo administration (1988-1992) to the Moon Jae-in administration (2017-2022), how have these changes affected your inter-Korean cooperation projects? (Common)

7. How do you assess the impact of inter-Korean exchange cooperation on the South Korean public's perception of the DPRK and peacebuilding on the Korean Peninsula? How do you
assess the impact of the IKCF on inter-Korean cooperation projects and the development of inter-Korean relations? (Common)

8. Have you ever applied to the government to use the IKCF? What was the process like? (Civic Sector) Please tell me about the government's process for managing and implementing the IKCF (Common):

   a. How do you view the government's support of the IKCF for the Civic Sector on a matching-funding basis, e.g., is the ratio of IKCF to self-sourced funding appropriate? There are some voices against matching-funding the IKCF, what are your views on this?
   b. The Civic Sector is usually funded by the IKCF on a one-yearly basis. How do you assess the appropriateness of this funding arrangement?
   c. Since 1991, most of the IKCF has been used directly by the ROK government, with a small percentage going to civil society organisations and businesses. What do you think of this?
   d. There is an opinion that it is necessary to expand IKCF loans to businesses engaged in inter-Korean economic cooperation/trade to promote inter-Korean economic cooperation. What do you think about the idea of providing loans from the IKCF for companies engaged in inter-Korean economic cooperation/trade?
   e. In what areas (economic, social, cultural, humanitarian aid, etc.) do you think the IKCF should be expanded?
   f. In general, the IKCF's implementation rate against annual plans is generally low. Experts say that when inter-Korean relations are on the upswing, the implementation of the fund is smooth, but when they are not, the implementation results are lower than planned. What do you think about the stable management and implementation of the IKCF?
   g. In your opinion, does the nature of inter-Korean relations and the political situation affect the operation of the IKFC? Do you have any suggestions on how to maintain the continuity of the policy and inter-Korean exchange projects?
9. Did you work with other actors (such as central government, local government, civil society, NGOs, and businessmen)? And if so, who did you work with and what were the challenges/opportunities? (Common)

10. Did the government gather opinions from actors (such as civil society, NGOs, businesspeople, and local government) who were involved in the inter-Korean cooperative projects? Did they reflect the actors’ demands in the policy? Can you tell me about your experience with this?

11. Have any links or cooperative interactions been established between the actors? Do you think the partnership-building has been made from the government to the civil society level? (Civic Sector)

12. What do you think the government’s stance was on the Civic Sector (such as local governments, NGOs, and businesspeople)’s participation in the inter-Korean relations (Government Sector)?

   a. What successes and challenges do you see in government cooperation with the Civic Sector, and why?
   b. How do you think the Civic Sector’s participation in inter-Korean exchange and cooperation projects affects the development of inter-Korean relations and sustainable peace?

13. What mechanisms are needed to create collaborative synergies between different actors? For example, if there was competition or rivalry between civic organizations, how did you deal with it? (Civic Sector)

14. There have been five inter-Korean summits, three in 2000, 2007, and 2018. (Common)

   a. What impact did you expect the summit to have on your inter-Korean cooperation projects, and what impact did it actually deliver?
b. How do you think high-level talks between the two Koreas, such as the summit, affect inter-Korean relations and sustainable peace?

c. How do you assess the government’s efforts to institutionalize and implement the inter-Korean agreement after the high-level talks?

3.2 Research Ethics

All research was conducted in line with Trinity College Dublin’s research guidance (TCD, 2021) and the Guidelines for Ethical Fieldwork Overseas issued by the Development Studies Association of Ireland (Van Bavel et al., 2016). Furthermore, it adhered to the ethical practice guidelines laid down by the Sociological Association of Ireland (SAI, 2003). Of utmost importance are the principles relating to free and informed consent, privacy, and confidentiality. To ensure informed consent is acquired, Participant Information Sheets were provided to detail the research aims, what the study would include, and explain how the interviews would be conducted, recorded, stored, and shared. It is standard social science ethical practice to offer anonymity to research participants by using pseudonyms for people and places, and this study accommodated this practice. Prior to conducting interviews for this study, the research themes, the outline interview questions, and the consent forms for the interviewees etc. were reviewed and approved by the School of Religion, Theology, and Peace Studies Research Ethics Committee of the Trinity College Dublin (20 JUNE 2022).

Some of the interviews contained in this study were conducted with former and current Ministry of Unification colleagues, and the author recognises that a career in the Government Sector can lead to accusations of bias, whether intended or unintended. Therefore, the author has been open and honest about the author’s own position throughout the research and has always aimed to present the findings in a balanced and thoughtful manner. That said, the prospect of gaining access to critically evaluate one’s colleagues is itself an important factor in the pursuance of erudite research. Given the author’s tacit knowledge and awareness of the subtleties of the topic,
professional credentials and insider status were therefore deemed to be positive attributions which enabled open and frank discussions.

Notably, data pertaining to the IKCF, undisclosed to the public by the MOU, and the refusal rate of separated-family reunification was obtained by formally requesting the data via the Information Disclosure System (www.open.go.kr), which is a platform that allows citizens to request and receive information operated by the Ministry of Justice in the ROK.

3.3. Overcoming Bias and Research Limitations

In addressing potential issues and limitations with the methodology of this research, it is necessary to declare that the author has been working in the government sector in the ROK since the early 2000s and has had the opportunity to build a personal network through work contacts with government officials and NGOs involved in the IKCF initiative.

Regarding interviews, the author focused on accessing Civic Sector actors with years of experience implementing IKCF measures, while leveraging interviewees who had a personal relationship with the author. The author’s prior experience in the Government Sector and internalised perspectives developed towards government may therefore have caused a bias in the analysis.

To address any such bias, the author endeavoured to maintain a scientific and academic perspective throughout, especially when analysing the given research subject, bringing to bear tacit knowledge and insight gained through experience. By combining perspectives, it was therefore possible to identify significant achievements and limitations of the IKCF initiative in peacebuilding on the Korean Peninsula. This academic rigour led to the finding that over the past 30 years ROK government policies regarding the IKCF initiative have been unpredictable, shifting the political burden for inter-Korean relations onto the Civic Sector, while officials justified and promoted government led IKCF projects over Civic Sector collaborations.
This thesis further argues that the IKCF has played an important role in building ‘contact’ relationships with the DPRK through the engagement of the Civic Sector in the peace process. As explained in Chapter 1, this study defines ‘peacebuilding’ as ‘building sustainable relationships’, and frames ‘contact’ within the parameters of Strategic Peacebuilding Theory.

It is important to note that research on this topic has been constrained by the fact that the ROK National Security Council (NSC), which makes sensitive policy decisions concerning the DPRK, has designated policy-making documents and materials confidential, making them inaccessible to the public.

Furthermore, in the pursuit of evidence that would support research that is as rigorous and valid as possible, it would be incumbent and necessary to go to sites in the DPRK and directly conduct interviews with DPRK individuals related to the IKCF initiative in order to assess whether ‘contact’ relationships have been positively or negatively impacted by the IKCF initiative. Nevertheless, this is completely impractical due to the incredibly limited access conditions and tightly controlled borders of the DPRK. In this sense, the methodology of this thesis has inherent but transparent limitations.
Ch 4. The ROK’s North Korean Policy and the IKCF Initiative

This chapter examines how the IKCF has been implemented from 1991 to 2022, addressing overall trends under each of the seven presidents.\textsuperscript{14} It then investigates the government policies towards the DPRK, including IKCF measures developed under these policies, and government attitudes towards working with the Civic Sector. South Korean governments have fluctuated between conservative and progressive administrations during the last 30 years.\textsuperscript{15} By examining each period based on the political nature of each government, this study explores the reasons why each successive administration’s North Korean policy fluctuated.


Before delving deeper into each ROK government’s DPRK strategy, this section examines IKCF finance. In particular, the amount of money budgeted for projects versus the amount of money actually spent over three decades. The following is a comparison between the budgeted plan and actual expenditures for projects in each administrative period.

From 1991 to April 2022, KRW 15.749 trillion ($15.749 billion)\textsuperscript{16} was spent on supporting IKCF projects, however, the amount of money allocated by the IKCF for inter-Korean cooperation measures totalled KRW 5.7785 trillion ($5.7785 billion). Meaning that only 34\% of the total IKCF budget allocated for projects was actually implemented. The IKCF’s annual actual implementation rate shows how inter-Korean cooperation programmes have fluctuated over the past 30 years. As


\textsuperscript{16} For ease of computation, this study adopts the assumption that $1 is equivalent to KRW 1,000. It is noted that the exchange rate of the KRW to the dollar is subject to continuous fluctuations. Specifically, on April 8th, 2005, the KRW/dollar exchange rate stood at KRW 1000. On June 7th, 2023, the exchange rate indicated that $1 was valued at KRW 1,300.
mentioned in Chapter 1, this thesis focuses only on the amount of funds that were spent on inter-
Korean cooperation projects.

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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount of project plan (KRW Trillion, $ Billion)</td>
<td>0.0444</td>
<td>0.6098</td>
<td>2.5931</td>
<td>4.1094</td>
<td>5.3628</td>
<td>5.6597</td>
<td>5.778</td>
</tr>
<tr>
<td>Amount of actual Expenditure (KRW Trillion, $ Billion)</td>
<td>0.0027</td>
<td>0.2119</td>
<td>0.9347</td>
<td>2.6608</td>
<td>0.5296</td>
<td>1.0367</td>
<td>0.44</td>
</tr>
<tr>
<td>Ratio</td>
<td>6.1 %</td>
<td>34.7 %</td>
<td>36%</td>
<td>64.7 %</td>
<td>9.72 %</td>
<td>17.72%</td>
<td>8.22 %</td>
</tr>
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</table>

Table 1  The ratio of fund implementation for inter-Korean cooperation in each Government (Source: MOU)

According to Figure 3, the IKCF budget plan under the Kim Young-sam government (1993-1998) allocated KRW 60.98 billion ($60.98 million), for the IKCF measures, while the spend was KRW 21.19 billion ($21.19 million), an average implementation rate of 34.5% over five years. Table 1 and Figure 3 show that the Kim Dae-jung presidency spent KRW 0.9347 trillion ($0.9347 billion) on IKCF measures, with an average implementation rate of 36% over five years. By contrast, a total spend
of KRW 2.6608 trillion ($2.6608 billion) under the Roh Moo-hyun presidency raised the five-year average IKCF implementation rate to 64.7%, the highest among all the governments.

During the five years of the Lee Myung-bak government, the implementation rate significantly dropped to 9.8%, with a total expenditure of KRW 0.5296 trillion ($0.5296 billion), while Park Geun-hye’s administration, increased the ratio of planned to realised projects to an average of 17.72% over the four-years period from 2013 to 2016. A total of KRW 1.0367 trillion ($1.0367 Billion) was spent from the IKCF over the four years of the Park Geun-hye government for projects, nearly double the KRW 529.6 billion ($529.6 million) spent over the five years of the Lee Myung-bak government. Under the Moon Jae-in government, however, just KRW 440 billion ($440 million) was spent, the lowest amount since the Kim Dae-jung government (see Table 1 and Figure 3), with an average budget-to-implementation ratio of 8.22%.

The data clearly shows that the funding flow for the IKCF initiative has been variable rather than steady. While the progressive governments of Kim Dae-jung and Roh Moo-hyun (1998-2007) had the greatest implementation rate, the conservative governments of Lee Myung-bak and Park Geun-hye (2008-2016) had the lowest. However, under the recent progressive government of Moon Jae-in (2018-2022), the IKCF’s commitment to fund projects has not expanded significantly.17

In the next section, volatility in terms of IKCF implementation will be studied in the context of the North Korean policies and inter-Korean relations at the time of each administration. The section also examines how the IKCF initiative was operationally implemented.

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17 In this thesis, the ratio of the IKCF implementation refers to the expenditures for cooperative projects in comparison to the budget for cooperative projects. As stated in Chapter 1, this thesis examines solely the amount of fund invested in the IKCF initiatives, ignoring Light Water Reactor loans, public capital funds, and operating costs. While the MOU considers the Light Water Reactor loan as a cooperative project item, it is not included in the cooperative project cost in this analysis.
4.2 The Beginning of Reconciliation and Cooperation (1988-1997)

This section will explore North Korean policy stances and IKCF initiative associated with the ROK governments of Roh Tae-woo (1988-1992) and Kim Young-sam (1993-1997), when they began to open their doors to the DPRK in the period between the late 1980s to the late 1990s.

The end of the Cold War was the dominant geopolitical order of the 20th century (Kwon, 2020). Subsequently, a range of economic developments ushered in and altered both the DPRK and ROK’s standing. A robust economic expansion, which progressed from strength to strength, known as the ‘Miracle on the Han River’, offered the ROK a global competitive advantage (Lee and Noh, 2019). Contrastingly, the DPRK faced a significant economic downturn due to an accumulation of inefficiencies in its planned economy (Chung, 2021). Moreover, the collapse of the Socialist Eastern Bloc and the end of those secured economic trade links exacerbated the DPRK’s economic problems (Kang, 2019).

South Korean confidence, in terms of its relations with the DPRK, has grown as a result of an expansion of conventional military capability and strong diplomatic relationships (Ayhan and Jang, 2022). However, this was accompanied by strong public protest\(^\text{18}\) and resistance to the dominant role of the military in the South Korean political system\(^\text{19}\) (Kwon, 2020). The 1987 June Democratic Uprising, a symbolic pro-democracy movement, had a nationwide impact that was unique in South Korean society. In this turbulent geopolitical and domestic climate, Roh Tae-woo (1987-1992), a


\(^{19}\) The ROK was ruled under a dictatorship after achieving independence from Japan, with the first president, Syngman Rhee, in power for 12 years from 1948 to 1960. From 1961 to 1987, the ROK was ruled dictatorially by a succession of military presidents. NATIONAL_INSTITUTE_OF_KOREAN_HISTORY. 2023. Taehanmin’guk Chŏngbuŭi Surip (Establishment of the South Korean government) [Online]. Seoul. Available: http://contents.history.go.kr/mobile/ta/view.do?levelId=ta_m71_0110_0020_0010_0010 [Accessed 15 August 2023].
former general and successor to the former military dictator Chun Doo-hwan, was democratically elected as South Korean president for the first time in 1987 (Lee, 2009a).

Prior to democratization, the ROK’s military dictatorship would engage in neither dialogue nor cooperation with the DPRK, and it mobilized and exploited latent anti-communist sentiments in the general public to maintain support for this position (Kim, 2021c). However, Roh Tae-woo was aware of shifts in public opinion, evidenced by the developing peace and unification movements. These grew alongside increased demands for democratic reform and marked the rising political influence of opposition parties (Kim and Chung, 2022; Bedeski, 2002).

Motivated and influenced by West Germany’s Ostpolitik, President Roh Tae-woo pursued a Nordpolitik approach, while launching a diplomatic charm offensive with socialist countries, so ties were established with the two main socialist superpowers and guardians of DPRK, the Soviet Union and China (Chung, 2021). The launch of the Nordpolitik saw a dramatic change in DPRK-ROK relations (Choi, 2008). This facilitated reconciliation between the DPRK and ROK for the first time since the division of the country.

On July 7, 1988, President Roh issued the ‘Special Declaration for National Self-esteem, Unification, and Prosperity’ (July 7 Declaration), a policy declaration that set out the basic measures necessary to form a reconciliation structure between DPRK and ROK (MOU, 1990). Recognising that a prosperous national community relationship between the DPRK and the ROK could be a way to develop and potentially realise peace and reunification, the July 7 Declaration sought institutional unification through reconciliation and cooperation (MOU, 2022a). Philosophically, this was based on a functionalist approach, which was considered a paradigm of European integration (Lee and

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20 The Nordpolitik refers to a series of anti-communist foreign policies pursued by Roh Tae-woo who was president from 1988 to 1993. The key was to seek improvement in relations with China and the Soviet Union, which are major allies of North Korea, as well as socialist countries in the Eastern Region, and to normalize inter-Korean relations and use them to create a favourable environment for peacebuilding MOU. 2022b. North Korea Knowledge Portal [Online]. Seoul: Ministry of Unification. Available: https://nkinfo.unikorea.go.kr/nkp/main/portalMain.do [Accessed 5th March 2022].
Jung, 2021, Park, 2008). Given that this was the first time that a government in the ROK had opened its doors to the DPRK, President Roh Tae-woo’s ‘July 7 Declaration’ was considered in some senses to be a ‘passive revolution.’ In the post-Cold War context of global change, this was a response to the opposition of civil society and the public to the government-led inter-Korean relations. This was a monumental shift, because, under the National Security Law,\textsuperscript{21} South Korean individuals were absolutely forbidden from contacting or engaging with North Koreans (Kim, 2017a). In September 1989, Roh Tae-woo announced the ‘Korean National Community Reunification Plan’ which embodied the ‘July 7 Declaration,’ and called for the restoration and development of the Korean community through inter-Korean exchange and cooperation (MOU, 2022a).

Responding to this changing climate, Kim Il Sung’s New Year’s address in 1991 reflected the mood in the DPRK at the time. Referencing the breakdown of the socialist coalition in the East and the absorption of East Germany by the West (Hong, 2022), Kim Il Sung stated:

“Recently, the South Korean government, who have been duped by other nations’ methods of absorption unification, have been pursuing a foolish dream of attempting to implement such a method in our country by leveraging the strength of others. They view absorption reunification as an unrealistic dream that can never be achieved in Korea (Kim et al., 2004).”

The DPRK and ROK joined the United Nations simultaneously in September 1991, and in December 1991 they adopted the “Basic Agreement (Agreement on Reconciliation, Non-aggression, Exchange and Cooperation between the ROK and DPRK),” promising to abide by the Armistice Agreement until the “state of the armistice” is transformed into a consolidated “state of peace” (MOU, 2022a;

Jonsson, 2017). This marked a significant milestone in ROK-DPRK relations, promising exchange and cooperation between the ROK and DPRK, and designating these as ‘Provisional Special Relations’ (Choi, 2008). The DPRK, in particular, appears to have been wary of any ‘absorptionist’ tendencies in terms of unification with the ROK, and sought to create a favourable environment to secure the survival of its regime (Kim, 2011b). Hence, the Inter-Korean Agreement states that the two Koreas will “realise multifaceted exchange and cooperation to promote the common interests and prosperity of the people” (Park, 2008; Kim, 2008b).

The Roh Tae-woo government enacted the Inter-Korean Exchange and Cooperation Act in 1991 to strengthen the legal framework for DPRK-ROK cooperation (Lee, 2018c; Choi, 2008). This was a landmark move that legally laid the institutional foundation for inter-Korean interaction. By replacing the National Security Law, which had regulated inter-Korean relations since 1948, it strengthened the basic rights of the South Korean people as stipulated in the Constitution (Park, 2019a). The Act was enacted to allow contact with the DPRK, which was previously prohibited in principle, avoiding inter-Korean confrontation. Recognising the DPRK as a partner in a cooperative dialogue for peaceful reunification, it took the step of opening the door towards the free movement of people.22 The Act supersedes other laws within the scope of legitimate inter-Korean exchanges and cooperation, such as inter-Korean trade, cooperative projects, and the provision of telecommunications services, and lays the foundation for domestic laws that allow inter-Korean exchanges to take place beyond the boundaries of the National Security Laws (Je et al., 2004).

Recognizing the need to devise financial support measures for the revitalization of inter-Korean exchanges and cooperation, the government enacted the Inter-Korean Cooperation Fund Act and entrusted the fund to the Export-Import Bank of Korea in 1991 (Unification, 2008). Hence, the

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22 Constitutional Court of Korea, Decision of 20 July 2000, 98 HEONBA 63 [Constitutional complaint to Article 9(3) of the Act on Inter-Korean Exchange and Cooperation] [Constitution 12-2, 52].
South Korean government sought to achieve peace and reunification on the Korean Peninsula by expanding reconciliation and cooperation with the DPRK. By adopting the functionalist approach, the government moved away from the isolation policy of denying and blocking all contacts and exchanges with DPRK (Lee and Jung, 2021; Park, 2015a).

Although the transition to democracy in South Korean society seemed to be going smoothly throughout the 1990s (Kim and Chung, 2022), during this period both the North and South Korean governments severely restricted civilian contact across the DMZ (D. J. Kim, 2017). While the Roh Tae-woo government opened its doors to the DPRK for the first time in its history, at the same time it took a top-down approach to DPRK-ROK relations, believing that DPRK-ROK relations should be led entirely by the state, and not by civil society and/or the general public (Kim and Chung, 2022). This position was maintained for 10 years, meaning that all DPRK-ROK cooperation initiatives were effectively under state control, regardless of whether they were government-led or involved in the Civic Sector.

Some argue that whilst the Inter-Korean Exchange and Cooperation Act 1991 institutionalized social, cultural, and economic interactions between the two Koreas for the first time, it is the result of a ‘state-centred and conservative policy posture’ that subordinated the role that civil society was able to play in these initiatives (Lee, 2016a; Kim, 2014). Kim Chun-sik, a former vice minister of unification who participated in the drafting of the law at the time, argued that the inter-Korean Exchange and Cooperation Act effectively institutionalized cultural and economic exchanges between the DPRK and the ROK. This was based on a “state-centred and conservative policy framework,” that prioritized government supervision and control over civil society’s efforts for inter-Korean cooperation (Kim, 2014). Despite this top-down approach, there were some benefits, not least because for the first time in history, the Civic Sector in the ROK could participate in cooperative projects with the DPRK. It was at this time that seeds were sown which enabled civil society to commence cooperative humanitarian aid projects in the DPRK.
The first DPRK and ROK IKCF implementation project was for sports cooperation. In 1991, a combined North and South Korean team was formed to participate in the 41st World Table Tennis Championships (Chiba, Japan), and KRW 164 million ($164,000) was spent. In the same year, a total of KRW 0.95 billion ($0.95 million) was allocated by the IKCF for inter-Korean social and cultural cooperation, including KRW 786 million ($786,000) for the participation of a joint team from the two Koreas in the World Youth Football Championship in Portugal that same year.\(^{23}\) It is clear that sport has a role to play in mitigating conflict by facilitating contact and dialogue between adversaries and in the history of inter-Korean relations, inter-Korean sports exchanges have contributed to reducing political tensions between the two Koreas (Mitchell et al., 2022; Mitchell et al., 2021).

Following President Kim Il-sung’s unexpected death in July 1994, the DPRK faced a severe food crisis coupled with a series of natural disasters (Lee, 2016b). From this point on, under the government of Kim Young-sam (1992-1997), providing humanitarian aid to the DPRK became popular with South Koreans (Jung, 2016). Given that the most serious issue at the time was the extreme food shortage in the DPRK, this led to a push for humanitarian aid from the Civic Sector in the form of emergency relief efforts (Jung, 2016). South Korean humanitarian food assistance to the DPRK began in 1995 with the use of the IKCF which spent KRW 182.6 billion ($182.6 million) on 150,000 tonnes of rice.

In this way, the foundations for inter-Korean exchange and cooperation were laid under the Roh Tae-woo and Kim Young-sam governments. It was during this period, that the IKCF began to serve as a financial resource for wider initiatives, providing support for inter-Korean socio-cultural cooperation and humanitarian assistance to the DPRK, for the first time.

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\(^{23}\) At the time, the single North-South youth single team performed well at the event, reaching the quarterfinals.
4.3 Engagement with the DPRK (1998-2007)

This section examines the DPRK policy and IKCF initiative of President Kim Dae-jung (1998-2002) and Roh Moo-hyun (2003-2007), from 1998 to 2007. It first explores the major North Korean policies of the two governments, and then delves into the content of each sectoral cooperation project. From the launch of the IKCF in 1991 to 2022, the majority of IKCF-funded initiatives were implemented during the decade of the Kim Dae-jung and Roh Moo-hyun administrations. Therefore, this section includes information on inter-Korean cooperation projects in each of the following areas: humanitarian assistance, economic, and socio-cultural.

4.3.1 North Korean Policy

In 1998 President Kim Dae-jung (1998-2002) instituted a policy of reconciliation and cooperation, the so-called ‘Sunshine Policy’, which launched an all-inclusive approach to enhance inter-Korean relations through exchange and cooperation. President Kim Dae-jung was a pivotal player in the South Korean social democratisation movement. He was also the first opposition candidate to be elected president in South Korean history (Oberdorfer and Carlin, 2013). The majority of his political supporters in ROK identified as ‘progressive’ rather than ‘conservative’ on the political spectrum (Kim and Chung, 2022).

In his inaugural address, President Kim Dae-jung stated that "inter-Korean relations should be developed on the basis of reconciliation, cooperation, and peaceful settlement," where DPRK is not to be designated as an enemy but rather as a partner of the same people who should flourish together (Moon, 2011). Additionally, the Kim Dae-jung government’s North Korean policy is based on three key principles, which express that the ROK:

1. “Has no intention of harming or absorbing the DPRK”,

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2. “[Will] never tolerate any armed provocation that destroys peace on the Korean Peninsula,” and
3. “Will actively promote reconciliation and cooperation between the two Koreas in areas where it is possible.” (MOU, 1999)

Although previous conservative governments had paved the way to engagement through the Basic agreements in 1991 and domestic legal groundwork such as the Inter-Korean Exchange and Cooperation Act, by 1998 inter-Korean cooperation was at a standstill. This was largely due to the fact that from the outset, the DPRK exhibited a degree of scepticism towards the ROK’s engagement policy and subsequently declined to fully engage (Kim and Chung, 2022; Lee, 2012c). The DPRK was primarily concerned about the exposure of North Korean society to the outside world through exchange and cooperation with the ROK (Park, 2007). However, considering the nature of its authoritarian regime, North Korean leader, Kim Jong-il must have been aware of the risks associated with encouraging more significant interaction between the two Koreas (Buchanan and Kim, 2022).

The Kim Dae-jung government sought to reassure the DPRK as much as possible that the regime’s security was not under threat, and that it had more to gain by cooperating in a phased approach to engagement (Straub, 2018). Inter-Korean economic cooperation was proposed to begin with, because it was considered relatively more accessible and attainable than any political settlement (Moon, 2012; MOU, 2000). It employed slogans such as; “Easy tasks first, difficult tasks later”; “Economy first, politics later”; “Non-governmental organisations first, the government later,” and “Give first, take later” (Moon 2012: 26).

Policy-wise, Kim Dae-jung’s leadership valued cooperation with the Civic Sector, reflecting the administration’s liberal values, such as promotion and the facilitation of exchange between private enterprises and civil actors, in preference to state-oriented exchanges (Moon, 1999). Thus, the
government of Kim Dae-jung permitted the Civic Sector to engage with DPRK and encouraged them to do so by providing financial support from the IKCF. The government permitted the Civic Sectors to raise funds independently, and also established legal and operational systems to support their activities (Cho et al., 2000). Correspondingly, the Kim Dae-jung government approved the ‘aid channel diversification measure’ in February 1999, allowing civic organisations to establish their own channels with the DPRK. Consequently, civil society could offer humanitarian aid directly to the DPRK without help from the Red Cross, which was the only channel permitted by the previous government (Cho, 2005). Prior to this measure, NGOs supporting the DPRK were constrained from having any direct contact with the DPRK. This measure allowed travel and the delivery of self-funded supplies directly to the DPRK (Kang, 2010). From this base, civil society could then lead humanitarian aid and initiatives and consequently, businesspeople embarked upon a range of economic cooperation initiatives with DPRK. In November 1998, for example, the Mt Kumgang Tourism Project was launched, and in 1999, the IKCF began supporting private companies with loans to develop inter-Korean trade (Park, 2019a). In March 1999, the ROK provided 155,000 tons of chemical fertilizers to the DPRK with no preconditions, to address the underlying cause of the food crisis. Afterwards, the DPRK was considered to have adopted a more positive attitude towards the Sunshine Policy (Lee, 2009).

However, as Kim Jong-il’s regime intensified its grip across the DPRK – still experiencing a severe economic crisis and widespread starvation, armed clashes also occurred between the two Koreas (Lee, 2012c). North Korean provocations, such as the Battle of the Yellow Sea on 15 June 1999 and the detention of a South Korean tourist on Mt Kumgang on 20 June, increased tensions on the peninsula. Still, Kim Dae-jung’s government maintained its goal of improving relations and cooperation with the DPRK (Kim and Chung, 2022; Levin and Han, 2003), reiterating that; ‘strategic engagement’ means building reconciliation and cooperation between the two Koreas through “more contacts, dialogue and cooperation” (MOU, 2000).
Moreover, the Kim Dae-jung government emphasised the need to create spaces for people-to-
people contact across the DMZ, believing that continued contact and cooperation with them would
lead to mutual understanding and reconciliation between the two Koreas (Kim and Chung, 2022).
It was also believed that contact with South Korean society would sow seeds of change within North
Korean society, and that change would come gradually but steadily to the North Korean regime and
society as a whole, “like a stranger undressing in the sun” (Kim et al., 2016). Hence, Kim Dae-jung’s
administration’s policy toward the DPRK can be succinctly characterised as “change through
contact” (Kim et al., 2016). In other words, it sought to improve inter-Korean relations by expanding
multi-faceted contacts and active cooperative engagement (Lee, 2022b; Hong, 2005).

In March 2000, President Kim Dae-jung delivered the Berlin Declaration, 24 calling on North and
South Korean leaders to meet for practical economic cooperation, and to consult and work
 together on ending the Cold War and establishing peace on the Korean Peninsula (MOU, 2015a).
This prompted the DPRK to respond positively to discussions on preparations for an inter-Korean
summit (Han, 2012). Consequently, the first inter-Korean summit after 55 years of division occurred
in June 2000, wherein South Korean President Kim Dae-jung and North Korean leader Kim Jong-il
affixed their signatures to the June 15 Inter-Korean Joint Declaration. This summit opened the door
to inter-Korean cooperation in sports, health, agriculture, and other areas (MOU, 2001).

As per the Joint Declaration dated June 15, the two Koreas reached a consensus on various
collaborative initiatives, which encompassed the establishment of transport links such as roads and
railways, and the construction of buildings, with the further aim of reuniting separated families
(MOU, 2001). Since the 2000 summit, there has been a quantitative and qualitative shift in inter-
Korean cooperation to the point where inter-Korean relations can now be described either as a ‘no-

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24 On 9 March 2000, during a State visit to Germany, President Kim Dae-jung delivered a speech at the Free University of
Berlin entitled ‘Lessons of German Unification and the Korean Peninsula’ in which he announced the ‘Berlin Declaration’,
proposing massive economic assistance to North Korea.
contact era’ and a ‘contact era’, in reference to civil society participation and involvement in various IKCF initiatives (Chun and Kim, 2017; Lim, 2015). While socio-cultural cooperation has taken the form of inter-Korean reciprocal visits, including performances by visiting artists, joint inter-Korean sports competitions, and shared unification events by the Civic Sector (Lee, 2013a), it was in August 2000, that the first separated-family exchange visits took place (in Seoul and Pyongyang). Inter-Korean cooperation initiatives such as the Mt Kumgang Tourism Project, the development of a railway link between the two Koreas, and the establishment of the Kaesong Industrial Complex (KIC) commenced (MOU, 2001). In 2001, however, inter-Korean relations and the IKCF initiative also stalled due to a deterioration in U.S.-DPRK relations. Nonetheless, Civic Sector support for North Korean humanitarian aid projects continued steadily, and the ROK became the DPRK’s second-largest trading partner after China. When the Kaesong Industrial Complex opened, tourism to Mt Kumgang was expanded, and cooperation in social and cultural fields correspondingly increased.

Inheriting Kim Dae-jung’s ‘Sunshine Policy’, President Roh Moo-hyun (2003-2007), maintained the same principles in its North Korean policy and sustained inter-Korean exchange and cooperation (Lee, 2022b). Despite the second North Korean nuclear crisis\(^{25}\) that occurred just before Roh Moo-hyun took office, the Roh administration steadfastly promoted three major economic cooperation initiatives: the Kaesong Industrial Complex, the railway and road connection project, and the Mt Kumgang Tourism Project. Consequently, trade between the two Koreas exceeded $720 million in 2003, and cumulatively the number of persons travelling to and from the two Koreas exceeded 16 million (Lee, 2022b). The Kaesong Industrial Complex, launched in June 2003, with enterprises

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\(^{25}\) The second North Korean nuclear crisis occurred on 3 October 2002, when James Kelly, the head of the U.S. negotiating team, visited Pyongyang and admitted that the DPRK was secretly developing a nuclear warhead using highly enriched uranium. The KEDO (Korean Peninsula Energy Development Organisation) decided to suspend heavy fuel oil shipments to the DPRK from December 2002 in accordance with the term of the ‘Agreed Framework’ between the U.S. and the DPRK in 1994.
beginning to move there in 2005, served as an important symbol of the Roh Moo-hyun administration’s functionalist approach to engagement with the DPRK (Lee, 2017c).

However, the DPRK began processing 8,000 spent nuclear fuel rods at Yongbyon that could be used to produce nuclear weapons in October 2003, and subsequently, the political climate between the ROK and DPRK also deteriorated drastically in the shadow of poor relations between the U.S. and DPRK. In 2005, the DPRK announced that it possessed nuclear weapons, and it conducted its first underground nuclear test in the following year (MOU, 2007b). In response, the South Korean government shut off rice and fertiliser aid to DPRK and halted IKCF funding for South Korean students to visit Mt Kumgang (MOU, 2007b). Holding up inter-Korean economic cooperation initiatives and curtailing the amount of funding for Civic Sector engagement with the IKCF, further disrupted economic cooperation projects between the two Koreas. Soon after, the ROK ceased supplying the DPRK with construction materials for the railway link (MOU, 2007b).

Despite these challenging domestic and international circumstances, economic cooperative engagement initiatives in the Civic Sector continued apace, driving an overall increase in inter-Korean exchanges in 2006. For the first time, the number of people travelling between the two Koreas surpassed 100,000, and the value of inter-Korean trade grew to $1.35 billion, by the end of 2006, 18 South Korean enterprises had relocated to the Kaesong Industrial Complex, with the number of North Korean employees surpassing 10,000 (Lee, 2007). Although the North Korean nuclear problem undoubtedly hampered relations between the two Koreas, Civic Sector economic cooperation initiatives persevered (MOU, 2007b). At a second inter-Korean summit, convened on October 4th, 2007, the two Koreas mutually agreed to pursue substantial cooperation across multiple domains, with the ultimate goal of promoting peace and prosperity throughout the peninsula (MOU, 2008b).
This 2007 summit led Chairman Kim Jong-il and President Roh Moo-hyun to sign the ‘Declaration on the Development of Inter-Korean Relations and Peaceful Prosperity (October 4 Declaration)’. This declaration exhibited a more extensive scope than its 2000 inter-Korean summit predecessor, as seen by its inclusion of specific economic cooperation measures (Park, 2019a). As a result, economic cooperation between the two Koreas began to blossom. Examples include the expansion of the Kaesong Industrial Complex, the construction of a highway link to the Kaesong-Pyongyang Motorway, and the institution of a general modernisation plan for highways in the DPRK. Significantly, the declaration also outlined a detailed plan for developing mutual military trust and institutionalising peace on the peninsula (MOU, 2008b).

Nonetheless, inter-Korean relations during the Kim Dae-jung and Roh Moo-hyun Governments were not generally characterised by a spirit of reconciliation and cooperation (Park, 2013c). The DPRK and ROK continued to be hostile, confrontational, and competitive throughout this period, in spite of this, efforts to explore and pursue opportunities for reconciliation and cooperation continued (Kim et al., 2018). Regarding partnerships with the Civic Sector, crucially, South Korean governments at this time advocated for civil society participation and supported various forms of exchange with the DPRK, which increased inter-Korean contacts and fostered socio-cultural cooperation (Lee and Jung, 2021; Kang, 2021). In 2007, at the height of inter-Korean cooperation, an average of 300 vehicles and 30 ships travelled between the two Koreas every day, while aeroplanes carried passengers every other day. In addition to the 30,000 tourists who visited the DPRK each month, more than 10,000 South Koreans stepped foot on North Korean soil, and more than $100 million in goods were traded between North and South Korean enterprises (Chun and Kim, 2017).

The Kim Dae-jung and Roh Moo-hyun governments clearly tried to maintain an engaging approach to the DPRK, despite a number of political and military incidents which threatened to completely derail inter-Korean relations (Moon, 2011). Their functionalist approach to engagement with the
DPRK was based on an expectation that cooperation in socio-economic terms would trigger a positive response from the DPRK in politico-military terms (Lee and Jung, 2021; Han, 2019; Lee, 2018a; Park, 2017a). Therefore, it was considered important to support and continue inter-Korean exchange and cooperation initiatives independently of the political and military situation (Lee and Jung, 2021). However, as the DPRK’s nuclear development continuously during this period, the South Korean government’s assistance to the DPRK in the form of food and fertiliser gave rise to controversy about ‘peojoogi’²⁶, that ROK’s financial support only fuels the DPRK’s nuclear development. This further magnified the conflicting opinion within South Korean society, and criticism began to emerge about the limitations of the functionalist approach (Park, 2017a). To better understand the context of this emerging criticism, the following sections discuss key IKCF-funded initiatives undertaken by the Kim Dae-jung and Roh Moo-hyun governments.

4.3.2 The IKCF Initiative

This section discusses how the IKCF has been implemented and examines the level of Civic Sector participation in the following initiatives: humanitarian assistance to the DPRK, inter-Korean economic cooperation, and socio-cultural cooperative projects.

Humanitarian Aid

Voluntary humanitarian assistance to the DPRK from South Korean civil society began in 1995, and by 2000, a growing number of South Korean NGOs became interested in providing developmental assistance to the DPRK (Kim, 2016a). Since then, the ROK government has provided an IKCF matching ratio method of funding to those Civic Sector providers who met certain requirements.

²⁶ The ideological conflict within South Korean society over humanitarian aid to the DPRK is known as the South-South conflict. Critics of humanitarian aid to the DPRK have criticised it as ‘peojoogi’ (giveaways). Criticised ‘Peojoogi’ as ‘meaningless giveaways’ to the DPRK, believing that humanitarian aid is not used to improve the quality of life of North Koreans, but is instead used by the North Korean authorities to expand its military, leading to military provocations against ROK LEE, H. & NOH, M. 2019. Taebukchŏngch’aekkwa Han’guk Chŏngbuŭi Inshik (North Korea Policy and the South Korean Government’s Perception: Focusing on North Korea Recognition and Division Recognition). Social Science Research Review, 35, 23-45.
taking into account the urgency of each project, the beneficiaries and distribution areas in the DPRK, and the degree of transparency in distribution (MOU, 2008a). However, in 2004 the DPRK directly appealed for development cooperation rather than humanitarian assistance (Na, 2019). Until 2022, ROK humanitarian assistance to the DPRK via the IKCF, primarily targeted the DPRK’s food shortages and totalled KRW 2.4762 trillion ($2.4762 billion). Significantly, 80 % of this amount was implemented under the Kim Dae-jung and Roh Moo-hyun governments (see Appendix B and O).

New approaches were introduced in 2005 and 2007 to broaden the scope of civil society support for the DPRK beyond emergency relief to include development assistance. These were known as ‘joint projects’ and ‘policy projects’, and their aim was to facilitate collaboration and engagement with the DPRK across various areas. On one hand ‘joint projects’ are collaborative efforts involving consortia of three or more NGOs, working together with the purpose of promoting humanitarian aid, and receiving matched funding via the ROK government (MOU, 2008a). These projects aimed to assist and enable North Korean self-sufficiency and independence. On the other hand, ‘policy projects’, development assistance initiatives that require ongoing support or are considered to have a significant impact, receive full funding from the ROK government (MOU, 2008a). Additionally, the North Korean Infant and Early Childhood Support Project, launched in 2005, aimed to improve the vulnerable health status of infants and pregnant women. This involved outside agencies such as the WHO, UNICEF as well as various Korean civil society organisations.

South Korean NGOs implement humanitarian assistance projects in environments that are strategically located in areas closely intertwined with the daily lives of North Koreans. These include hospitals, bread, and noodle factories. Through these initiatives, South Korean NGOs made contact with many vulnerable citizens across the DPRK (Moon et al., 2017). NGOs providing humanitarian assistance have had direct contact with North Koreans through hospitals, cooperative farms, daycare centres and kindergartens (Gyeonggido, 2012). This was despite the DPRK’s access limitations (Kang, 2010).
IKCF support has resulted in greater involvement of Civic Sector organizations in humanitarian assistance initiatives in the DPRK (Heo, 2019; Lee et al., 2018). Furthermore, this support facilitated the expansion of activities to regions in the DPRK that are generally inaccessible to the South Korean government (MOU, 2008a). Due to the fact that the DPRK had a more flexible stance on access to areas outside of Pyongyang for civilian organisations, the Civic Sector would be better positioned than the Government Sector to work in provincial areas and to increase its contact with people across the DPRK (Kim, 2010). South Koreans only learn about the reality of the DPRK when they travel there to provide humanitarian aid. Outreach to the DPRK also provides a window of opportunity to communicate with the outside world and become aware of developments outside of the DPRK (Son et al., 2017). Some assessors even claim that outside contact led to a certain degree of change in the way North Koreans perceive both South Koreans and international donors (Kim, 2016b; Jung, 2014).

While the South Korean government’s humanitarian assistance programmes to the DPRK ebb and flow depending on the political situation, NGOs have demonstrated that they can continue to provide consistent support relatively independently of inter-Korean political relations (Moon et al., 2017; Kim, 2010). This was borne out, by the fact that in the aftermath of DPRK’s missile launches and nuclear tests in the second half of 2006, when governmental humanitarian assistance was suspended, visits by civil society organisations to monitor the delivery of aid and supplies to the DPRK continued (Moon et al., 2017). On the other hand, the DPRK’s 2006 missile and nuclear test programme caused concern for some South Koreans, who became sceptical about Civic Sector organisations seeking funds to support the DPRK without conditions attached (Kim, 2010). In reality, any deterioration in inter-Korean relations has a significant impact upon the operations of civil society groups, because the ROK’s lack of a culture of making donations makes it difficult for any CSO (Civil Society Organization) to gain extra funding from donations towards their initiatives from ordinary citizens (Moon et al., 2019).
Humanitarian aid to DPRK on a civilian level provided an open platform for many in the ROK to engage in inter-Korean relations and encouraged South Koreans to relate to inter-Korean concerns as part of their daily lives (Jung, 2016). Moreover, the expansion of South Korean development aid to the DPRK resulted in more engagement between South Korean aid workers and regular North Koreans, as well as providing an enhanced role for the participation of the South Korean local government (Kim, 2016a; Park, 2009). Subsequently, local governments in the ROK began to mobilise significant financial and human resources to support NGOs in the provision of more effective development aid to the DPRK (Na, 2019; Kim, 2016a). As a result, the humanitarian assistance project created new opportunities for central and local government, as well as the Civic Sector, to collaborate and enhance inter-Korean relations (Jung, 2016; Kang, 2010). Nevertheless, the ROK government preferred large-scale direct government assistance to the DPRK over cooperation with CSOs (Moon et al., 2019). Although IKCF support for initiatives and activities of civic organisations has been in line with the government’s DPRK policy direction, the amounts provided are not large (Moon et al., 2019).

Figure 4. Percentage of the IKCF used by each actor for humanitarian aid projects towards the DPRK

(Time period: 1991-2022)
As Figure 4 shows, from 1991 to 2022 the largest share (85%) of the total humanitarian assistance provided to the DPRK was directly supplied by the South Korean Government, while IKCF support to CSOs to provide direct humanitarian assistance to the North amounted to KRW 104.8 billion ($104.8 million) - one-twentieth (5%) of the amount spent by the South Korean government (KRW 1.8997 billion/$1.8997 billion) and half the amount provided by international organisations (KRW 209.6 billion/$209.6 million).

While the South Korean Government's humanitarian food aid programme to the DPRK appears to have involved a diverse spectrum of actors and experimented with various modes of assistance, it should be noted that the IKCF was used for humanitarian food aid projects for only a decade (1998-2008), and a very small sum was allocated for such projects from 2009 to 2022 (see Appendix D).

**Separated-Family Reunions Between the DPRK and ROK**

The separated family reunion project for citizens of the DPRK and ROK was designed to facilitate the meeting of families separated due to the Korean War between 1950 and 1953. Given that the primary reason for their separation was that they were victims of the division of the Korean peninsula into two distinct jurisdictions, they were entitled to government protection and assistance (Yeo, 2019). Under the “Act on Confirmation of the Life or Death of Inter-Korean Separated Families and Promotion of Exchange,” the government is responsible for certifying the situation of inter-Korean separated families and providing exchange opportunities for family reunions. Nevertheless, there is a time limit for resolving this issue. More than 70 years have passed since the Korean War, and with the first generation of separated families ageing and passing away, there is a compelling urgency to address this problem (MOU, 2022a).

From the end of December 2022, the South Korean government received a total of 133,675 applications from individuals seeking family reunions. Among these applicants, 91,051 were reported deceased, indicating that many passed away before any opportunity for reunion could be
realised. This left a total of 42,624 survivors still awaiting the possibility of being reunited with their long-lost families (MOU, 2023b). In 1985, more than three decades after the Korean War, 35 families (81 people) from the ROK and 30 families (76 people) from the DPRK travelled to Seoul and Pyongyang, respectively, under the name ‘Inter-Korean Family Hometown Visit and Artistic Performance Group’ (MOU, 2022a; Yeo, 2019). However, the long-delayed reunion of separated families began in earnest with the June 15 Joint Declaration agreed at the 2000 inter-Korean Summit (Yeo, 2019). This was followed by the first official face-to-face reunification of North and South Korean families after 47 years of separation. The IKCF played a role in supporting and facilitating the logistics, organisation, and overall coordination of this significant reunion event, and the government’s efforts resulted in the reunion of 21,809 people by the end of 2022. Additionally, 3,418 people were reunited through their own efforts (MOU, 2023b). Since 1998, the government contributed KRW 3.4 billion ($3.4 million) from the IKCF for private family reunions in an effort to support and encourage each family’s endeavour (MOU, 2023b). Although IKCF funding for inter-Korean family reunions peaked in 2007 at KRW 26.9 billion, under the following government, inter-Korean relations became increasingly tense, and the number of family reunions decreased dramatically, while the amount of funding provided for family reunions also decreased (see Appendix F). However, according to the 2021 North-South Korean Separated Families Survey, 19.4% of respondents who had contact with their families (face-to-face reunions, phone calls, correspondence, etc.) did not wish to have further contact (MOU, 2023a). According to a study of the reasons why separated families in the ROK chose not to reconnect after meeting their family members in the DPRK, 31.25 % claimed it was due to ideological differences, while 28.12 % stated they did not feel like family since they were different and strange (Park, 2021a).

The DPRK and ROK Railway and Road Connection Project

From its inception in 1991 through to 1999, the IKCF was mostly utilised for humanitarian assistance, however, since the 2000 inter-Korean summit, the IKCF played a key role as a source of
finance for inter-Korean economic cooperation projects (Lee, 2009b; MOU, 2008a). Among these, the Inter-Korean Railway and Road Connection Link Project was the most funded IKCF project in the sphere of inter-Korean economic cooperation, accounting for 27.5% of the total amount invested in the Inter-Korean Economic Cooperation project (KRW 2.982 billion /$2.982 billion) and accounted for 14% (KRW 821.1 billion/$821.1 million) of the entire amount (KRW 5.778 trillion/$5.778 billion) implemented for IKCF initiatives from 1991 to 2022 April (See Appendix G and H).

The Korean Peninsula, surrounded by sea on three sides, has been divided since the Korean War, leaving the ROK in an island-like situation with no land link to the continent to the north (Seo, 2018). To address this, after the 2000 inter-Korean summit, a project was launched to reconnect railway and road links between the two Koreas for the purpose of reducing logistical costs incurred through cross-border land transportation, thus laying the groundwork for inter-Korean economic cooperation (Cho and Yoo, 2022; MOU, 2008a). It was anticipated that a railway and road link through the Demilitarised Zone (DMZ), a symbol of division and confrontation between the two Koreas and the site of intense military confrontations, would reduce military tension between the two Koreas (Cho and Yoo, 2022; MOU, 2005). Hence, the inter-Korean transport network connection project is not just a civil construction project but presupposes a guarantee of military trust between the two sides, promoting the removal and reduction of military facilities and shared control within the DMZ (Cho and Yoo, 2022; Park, 2007). Additionally, it is arguable that the DPRK-ROK railway and road connection was also considered a significant contribution towards the growth of the Kaesong Industrial Complex and the Mt Kumgang Tourism Zone (Na and Lee, 2018). Hence, in December 2005 the government constructed two inter-Korean railways; one in the west, nearer to the KIC, the Gyeong-ui Line (27.3 km), and another in the east, the Dong-hae Line (25.5 km), heading towards Mt. Kumgang. The DPRK-ROK train test run was ultimately completed in May 2007.
(MOU, 2008a) and Inter-Korean train services resumed historically for the first time in 56 years in May 2007.

The trans-Korean roadway connection project commenced in September 2002 reaching the KIC in the west and Mt Kumgang in the east in 2004 (Chang, 2012). North Korean sections of the road and railway were built by North Koreans, with the South Korean government providing construction materials and equipment through the IKCF. However, the DPRK requested technical assistance for the construction due to a lack of technical skills, so the ROK government also provided expert manpower and technology (MOU, 2008a). The project, led by the Ministry of Land, Infrastructure, and Transport, engaged multiple ministries, including the Ministry of Unification and the Ministry of National Defence, as well as the Korea Railroad Corporation, Korea Expressway Corporation, and Hyundai-Asan.

However, the inter-Korean railway road connection was repeatedly postponed and resumed due to fluctuating inter-Korean relations (MOU, 2008a). For example, although both Koreas initially agreed to carry out a test run of the railway, on the eve of the test in May 2006, DPRK suddenly announced its cancellation, alleging a “lack of military security guarantees” (MOU, 2008a). In December 2007, Gyeongui-line freight trains began a regular service across the DMZ, but this was suspended within a year due to the North Korean nuclear issue and deteriorating inter-Korean relations (Cho and Yoo, 2022; Seo, 2018).

**Kaesong Industrial Complex Project**

Located on the west coast of the Korean Peninsula, 60 kilometres north of Seoul, the KIC was launched as a joint development venture between the two Koreas, with the DPRK contributing land and labour, and the ROK contributing technology and funding (Lim and Lee, 2016). From 2004 to 2022 April, the KIC project accounted for 12% of the total KRW 5.778 trillion ($5,778 million) invested in the IKCF initiative, totalling KRW 726.4 billion ($726.4 million), making KIC a significant
project among IKCF initiatives. The KIC project accounted for 25% or (KRW 726.4 billion) of the total KRW 2.982 trillion ($2.982 billion) invested in the Inter-Korean Economic Cooperation Project (see Appendix G and I).

The KIC was launched in August 2000 with the signing of an agreement between Hyundai-Asan and the DPRK, and since 2002 government level conversations have taken place (Kim and Lim, 2009; MOU, 2007a). The KIC is an administrative region with a special legal status under North Korean law, the ‘Kaesong Industrial District Law’ separates it from the rest of the DPRK and grants it a degree of economic autonomy founded on market-oriented principles (Kim, 2006b).

In June 2003, the DPRK and ROK broke ground on the KIC Phase 1 development, which encompasses an area of 3.3 million square metres. In June 2004, 15 companies, including ROK companies such as ‘Living Art’ and ‘Shinwon’, signed tenancy agreements and began moving in (Association, 2016). The majority of ROK companies in the KIC are engaged in labour-intensive industries such as textiles, household products, and the manufacturing of vehicles, among others (Kim and Lim, 2009; MOU, 2007b). Small and medium-sized enterprises (SMEs) struggling with cost competitiveness in ROK, were given an opportunity thanks to the KIC project (Kim, 2021a; Lim and Lee, 2016). The ROK government encouraged South Korean enterprises to set up factories and produce goods inside the KIC, a North Korean zone, and the first KIC products were delivered to the ROK in December 2004 (Chang, 2012). The entire output of the Kaesong Industrial Complex was $3.23 billion, and the trade value reached $14.12 billion over the course of its operation (December 2004–December 2015) (Cho, 2020).

The Kaesong Industrial Complex, which began as a private-sector economic cooperation project, gradually evolved into a project in which the ROK government was able to play a leading role, in managing its development and operation. This role was increasingly important as financing issues relating to complex infrastructure requirements emerged, and direct negotiations with North
Korean authorities were required (Lim and Lee, 2016). Consequently, the Korea Land Corporation, a public corporation was set up as a business partner of Hyundai-Asan, and issues over the management of the KIC were settled through direct talks between the North and South Korean governments (Lim and Lee, 2016). In fact, out of approximately KRW 1 trillion total investment in the Kaesong Industrial Complex, nearly KRW 459.7 billion\(^{27}\), or 46%, was financed by the IKCF and other public money (Lim and Lee, 2016).

The KIC was conceived as a project which would transform an area of tension and conflict into a zone of peace and reconciliation (MOU, 2007b). It is a highly symbolic inter-Korean cooperation project which turned a strategic military location in the DPRK into an industrial complex (Kim, 2020a). Hundreds of South Korean personnel and vehicles travelled daily between Seoul and Kaesong via the Gyeongui-line road that crossed the DMZ in order to develop the KIC and manufacture goods (MOU, 2007b). In the KIC, North Korean workers and South Korean businessmen shared daily experiences and engaged in dialogue (MOU, 2007b). Furthermore, North Korean officials and workers were able to learn market economy principles while setting up and running the complex (Kim, 2021a; MOU, 2007b). At the KIC, over 50,000 North Koreans were employed, exposing the differences between the DPRK and ROK and hugely impacting North Korean society (Lim and Lee, 2016). The KIC initiative also boosted the number of people involved in inter-Korean collaboration, the volume of inter-Korean trade, and the low wages of the North Korean workers ($150 per month) made it economically beneficial for South Korean enterprises and affiliated businesses (Kim, 2020b; Lee, 2018a). However, the endeavour did not always run smoothly, for example, the sale of a KIC site to a South Korean business was delayed by the DPRK’s

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\(^{27}\) The Kaesong Industrial Complex received a cumulative investment of KRW 1.021 trillion. As of 31 December 2015, private corporations invested KRW 5.613 trillion of this total. The government invested a total of KRW 459.7 billion (KRW 258.7 billion from the IKCF, KRW 48 billion from KEPCO, KRW 9.4 billion from Korea Telecom, KRW 12.26 billion from the Korea Land Corporation, and KRW 20.1 billion from the Korea Industrial Complex Corporation) LIM, K. T. & LEE, K. W. 2016. Kaesŏnggongdan Unyŏng 11Nyŏn (2005~2015) -Ŭi Kyohun (Kaesong Industrial Complex: Lessons from 11 Years of Operation (2005-2015)).
first nuclear test in 2006, and further expansion of the KIC was constrained by UN sanctions and unstable inter-Korean relations (Lim and Lee, 2016).

Mt Kumgang Tourism Cooperation Project

The Mt Kumgang Tourism Project was one of two projects (the other being the Kaesong Industrial Complex) based in the DPRK which opened up an inter-Korean corridor to allow the two Koreas to interact while fostering peace on the peninsula (Ko and Lee, 2020). Tourism has a proven impact on conflict resolution and peacebuilding in divided areas because it facilitates reciprocal visits and personal contact (Farmaki, 2017; Cho and Kim, 2006; Moon et al., 2004). The opening of Mt Kumgang for tourism in 1998 marked a historical turning point in the long-divided Korean peninsula. This was because of the difficulty South Koreans had in previously visiting the DPRK for purely tourist purposes without solid security guarantees (Ko and Lee, 2020). Mt Kumgang tourism was supported by the Kim Dae-jung government, whose attitude towards DPRK was clear when they declared that “more contact and cooperation lead to peace” (MOU, 2005).

In 1989, Hyundai-Asan’s Chairman Chung Ju-yung signed an agreement with DPRK that commenced development at Mt Kumgang (Jeon, 2019a). In 1998, nine years later, Hyundai-Asan signed four additional agreements with DPRK regarding Mt Kumgang, and tourism began in earnest (Lee, 2017a). Although the Mt Kumgang Tourism Project was started as a private business by Hyundai-Asan, it was the first example of inter-Korean tourism cooperation. Consequently, the ROK government actively engaged in the project to ensure its success (Lee, 2017a). In June 2001, the government-owned ‘Korea Tourism Organisation’, announced its participation in the initiative (MOU, 2002). Given that the Mt Kumgang Tourism Project was a cornerstone of inter-Korean cooperation, the ROK government supported the paving of roads and the installation of firefighting equipment in the Kumgang tourism area through grant funding from the IKCF. Additionally, the IKCF loaned KRW 90 billion ($ 90 million) to the Korea Tourism Organisation, a joint operator of
Kumgang tourism, nine times between 2001 and 2004 (Cho, 2019a). Hyundai-Asan and the Korea Tourist Organisation led the Mt Kumgang Tourism Project along with 33 other companies, including Emerson Pacific, LPG Gas, and Nonghyup Bank, all working together to manage hotels and resorts etc. (Jeon, 2019a).

However, by 2002 Mt Kumgang tourism was in crisis due to a sharp decrease in the number of tourists. Recognising that the tourism initiative had to continue, to strengthen inter-Korean relations, since April 2002 the ROK government provided partial funding through the IKCF for students, teachers, and separated families to visit (MOU, 2005). A total of 20,000 middle and high school pupils (including their teachers) were chosen to visit Mt Kumgang in late 2004 (MOU, 2005). During the schools’ winter holiday of late 2004, the ROK government also provided IKCF funding for a trip to Mt Kumgang so that South Korean youths could visit the DPRK and better understand the country’s divided situation. Consequently, South Korean students crossed the DMZ and travelled through DPRK (approximately 11 kilometres) to see the railway and road connecting DPRK and ROK and meet with North Korean tour guides at Mt Kumgang (MOU, 2005). Late in 2005, an additional 16,398 middle and high school students and instructors of unification education were invited to Mt Kumgang for an experiential learning trip, which gave them the opportunity to cross the DMZ and experience the DPRK (MOU, 2007b). Approximately 78% of respondents in a 2004 survey of Mt Kumgang tourists, stated that negative perceptions of the DPRK and indifference to the reunification issue had been replaced by a positive attitude (MOU, 2005). Hence, the Mt Kumgang Tourism Project played an important role in inter-Korean collaboration, allowing South Koreans to travel to the DPRK while also promoting reconciliation on the Korean peninsula (Lee, 2017a).

In the absence of communication channels between the governments of the two Koreas, private corporations have, through their work, maintained and increased contact between the two government authorities. This contributed to the reduction of tension between the two Koreas.
Moreover, Mt Kumgang tourism created a point of contact between the two distinct Korean peoples, paving the way for the development of inter-Korean trust (Sung, 2018; Lee, 2014). South Koreans were permitted to travel to North Korean territory and interact with North Koreans, a move that had not been permitted since the 1950s.

The Mt Kumgang tourism region served as a venue for many different kinds of contacts and exchanges, including separated-family reunions, talks between North and South Korean authorities, and collaborations between local government and civic organisations with DPRK (Sung, 2018; Lee, 2018d). Furthermore, this project hosted the unveiling of the DPRK’s naval base, the port of Changjeon, the retreat of its East Sea fleet by approximately 100 kilometres, and the opening of the DPRK’s military zone to ROK (Kwon, 2018; Lim, 2012).

Throughout the duration of the tourism initiative, however, relations between the two Koreas fluctuated. By 2008 a total of 1,956,000 South Koreans had visited Mt Kumgang. However, the tourism project was suspended in August 2008, following the tragic death of a South Korean tourist who was shot and killed by North Korean soldiers (MOU, 2009).

**Inter-Korean Light Industry and Underground Resources Development Project**

The Inter-Korean Light Industry Raw Materials and Underground Resources Development Project, which began in 2005, was a collaborative development of North Korean mineral resources (mining) by the ROK (MOU, 2015a). The initiative was promoted when the two Koreas agreed to merge their respective capital, resources, labour, and technology for a new sort of economic cooperation (Kwon, 2018). The ROK would supply $80 million worth of raw materials, such as soap, shoes, and textiles, to run factories producing light industrial goods in the DPRK, and in return, the DPRK would guarantee South Korean investment with their underground resources (i.e., zinc, magnesite, apatite ore, coal, etc.) repaying the ROK with the mined output (Association, 2015). The DPRK is richer than the ROK in natural resources and at the July 2005 inter-Korean meeting the DPRK
proposed the idea of cooperation in light industry and resources (Kwon, 2018; Association, 2015). Consequently, in the first phase, the South Korean government purchased KRW 840 billion worth of light industrial raw materials through the IKCF and supplied these materials to the DPRK, which then in turn the DPRK reimbursed to the ROK for 3% of the purchase price in the form of 1,000 tonnes of zinc bullion (Kwon, 2018). This style of cooperation ended in 2008, but had it lasted, the character of inter-Korean cooperation may have evolved differently (Kwon, 2018).

Inter-Korean Socio-Cultural Cooperation Project

Inter-Korean socio-cultural cooperation encompasses a range of activities, including in-person interactions, cultural engagements, academic collaborations, and sports cooperation. After the Inter-Korean summit in 2000, socio-cultural cooperation between the two Koreas began in earnest, with government approval of cooperation projects centred around the early to mid-2000s. From 1991 through to the end of 2022, the Ministry of Unification approved 170 socio-cultural cooperation projects, with 71% (121) approved between 2003 and 2007 (MOU, 2023a; Lee and Lee, 2018).

Usually, inter-Korean socio-cultural initiatives are handled by the Civic Sector, in the same way in that the political sphere is led by the government and the economic sphere is led by business (Park, 2015b). Consequently, the ROK government allocated funds to civic organizations that play a pivotal role in fostering socio-cultural exchanges (MOU, 2008a). The primary objective behind this financial support was to establish and develop trust between the DPRK and ROK and to contribute to the peaceful resolution of issues on the Korean Peninsula. By encouraging and facilitating inter-Korean exchanges within the Civic Sector, the government aimed to promote understanding, dialogue, and cooperation between the two Koreas, ultimately working towards the goal of long-lasting peace in the region (MOU, 2008a).
Since 2000, the IKFC funded the cost of hosting collaborative Civic Sector events in the South, as well as transportation and lodging for North Korean participants. When joint events were organised in the DPRK, the IKCF paid transportation and lodging for South Korean participants (Cho, 2019a), and 337 South Koreans witnessed the 2001 National Unity Peace Sports and Culture Festival in Pyongyang. Cooperation in athletics, including the 2002 Inter-Korean Unification Football Tournament (Seoul) and the 2002 Inter-Korean Taekwondo Demonstration Team Exchange (Seoul, Pyongyang), brought people from the two Koreas into contact. In addition to the 312 athletes from the DPRK, 288 North Korean female cheerleaders travelled to the ROK for the 2002 Asian Games in Busan, garnering significant national attention.

The 2003 Summer Universiade in Daegu drew 225 North Korean athletes and 303 supporters, largely female North Korean university students, to the ROK. The Ryugyong Chung Ju-young Gymnasium opened in 2003, bringing 1,100 persons, including South Korean celebrities and citizens, through the DMZ to Pyongyang. Large-scale activities like these were held between the two Koreas, allowing people from both sides to meet, and it was evident that during the initial phase of inter-Korean exchanges, the IKCF provided short-term, ‘event’ oriented exchanges to drive progress in inter-Korean relations. These exchanges encompassed activities like sports events or performances, hence, the fund supported travel across the border (MOU, 2008a).

Since 2005, as inter-Korean exchange cooperation has been in progress, the proportion of funding for socio-cultural cooperation increased more than that for people-to-people travel (MOU, 2008a). When the DPRK and ROK were able to meet regularly, the range of contacts expanded to include culture, art, religion, academia, education, and the media (MOU, 2008a). In 2007, 350 projects had been carried out in the field of inter-Korean socio-cultural cooperation, and 7,639 people had travelled between the two Koreas. Cooperation in the socio-cultural field contributed to a climate of reconciliation between the two Koreas and allowed recognition and understanding to develop in a positive environment (Jeon, 2019b). Consequently, inter-Korean socio-cultural cooperation is
thought to be less likely to produce social conflict within South Korean society than other forms of inter-Korean cooperation (Lee and Lee, 2018).

However much the impact of socio-cultural cooperation contributes to peace on the Korean Peninsula, promoting inter-Korean contact, IKCF funding for this sector amounted to only KRW 123 billion ($123 million), or 2% of total IKCF disbursements during the past 30 years. 52% of this total, or KRW 64.9 billion ($64.9 million), was distributed during the Kim Dae-jung and Roh Moo-hyun governments (1998-2007). As a result, South Korean civil society urged the IKCF to foster and promote further socio-cultural cooperation with the DPRK (Park, 2015b).


From 2008, the South Korean government emphasised that the resolution of the nuclear issue was a precondition for progress in inter-Korean relations (Kim, 2008a), believing that the engagement approach of the previous ten years had not changed the DPRK. Given that South Korean inter-Korean cooperation efforts had failed to prevent the DPRK from developing nuclear weapons, a policy that emphasised principle and reciprocity was adopted which placed the issue of North Korean denuclearization at the forefront of discussions (Hur, 2021; Kim et al., 2017). Hence, state security was prioritised over inter-Korean dialogue and cooperation (Milani, 2018). Branding the policies of previous governments as too conciliatory, the governments of Lee Myung-bak and Park Geun-hye adopted a DPRK policy grounded in what they termed pragmatic ‘realism’ (Kim et al., 2016).

28 South Korean Constitution specifies a single five-year term for the president. Nonetheless, President Park Geun-hye was impeached from office in 2017, and her term was four years.
Declaring that the DPRK would not be provided with large-scale economic assistance until it abandoned its nuclear weapons programmes (Kim, 2008a), the Lee Myung-bak government adopted a ‘policy of mutual benefit and common prosperity’ along with the slogan ‘Vision 3000: Denuclearization and Openness’ (Hur, 2021). Under this vision, the ROK would promote economic cooperation with the DPRK, only if its nuclear weapons programme was ended and its society was transformed. It was also proposed that if the DPRK gave up its nuclear weapons, the ROK would assist the DPRK economically to improve its per capita income to $3,000 within 10 years (Lee and Noh; 2019, MOU, 2009).

Unsurprisingly, Pyongyang showed almost no interest in the new approach and criticised the new policy as a hard-line confrontation running counter to peace and reconciliation on the Korean Peninsula (Straub, 2018). The tension between the two Koreas intensified. The DPRK strongly demanded unconditional implementation of the June 15 Joint Declaration and the October 4 Declaration* and continued to engage in violent conflict with the ROK (Na, 2019; MOU, 2009). The Lee government prioritised pressure over inclusion, treating the DPRK as an object of change rather than as a partner.

Government food aid to the DPRK was suspended after Lee Myung-bak’s inauguration in 2008, and the ratio of matching funds to civil society funding was also reduced from 70 % to 50 %, indicating a reduction in IKCF funding for NGOs (Kim, 2010). In July 2008, a North Korean soldier shot a South Korean tourist on Mt Kumgang, the Lee Myung-bak government halted all tourism to the DPRK and further hardened its stance against the DPRK (Jeong, 2020). The DPRK responded by escalating tensions militarily, suspending tourism to Kaesong and shutting down the railway between the two Koreas (Jeong, 2020). 2009 saw a further significant deterioration in inter-Korean relations when

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* June 15 Declaration agreed by ROK President Kim Dae-jung and Kim Jong-il who is the Chairman of DPRK National Defence Committee at the 2000 summit; October 4 Declaration agreed by ROK President Roh Moo-hyun and DPRK Chairman Kim Jong-il at the 2007 summit.
the DPRK harshly described the Lee Myung-bak administration as “a ruling force in the ROK that is bent on North-South confrontation” in its 2009 New Year’s address (Choe et al., 2009). The DPRK then test-fired a long-range ballistic missile in April and conducted a second nuclear test in May 2009, an action which was widely condemned by the international community (Jeong, 2020). Following this, inter-Korean relations became severely strained. CSO activities supporting the DPRK were curtailed and placed under strict government control (Kang, 2012).

In March 2010, the South Korean naval vessel Cheonan was sunk by a stealth torpedo attack, killing 46 crew members. The attack was believed to have been carried out by the DPRK (MND, 2010b). Responding to the Cheonan incident, the South Korean government announced the ‘May 24 Measures,’ which included a comprehensive ban on inter-Korean dialogue and trade (MOU, 2012). All inter-Korean cooperation was suspended except for the KIC and humanitarian aid for the most underprivileged in the DPRK (Kim, 2016a; MOU, 2012). Similarly, Civic Sector humanitarian aid initiatives in the DPRK were put on hold (Kang, 2012).

Furthermore, the South Korean government restricted the number of South Koreans permitted to stay in the KIC to 50% of their usual number, barred new Korean companies from entering the KIC, and restricted existing companies from increasing their investments (Heo, 2011). As a result, further issues arose. Because of the lack of workers required to operate the factories there, it became challenging to oversee and maintain the quality of manufacturing lines (Lim and Lee, 2016). During Lee Myung-bak’s presidency, these restrictions remained in place with no relaxation (Kim, 2016a).

30 Following the 2010 torpedo attack by DPRK on the South Korean warship ROKS Cheonan, which resulted in the deaths of 46 people, punitive economic sanctions, known as the “May 24 measures,” were put into place as a response. The sanctions include prohibiting South Koreans from visiting DPRK, halting all North-South commerce, prohibiting South Korean business expansion in the DPRK, halting all aid projects, and prohibiting North Korean ships from sailing in South Korean waters.

31 While the South Korean government’s basic policy is to provide humanitarian aid to DPRK “unconditionally on humanitarian and compatriotic grounds, regardless of the political and military situation,” criticism has been raised that humanitarian aid has become a tool of pressure on DPRK by strongly linking it to inter-Korean relations.
Consequently, relations with the DPRK, across the Government and Civic Sector, declined sharply while tensions escalated (Na, 2019).

At the end of 2010, the DPRK launched an unprovoked artillery attack on a South Korean Island, Yeonpyeong, killing four people (MND, 2010b). While the ROK government gradually increased pressure on the DPRK, the slogan “the North Korean regime and the military are the enemy” re-emerged in South Korean society (Lee, 2022a; Jeong, 2020; MND, 2010a). However, the DPRK persistently expanded its missile and nuclear testing, a practice continued by Kim Jong-un, who inherited the leadership after the passing of his father, Kim Jong-il, in December 2011 (Straub, 2018).

The next government under Park Geun-hye (2013 - 2016) promoted a policy called the ‘Korean Peninsula Trust Process’, and presented the building of mutual trust as a key task for the development of inter-Korean relations. ‘Trustpolitik,’ a two-pronged policy that sought a balance between strong deterrence and cooperation with the DPRK was instituted by Park as a way of distinguishing her approach from that of her predecessor (Kim, 2016a).

Correspondingly, South Koreans expected that inter-Korean relations would improve under the Park Geun-hye government (Cheong, 2013). The ‘Korean Peninsula Trust Process’ was seen to be finding a new path to peace and shared prosperity based on mutual trust, and was understood to be more flexible and sincere than the Lee government’s North Korean policy. Hence, inter-Korean relations were expected to begin to thaw (Park, 2013b).

However, prior to Park’s inauguration in December 2012, the DPRK conducted another long-range ballistic missile test (MOU, 2013), and only two weeks before Park Geun-hye was inaugurated as president, the DPRK conducted its third nuclear test on February 12, 2013. Consequently, the UNSC (United Nations Security Council) enacted a resolution penalizing DPRK (MOU, 2014). In response,
the DPRK declared that the United States would be the target of a nuclear test to develop long-range missile capacity (Straub, 2018).

In April 2013 the DPRK forced 53,000 North Korean workers to withdraw from the Kaesong Industrial Complex and shut it down for five months (MOU, 2014), causing significant hardship for the South Korean companies involved. Despite the ongoing tensions between the DPRK and ROK, the DPRK’s top officials participated in the closing ceremony of the Incheon Asian Games in October 2014. This was taken as evidence of Pyongyang’s commitment to inter-Korean dialogue and deemed a positive sign indicating a possible resumption of inter-Korean relations (Kim et al., 2016).


“I understand that some people believe that unity will be excessively expensive and hence pointless. But I believe unification will be a bonanza.” (President Park Geun-hye’s 2014 New Year’s Address)

The President implied that aid would increase to the DPRK when she stated that South Korean NGO development support, particularly in the livestock and agricultural sectors, would pave the way for closer inter-Korean relations (Xinhua 2014).

During her visit to Dresden, Germany, in March 2014, President Park delivered a speech on ‘Initiatives for Peaceful Reunification of the Korean Peninsula’ and issued the ‘Dresden Declaration’

President Park attempted to rekindle the reunification discourse in South Korean society by finding a breakthrough to improve inter-Korean relations (Moon, 2015). However, the

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32 The Dresden Declaration is a speech given by President Park Geun-hye at the Dresden University of Technology in March 2014, and contains specific plans such as (1) solving the problem of humanitarian issues, (2) building infrastructure for people’s livelihood cooperations, and (3) restoring national homogeneity.
DPRK condemned Park’s Dresden Declaration via various North Korean media outlets as “anti-DPRK”, and a “proposal for absorption and reunification”.

In July 2014, President Park established the Unification Preparatory Committee\(^3\) to develop the ‘Unification is Bonanza’ (MOU, 2017c), setting up citizen advisory groups, education advisory groups, and media advisory groups to collect public opinion (MOU, 2017c). Accordingly, the White Paper on Reunification Preparation (2017) states that:

“Reunification preparation cannot be centred on a single sector or axis. It necessitates the active engagement of the entire society, as well as the mobilisation of the knowledge and capacities of all sections of our society. The Civic Sector’s diversity, skill and the public administration’s intelligence and enforcement strength must be systematically blended. To achieve unity, people and governments must work together, pulling from the front and pushing from the back, and constructing governance to lead unity.”

For the first time since the introduction of the ‘May 24 measures’ in 2010, the Park government allowed fertiliser aid to the DPRK in April 2015. Later in May, the government launched a strategy to revive inter-Korean relations involving the Central Government, Local Governments, and the Civic Sector (MOU, 2016). Inter-Korean relations were brought to the verge of collapse, following a DMZ landmine explosion that injured two South Korean soldiers in August 2015, the resumption of loudspeaker propaganda broadcasts by the South Korean military, and the North Korean shelling of Yeoncheon Province in the ROK. However, a compromise was reached at a high-level meeting in late August 2015 (MOU, 2016).

\(^3\) It was chaired by the President and included 81 members: 30 civilians, 31 academic specialists, 2 National Assembly members, 11 government members, and 6 leaders of national research institutes.
In 2016, however, bilateral relations between the DPRK and ROK regressed to a state of reciprocal hostility, due to the DPRK having taken significant steps towards becoming a “nuclear-armed state”. The DPRK launched a long-range missile on 7 February 2016, shortly after its fourth nuclear test on 6 January 2016, and consequently, on 10 February 2016, President Park issued an order for the complete shutdown of the Kaesong Industrial Complex and the withdrawal of all South Korean personnel (MOU, 2017b). The South Korean government convened a meeting of KIC companies on 9 February, one day before declaring full suspension of the KIC (MOU, 2017b), and as a result, all of the South Korean KIC companies returned to the ROK following the ROK government’s evacuation order.

At the time, 125 South Korean small to medium enterprises (SMEs) had set up companies at the KIC, bringing together approximately 55,000 North Korean and 820 South Korean workers on a daily basis (Kim and Chung, 2022). As a result of the evacuation, South Korean companies were forced to withdraw from the KIC, leaving behind not only the machinery and equipment they had invested in but also the raw materials for their manufactured products (Lim and Lee, 2016). In other words, the KIC project was effectively cancelled, leaving behind over KRW 1 trillion worth of investment assets (KRW 459.7 billion from the public sector and KRW 561.3 billion from the private sector) and various finished products and raw materials (Lim and Lee, 2016). The South Korean government explained the suspension of the KIC as an urgent measure to force the DPRK to abandon its nuclear programme, and to prevent money flowing to the DPRK through the KIC from being used for its nuclear and missile programmes (MOU, 2017b). The KIC was the last remaining link in the deteriorating relationship between the DPRK and ROK and had survived several crises (Seliger, 2020). After more than 11 years of operation since December 2004, the KIC was closed down on 10 February 2016 (Lim and Lee, 2016). Interestingly, a year after it was shut down, a majority of the
businesses that ran factories in the Kaesong Industrial Complex (KIC) responded positively to a surveyasking about their willingness to return (Lim and Lee, 2016).

The section that follows explores cooperation with the Civic Sector and IKCF implementation during the governments of Lee Myung-bak and Park Geun-hye. In the Unification White Paper (2009), the Lee Myung-bak government asserted that it backed inter-Korean exchange and cooperation involving the Civic Sector, although the DPRK halted formal dialogue within a month of President Lee Myung-bak assuming power. In contrast to the Unification White Paper (2009), the Civic Sector claimed that it experienced a significant impact from the administration’s policy shift and encountered challenges in sustaining initiatives and the provision of humanitarian aid to the DPRK (Song et al., 2018, Moon et al., 2017; Lee, 2016b).

When the ROK government assumed, for example, that certain items of humanitarian aid and development cooperation, such as agricultural equipment and building materials, could potentially be redirected towards military objectives in the DPRK, the majority of South Korean NGOs were then compelled to indefinitely halt their development assistance initiatives there (Kim, 2016a). Also, as political and military tensions grew, the Lee Myung-bak government (2008-2012) began to use humanitarian aid as leverage against the DPRK, strictly regulating and governing NGO aid efforts in the DPRK (Kim, 2016a). The ROK government also placed restrictions on civilian visits to the DPRK and suspended IKCF funding which was used to support South Korean CSOs (Kim, 2016a). Although the Park Geun-hye government (2013-2016) announced that it would allow Civic Sector cooperation with the DPRK in May 2015, Pyongyang never responded to the ROK’s offer. Civic Sector assessments present the Lee Myung-bak and Park Geun-hye governments as being negative in terms of Civic Sector participation in inter-Korean relations. However, there is also a view by interviewees for this research that it was not that these governments had a negative predisposition,

34 Kaesong Industrial Complex Enterprise Association, Kaesong Industrial Complex Enterprise Contingency Plan Committee, “Kaesong Industrial Complex, One Year After Full Suspension, Survey Results of All Enterprises (9 Dec 2017).”
but that there was simply no platform for Civic Sector participation. Because both governments had prioritised resolving politico-military issues, including the DPRK’s nuclear ambitions, they were rather passive in building relations with the DPRK.

The largest national tragedy resulting from the division of the two Koreas, is undoubtedly the issue of separated families. Every successive government in the ROK has made it a top policy priority, and addressing this issue remains a matter of the utmost urgency (MOU, 2023b). The Lee Myung-bak and Park Geun-hye administrations held two inter-Korean reunions for separated families (MOU, 2016; MOU, 2012). Both administrations attempted to engage in inter-Korean dialogue to resolve issues and attempt to sustain the reunion events. However, just having one meeting is inadequate in terms of dealing with the pain of separation, hence, a fundamental solution is required to alleviate the suffering of separated families, including visits to hometowns, exchanges of letters, and the free movement of people (MOU, 2012).

While the ROK has seen the issue of separated families as a humanitarian issue that needs to be resolved urgently, the DPRK sees it as a political issue with regard to regime security. Because of the societal ripple effect created by opening up ties between North Korean and South Korean family members (Heo, 2019). The issue of reunited families is ultimately dependent upon inter-Korean relations, and this determines whether reunions can actually take place, and whether or not IKCF support is forthcoming (See Appendix F).

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35 Current executive for a government agency that operates the IKCF, Interview 15, November 7th 2022
36 Former NGO member who has been involved in inter-Korean cooperation projects since the early 2000s, Interview 11, November 1st 2022
As inter-Korean relations deteriorated under the Lee Myung-bak and Park Geun-hye administrations in 2008, the number of inter-Korean socio-cultural cooperation projects declined, and the amount of IKCF support for cooperation in this field has also decreased (Lee and Lee, 2018).

Only a few select signature projects were maintained, such as the Inter-Korean Dictionary Joint Compilation Project supported by the IKCF since 2005, the Kaeseong Manwoldae Inter-Korean Joint Excavation Project since 2007, and the joint restoration of Shingyesa Temple (Lee and Lee, 2018).

The participation of North Koreans in the 2013 Incheon Asian Games, the 2013 Incheon Asian Games for the Disabled, and the 2015 Kaeseong Manwoldae Artefact Exhibition and Conference were high-profile events (Park, 2015b). In August 2015, however, President Park Geun-hye marked the beginning of the restoration of the southern segment of the Gyeongwon Line of the railway (Baekmagoji to Woljeong-ri, which is 9.3 kilometres) (Cho and Yoo, 2022; Seo, 2018; MOU, 2017c).

The administrations of both Lee Myung-bak and Park Geun-hye shared the view that the denuclearisation of the DPRK and inter-Korean relations were intertwined issues (Lee and Jung, 2021; Kim et al., 2017). Only in the absence of military threats were these administrations willing to establish friendly relations with the DPRK (Lee and Jung, 2021). Hence, the IKCF initiative was utilised politically to punish the DPRK as a response to political and military incidents and concerns, such as the North Korean development of nuclear weapons (Kwon, 2018). Thus, North Korean policy became an all-or-nothing plan based on assumptions of an imminent North Korean collapse, which, according to West German Deputy Chancellor Egon Bahr, was “pointless as a peace strategy”.

Improvement in inter-Korean relations was practically impossible during the decade of the Lee Myung-bak and Park Geun-hye administrations, given the unachievable condition of the DPRK’s abandonment of its nuclear programme (Koh, 2017). Although inter-Korean relations appeared to have broken down as a result of the nuclear ambitions of the DPRK, in the absence of actual inter-Korean cooperation, it could be argued that the South Korean government lacked both the
opportunity and the tools to bring about meaningful change in the DPRK (Kim et al., 2016). In other words, if it is accepted that changes in perceptions and relationships might occur as a result of contact with a conflicting other party, then it is also accepted that without such contacts, mutual change would not be possible. As a result, the ROK’s potential to use its influence to bring about change and reconciliation through contact has been taken away (Kim et al., 2016).

4.5 New Challenges (2017-2022)

When the Moon Jae-in government assumed office in May of 2017, UN sanctions\textsuperscript{37} against the DPRK were strengthened following its nuclear test. The sanctions covered 90% of the DPRK’s international trade (Noland, 2019). In 2017, the newly elected US President Trump embarked on a ‘maximum pressure’ campaign against the DPRK and warned of a secondary US threat of a boycott against China and other countries for potential violations of international sanctions (I. Kim, 2020).

The Moon government, by contrast, followed a liberal/progressive policy towards the DPRK, based on the assumption that inter-Korean relations should be grounded in diplomacy and collaboration and that cultural, economic, and political cooperation with the DPRK was possible (Lee, 2022b; Ahn, 2021). Moon was committed to returning to and upholding the positive engagement policy of the previous two progressive presidents of the ROK, namely Kim Dae-jung (1998-2003) and Roh Moo-hyun (2003-2008) (Lee, 2022b).

The North Korean policies implemented by previous Presidents, Lee Myung-bak (2008-2012) and Park Geun-hye (2013-2016), who were known for their conservative stances and for stopping inter-Korean initiatives, played a part in informing Moon’s policy toward DPRK (Straub, 2018). He outlined a framework of ‘pre-peaceful post-unification’, where ‘mutual recognition’ and ‘mutual

\textsuperscript{37} The UN Security Council Sanctions Committee on North Korea was launched in 2006 as a subsidiary body in response to North Korea’s 1st nuclear test and its subsequent nuclear proliferation efforts. This was done in accordance with resolution 1718 of the United Nations Security Council.
respect’ were highlighted as important factors in inter-Korean cooperation, with mutual respect coming first (Ahn, 2021). The Moon government made it a policy goal to create a single economic community between the two Koreas, creating common interests through economic cooperation and increasing economic linkages (Im and Seo, 2021). The Moon government’s DPRK policy followed a neo-functionalist theory of integration, and sought to broaden contact with the DPRK. This began with non-political, non-military exchanges and cooperation, such as sports and culture, rather than controversial political and military spheres (Lee and Jung, 2021):

“When the two Koreas acknowledge their differences and work together for the common good, we can achieve peace and prosperity on the Korean Peninsula. Based on this spirit of mutual respect, we will resume inter-Korean dialogue and expand the cooperation to help each other to restore inter-Korean relations and realize peace on the Korean peninsula (MOU, 2017a).”

Moreover, President Moon emphasised in his speech to the U.N. General Assembly on September 24 2018 (Moon, 2018) that “peace leads to economic cooperation and economic cooperation strengthens peace again, which creates a virtuous cycle of peace economy” (MOU, 2019). He also suggested that the goal of inter-Korean relations should be to increase interdependence through economic cooperation between the two Koreas.

During this time, the inter-Korean summit and the DPRK-U.S. summit were held. Three inter-Korean summits took place in April, May and September 2018 (MOU, 2019). The first was attended by Kim Yeo-Jung, the younger sister of the DPRK’s Supreme Leader Kim Jong-un, where she also visited the Pyeongchang Winter Olympics in February 2018 (MOU, 2019). This caused an international stir as it was the first time that a family member from the North Korean dynasty had visited the ROK from the DPRK (Kim, 2019e). The Panmunjom Declaration, adopted on April 27 following the summit in April 2018 in Article 1, paragraph 4, stated:
“We will actively promote joint national events that involve all sectors of society, including the National Assembly, political parties, local governments, and private organisations (MOU, 2019).”

The second inter-Korean summit, held in May 2018 at the Unification Pavilion in the DPRK, further agreed to create a prosperous relationship based on peaceful resolution, reconciliation, and cooperation. In September 2018, a third summit was convened in Pyongyang which is the capital of the DPRK, resulting in the Pyongyang Joint Declaration of September 2018. Subsequently, the two Koreas agreed to collaborate to establish a peace system on the Korean Peninsula and settle the nuclear issue (MOU, 2019).

The first U.S.-DPRK summit was held in Singapore in June 2018, with the second in Hanoi, Vietnam, in February 2019 (MOU, 2020). At that time, these summits created global interest, with the world’s media crowded into Singapore and Hanoi to broadcast the meetings of President Trump and Kim Jong-un in real time. However, the second summit failed to reach any agreement between the two countries. Following this failure, inter-Korean dialogue and cooperation was halted completely (Li, 2022). The United Nations Security Council (UNSC) became sceptical about the DPRK’s intentions, and further tightened sanctions against Pyongyang in response to the DPRK’s rapid progress towards a fully functional nuclear weapons capability. This was also in response to growing public concern in the ROK, the United States, and the rest of the world (Straub, 2018). International humanitarian actors, including UN agencies, also found it difficult to operate in the DPRK. Widespread restrictions on the international financial sector forced international humanitarian organisations in the DPRK to deliver funds for projects in cash, severely limiting their ability to deliver projects (Zadeh-Cummings and Harris, 2020).

There was an expectation of a dramatic change in the relationship between the two Koreas during these summits (Lee, 2019b). Civil society in the ROK closely followed each inter-Korean summit
with interest in the hope of meaningful reconciliation, and an ending to the divided Korean peninsula (Kim et al., 2021). There were strong expectations that following these summits it would be easier to (re)launch the cooperative projects with the DPRK that had been put on hold for the previous ten years. The Civic Sector was eager to restart socio-cultural cooperative projects, humanitarian assistance, and economic trade with the DPRK. Most South Koreans hoped for a new future and desired a peaceful Korea. However, within a year this turned to disappointment and fuelled the horizontal and vertical divisions within the ROK (Lee, 2019b). Civil society actors who were pursuing unification, humanitarian NGOs who were assisting the DPRK, and several local governments located near the DMZ were especially disappointed at this outcome (KCRC, 2022).

The Moon Jae-in administration stated that the development of inter-Korean relations and the revitalisation of inter-Korean exchange was a national task:

“to enhance the stability and predictability of cooperation, we have created a decentralised and cooperative foundation that includes the central governments, local governments, and the Civic Sector the active participation and responsibility of various actors, including local governments, along the central government, for sustainable North Korean policy and institutionalisation of inter-Korean relations (Education, 2022; MOU, 2022c).”

The revision of the Act on Inter-Korean Exchange and Cooperation (8 December 2020), which came into effect in March 2021, specified local governments as institutional entities for cooperation with the DPRK (MOU, 2022c). The Moon Jae-in Government therefore made efforts to encourage local governments to participate in inter-Korean cooperation while strengthening their roles and functions. However, under Moon Jae-in Government, inter-Korean initiatives did not resume, nor did the amount of IKCF allocated to the cooperation projects increase significantly. The potential for economic collaboration with the DPRK has also been constrained by stringent U.N. sanctions.
This posed a significant challenge to the feasibility of resuming any level of economic partnership (Pietrewicz, 2019). To make matters worse after the breakdown of the DPRK-U.S. summit, in early 2020 the COVID-19 global pandemic broke out and the DPRK closed its borders and moved to a national emergency quarantine regime. With some of the world’s strictest COVID-19 quarantine measures, the movement of North Koreans was restricted between regions and border crossings were tightly controlled (Shin, 2021). The DPRK has maintained a strict border closure policy and has been reluctant to engage in inter-Korean cooperation, including contact with the South Korean Civic Sector. Consequently, all contact and cooperation between both the Government and Civic Sector across the two Koreas have halted.

4.6 Conclusion

This chapter explored each ROK government’s North Korean policy and the IKCF initiative over the past 30 years, as well as policies relating to Civic Sector participation in inter-Korean relations. The findings demonstrated that political and military issues between the two Koreas, such as the North Korean nuclear issue, had and continue to have a significant and negative impact on inter-Korean exchange cooperation. The ROK’s North Korean policy and the approach to inter-Korean exchange and cooperation have changed depending on the political alignment of each successive ROK Government. Moreover, the progressive Moon Jae-in government (2017–2022) found itself in a position where it could not pursue inter-Korean cooperation even if it wanted to because of the severe international sanctions against the DPRK.

Although all Governments have sought partnerships with the Civic Sector over the past three decades, the priority for developing relations between the DPRK and ROK has focussed on political and military issues and appears to have been driven by a top-down approach.
Whereas the involvement of grassroots strategies, which were designed to build collaborative governance with the Civic Sector and/or create space for civic engagement was not successfully implemented. A review of the 30-year trend of the IKCF highlights that it has not been sustainably funded nor implemented since its establishment in 1991. The IKCF is the only financial vehicle for inter-Korean socio-economic cooperation in the ROK. It is not intended to function as an independent peacebuilding mechanism, but to complement and facilitate general political peacebuilding efforts. However, operational changes in the IKCF provide a glimpse into how government policies and philosophies relating to inter-Korean socio-economic cooperation have fluctuated. According to the purpose of the Inter-Korean Exchange and Cooperation Act and the Inter-Korean Cooperation Fund Act, the IKCF should have been used consistently, however, it was heavily influenced by the interplay of political and military issues between the two Koreas.

Lederach emphasises that sustainable peacebuilding requires the participation of a wide range of actors in the peace process, from the grassroots to the middle to the top (Lederach, 2005). In light of these arguments, the next chapter explores the conflict structures, achievements, and insights encountered by those civic and Governmental sectors that participated in the IKCF initiative since it was established over 30 years ago.
Ch 5. Civic Sector Perspectives

According to the Inter-Korean Exchange and Cooperation Act (IKECA) and the Inter-Korean Cooperation Fund Act (IKCFA), the role of the Inter-Korean Cooperation Fund (IKCF) is to promote exchange and cooperation between the two Koreas and to build a national community while contributing to peace and harmony in the Korean Peninsula. However, as previously described in Chapter 3, over the past three decades, the IKCF has been administered inconsistently, while stakeholders in the Civic and Government Sectors hold different perspectives on the management and operation of the IKCF. This chapter examines the achievements and challenges of the process of peacebuilding on the Korean Peninsula through the use of the IKCF, reflecting on its operation over the past 30 years from a Civic Sector perspective.

5.1 Opportunities and Successes

This section describes the achievements of the IKCF as assessed by the Civic Sector that participated in the IKCF initiative.

5.1.1 Building Relations with the DPRK through the IKCF Initiative

Civic Sector interviewees generally agreed on the fact that the IKCF initiative permitted the two Koreas to meet and build relationships and trust. Favourably evaluating its contribution to resolving conflicts and crises, one businessman stated; “If economic cooperation between the North and the South had continued, North-South relations would have remained harmonious. For the time being,
we should pursue North-South economic cooperation to recognise and communicate with each other.”  

The inter-Korean tourism initiative, for example, is more than simply providing South Koreans with the opportunity to travel to the DPRK. Mt Kumgang provided an opportunity and venue for North and South Koreans to make contact. A businessman involved with the Mt Kumgang Tourism Project since 1998 emphasised that the project allowed people from the two Koreas to connect and develop relationships:

“It’s not just about tourism, it’s about creating a meeting place as a hub where various civil society organisations, university students, and more can gather and interact at any given time. During our time, there was a KBS concert held on Mt Kumgang. It was quite remarkable to witness the presence of both South Korean tourists and North Korean soldiers, as they made up half of the audience each. Because there was a place like Mt Kumgang tourism area, believers from both North and South Korea - Christians, Buddhists, and other religious groups - had the opportunity to come together and interact.”

The Mt Kumgang Tourism Project enabled 1.95 million South Koreans to visit the DPRK region, and the ROK government supported IKCF to enable young students to visit Mt Kumgang and acquire a better understanding of the DPRK (MOU, 2008a). A Hyundai-Asan official who was involved in the Mt Kumgang Tourism Project at the time stated:

“In the future, it will be the younger generation who will take the lead in fostering reconciliation and reunification. However, it is important to note that many young people currently lack an understanding of the DPRK. It is only when they

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40 A businessman engaged in North-South cooperation business since 1999, Interview 30, November 10th, 2022.
41 General manager of Mt Kumgang Tourism Project in 1998, Interview 34, June 12th, 2023.
have the opportunity to visit the DPRK, such as through a visit to Mt Kumgang, that they come to realise the misconceptions they hold. This firsthand experience often brings about a positive shift in their perception and consciousness regarding the DPRK.”

The IKCF initiative provided a space for contact by developing relationships and trust through continuous meetings based on mutual benefit and reciprocity between the two Koreas. A representative of a non-governmental organisation (NGO) which had provided humanitarian aid to the DPRK for more than 20 years affirmed this view, observing that inter-Korean exchanges enabled by the IKCF contributed greatly to the building of mutual trust through contact. He further emphasised that after decades of meeting and talking, North Koreans now tell him what they think about what is going on, commenting; “How can we make peace without meeting each other?”

Importantly, the IKCF stimulated and supported not only cooperation between authorities, but also socio-cultural exchange and people-to-people encounters across the Civic Sector. In particular, it supported the campaign to directly help the people of the DPRK through humanitarian aid, which increased significantly during its operation (Kang, 2022b). Thanks to this IKCF initiative, since 2000, tensions between the DPRK and ROK have transformed into a non-hostile relationship which emphasises co-existence (Kang and Kim, 2020). Specifically, because of the IKCF initiative, South Koreans had the opportunity to become better informed about the DPRK, gaining experience and acquiring knowledge of its culture; the economic situation; the system of the DPRK government; as well as the general needs/challenges faced by the country. A former NGO official who organised large-scale joint events between the DPRK and ROK in the late ’90s during the reunification

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42 General manager of Mt Kumgang Tourism Project in 1998, Interview 34, June 12th, 2023.
43 Leader of an NGO that has provided humanitarian assistance to North Korea for over 20 years, Interview 22, September 14th, 2022.
44 Leader of an NGO that has provided humanitarian assistance to North Korea for over 20 years, Interview 22, September 14th, 2022.
movement said that South Koreans had come to understand the DPRK better through these exchanges and encounters with the DPRK:

“After ten to twenty years of interaction, many South Koreans have a deeper understanding of North Korean society. I also learned how the DPRK treats the rest of the world, especially the ROK, and what kind of society the North Koreans want.”

A member of an NGO who had visited the DPRK more than 50 times since the early 2000s for inter-Korean health and medical cooperation, emphasised the need for inter-Korean contact and cooperation commenting; “In order for peace to come to the Korean peninsula, the DPRK and ROK must cooperate in various social, economic, and cultural aspects. That’s at least the basis for peace-making.” These comments demonstrate that the key to achieving peace on the Korean Peninsula is the development of economic, social, and cultural ties with the DPRK through the IKCF initiative.

The IKCF initiative also offered North Koreans the opportunity to communicate with South Koreans and learn about the outside world (Sung, 2018). According to a member of an NGO which led a hospital modernization project in the DPRK, exposure of North Koreans to the ROK through the IKCF initiative, coupled with a developed observational awareness of South Korean commodity development, led to an acknowledgement of the ROK’s economic progress. According to one

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45 Former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
46 NGO member who has visited North Korea since early 2000s for health and medical cooperation, Interview 26, November 9th, 2022.
47 Leader of an NGO providing North Korea with nutritional aid and cultural and sports exchanges, Interview 21, October 19th, 2022.
48 NGO member who has visited North Korea since early 2000s for health and medical cooperation, Interview 26, November 9th, 2022.
NGO representative, North Koreans were initially afraid of personnel from the ROK and would not approach them, but working together over time, familiarity grew, and change occurred:

“When North Koreans and South Koreans meet for the first time, North Koreans are suspicious and embarrassed, sometimes even refusing to pose for a photo together. However, South Korean engineers had the opportunity to stay in Pyongyang for several months to work on cooperation projects and interact with North Korean workers, which in turn promoted mutual understanding and reduced hostility. Later, they approached us first and asked us questions. I could see their attitude change.”

Consistent contact with the ROK Civic Sector meant that North Koreans who had to be completely isolated, were able to develop an awareness of what the world outside was like, and the beginnings of change were observed. Furthermore, a member of an NGO with a record of extensive engagement with the DPRK stated:

“I feel like stopping the ROK’s Civic Sectors’ interaction towards the North is actually helping the North’s regime. When people and goods move between the two Koreas, the North Koreans get to see what’s happening outside their country. But if the South Korean government keeps isolating the DPRK, it gives them more reason to keep arming themselves. The myopic perception that humanitarian aid or development cooperation is helping the regime is really wrong.”

The general manager of Hyundai-Asan who worked to launch the Mt Kumgang tourism initiative emphasised that it would take time to change perceptions between the DPRK and ROK. In this

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49 Leader of an NGO that has provided humanitarian assistance to North Korea for over 20 years, Interview 22, September 14th, 2022.

50 NGO member who has visited North Korea since early 2000s for health and medical cooperation, Interview 26, November 9th, 2022.
regard, he stated that the 1.95 million South Korean tourists who had visited the DPRK provided them with a glimpse of South Korean society and culture and planted seeds of thought, which contributed immeasurably to peacebuilding. He provided an example of a change in the attitude of a guide on the north side of Mt Kumgang stating:

“A North Korean guide displayed a strict demeanour towards us tourists. I recall an incident where some elderly individuals spat on the mountain, and the guide immediately reprimanded the South Korean tourist, angrily accusing him of “lacking respect for the sacred land of North Korea”. One day, there was a change in him when a group of students from the Aramdan (Korea Youth Association) visited Mt Kumgang. These kids were of the same age as his daughters. However, upon seeing the children from the South, he couldn’t help but compare them to his own daughters. Because the South Korean students are well-fed, cheerful, and bright. After coming into contact with different kinds of South Korean tourists, the guide’s attitude became more and more friendly. There are several examples like this, and some suggest, “You should write a book about how North Koreans are changing,” yet doing so would make North Koreans uncomfortable.” 51

The shutdown of the Kaesong Industrial Complex (KIC), the last project of the inter-Korean border, in 2016 signalled the end of inter-Korean economic cooperation. According to one KIC businessman, the KIC was a valuable model that provided the DPRK with the opportunity to learn market economy and capitalism. 52 Moreover, because his factory was one of the first to come into the KIC, he reported that the DPRK Government had sent workers who had been fully ideologically indoctrinated, and in some cases even disguised workers for special roles rather than sending

51 General manager of Mt Kumgang Tourism Project in 1998, Interview 34, June 12th, 2023.
52 CEO of the company that operated in the Kaesong Industrial Complex, Interview 31, November 26th, 2022.
ordinary labourers. However, these workers later recognized themselves that they had been influenced by DPRK propaganda and reformed their thinking, thus, he believed that the difference between these individuals could cause a wave of change in DPRK society. Having employed North Korean workers at the Kaesong Industrial Complex (KIC) for more than a decade, from 2005 until it closed, he continued:

“That’s why I think if we build ten economic cooperation parks like the KIC, the DPRK will open up. No matter how many weapons we have, the economy is most effective. I believe that economic cooperation is the most effective strategy because the North Korean army cannot shoot cannons when North Koreans come to live and eat.”

North Koreans who worked in the KIC or conducted business in the market (Jangmadang) were exposed to a profit and incentive system and as such gained an understanding of how capitalism operates (Sung, 2018). As high-quality ROK products such as Choco-pies, provided to North Korean workers in the KIC, flowed into the North Korean market (Jangmadang) and were traded, therefore, the general populace developed a favourable perception of the inter-Korean cooperation with the ROK (Sung, 2018). As a symbol of economic cooperation between the two Koreas, the KIC was an important place where North and South Koreans were able to meet face-to-face, understand each other, form relationships, and empathise with each other (Kim, 2018b).

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53 CEO of the company that operated in the Kaesong Industrial Complex, Interview 31, November 26th, 2022.
54 CEO of the company that operated in the Kaesong Industrial Complex, Interview 31, November 26th, 2022.
55 Jangmadang is the Korean word for “ground markets”, “outdoor markets” or “grey markets.” Jangmadang was not initially approved by the DPRK government, giving rise to the terms informal economy, hidden economy, secondary economy, and shadow economy. LIM, S. 2023. International aid and sustainable development in North Korea: A country left behind with cloaked society, Taylor & Francis.
56 South Korean-made Choco Pie was offered as a snack to North Korean workers. As a result, the Choco pie, which was distributed within the Complex, spread to the Kaesong city as it began to be enjoyed by families and traded in the marketplace. KIM, M. Y. 2020b. Kaesŏnggongŏpchigu kaltŭngwŏnin yuhyŏnghwae kwanhan yŏn`gu (A Study on typology of conflict cases in Kaesong Industrial District). Department of North Korean Studies, Graduate School Ewha Womans University.
Consequently, the Civic Sector positively viewed the IKCF initiative as a valuable tool for facilitating contact between North and South Koreans, affording them opportunities to develop mutual understanding and trust.

5.1.2 Peacebuilding Capacity of the Civic Sector

This section aims to examine factors influencing, what are regarded by the Civic Sector as positive outcomes, which result from involvement in DPRK-ROK relations and inter-Korean initiatives. The Civic Sector evaluated its contribution as significant in the instigation of the IKCF initiative with the DPRK. Chung Ju-young, the chairman of Hyundai Group, one of the most prominent South Korean Chaebols, is credited with introducing and initiating the KIC as well as the Mt Kumgang tourism enterprise. Although the first phase of economic trade between the DPRK and ROK dates back to the latter part of the 1980s, the Mt Kumgang project holds significant importance and is widely recognised as a primary event in the realm of DPRK-ROK economic collaboration (Chang, 2012). On the 13th of January in 1998, Chung Ju-young journeyed to the DPRK by way of China and negotiated an accord with North Korean officials regarding the Mt Kumgang Tourism Project, orchestrating the transportation of 500 cattle via 50 trucks through the heavily fortified Demilitarised Zone (DMZ) to the DPRK in June of 1998 (Chang, 2012). This was the first time that ROK civilians entered the DPRK through the military zone of DMZ since the division of the Korean Peninsula, and it marked a milestone in inter-Korean civilian exchanges. Subsequently, in November 1998, the Mt Kumgang Tourism Project was launched in earnest, following an accord reached between Hyundai-Asan and the North Korean Asia-Pacific Peace Committee (Unification, 2015).

A member of an NGO funded via the IKCF and involved in the peace movement since the 90s said:

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57 A term used in economics to describe a group of monopolistic capitalists or entrepreneurs with great influence in South Korean business circles, or a group of large capitalists composed of family members or relatives.
“Hyundai-Asan played a pivotal role. I remember the first Mt Kumgang tour starting in 1998. Hyundai-Asan undertook this project to promote an atmosphere of reconciliation and dialogue between the two Koreas before the North-South government-level negotiations began in earnest.”

In August 2000, Hyundai-Asan and the DPRK signed an agreement which led to the establishment of the KIC. A groundbreaking ceremony was held in June 2003 to mark this. By December 2004, commodities generated at factories in the KIC were being transported to the ROK (Cho, 2022). Initially, it was the Civic Sector which took the lead in implementing this DPRK-ROK cooperation project, however, subsequently, substantial IKCF support was established, which served as an anchor for the development of government-level DPRK-ROK cooperation (Lim and Lee, 2016; Lim, 2015). An individual who has engaged in inter-Korean trade since 1999 highlighted the significance of civil society and business entities as pioneers in DPRK-ROK relations:

“The Civic Sector, not the government, initiated both the Mt Kumgang Tourism Project and the Kaesong Industrial Complex. To strengthen inter-Korean ties, we must find a way to communicate through messengers and behind-the-scenes civic engagement. To begin, we must develop a Civic Sector. Given the recent breakdown in dialogue between the authorities in the two Koreas, we need to provide more support for the Civic Sector to interact with North Korea.”

Hence, the Civic Sector played a significant role in facilitating DPRK-ROK relations by establishing channels of communication and fostering connections between the DPRK and ROK. These efforts were instrumental in defusing tensions on the Korean peninsula. During a period of strained DPRK-

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58 Former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
59 The Kaesong Industrial Complex project began on 22 August 2000 with an agreement between Hyundai Asan and North Korea.
60 Businessman engaged in North-South cooperation business since 1999, Interview 30, November 10th, 2022.
ROK relations, government representative officials from both Koreas participated in a collaborative socio-cultural event facilitated by the Civic Sector which was supported by the IKCF. This event served as a catalyst for renewed dialogue and progress in resolving the impasse between DPRK and ROK authorities. In an interview, the peace activist who organised this DPRK-ROK joint event discussed the role of the Civic Sector:

“In a situation where North-South relations were at a standstill, both authorities met through a joint North-South event orchestrated by the Civic Sector, which also served as an opportunity to break the deadlock between the authorities. This was also the case during the June 15 event at Pyongyang in 2015. The engagement of civil society in inter-Korean relations has fostered an environment conducive to contact, cooperation and reconciliation.”

The role of civil society organisations in exchange and cooperation is significant because they were able to engage in IKCF initiatives that the government was not able to carry out directly (Lee, 2019a). By contrast, government officials were limited to official settings, while the Civic Sector had the ability to engage in more frequent meetings and communication with the DPRK. Representatives from non-governmental organisations and businesspeople in the Civic Sector were often required to make numerous trips to the DPRK, to engage in commercial activities and/or oversee cooperative and collaborative projects. One NGO member who visited DPRK multiple times noted that he was able to meet and interact with North Koreans frequently and that during those sessions he was able to talk and form friendships that would have been difficult to achieve within the official dialogue framework established between the DPRK and ROK governmental authorities:

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61 Former member of the Reconciliation and Unification NGO on the Korean Peninsula, Interview 19, December 22nd, 2022.
“I’ve met my North Korean friends over 100 times, and what they say is the same 100 times. But the more we meet, the more we talk to each other with our eyes and learn to read between each other’s lines while chatting, and the promises we made to them, the business we do with them, and the things we’ve done through ‘relationships’ are extremely significant to me.”

The profile of the Civic Sector in inter-Korean relations has increased as a result of IKCF assistance to Civil Society Organisations. The increased contact enabled the discovery of previously unknown details about the DPRK (Shin et al., 2014).

In an interview with the media (Minjok 21, March 2013), a member of ‘The Corea Peace 3000’ who made dozens of visits to the DPRK, emphasised the importance of trust:

“We were committed to fulfilling our promises without any conditions, and as a result, trust was established not just in our project dealings, but also on a personal level. In the South, some individuals express their lack of trust towards the North. Similarly, the North also harbours a significant amount of distrust towards the South due to instances of bounced cheques originating from the South (Park, 2013a).”

Repeated contact between North and South Koreans was deemed to foster trust as a form of social capital, and civil society hoped that this would prove to strengthen relations between the two Koreas. It was hoped that this would eventually result in long-term reconciliation and sustained peace. Moreover, while relationships between DPRK and ROK governmental authorities were heavily influenced by domestic and international incidents and affairs, NGOs and businesspeople

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62 Leader of an NGO which has providing humanitarian aid to North Korea for over twenty years, Interview 22, September 14th, 2022.
63 The Corea Peace 3000 is a non-profit civil society organisation founded in November 2003 that seeks national reconciliation through inter-Korean exchange cooperation and humanitarian aid to the DPRK.
in the Civic Sector maintained that in spite of political issues, they were able to provide more stable interaction due to their ongoing commitment to economic cooperation and collaborative business projects. The view of a former member of an NGO working for reconciliation and reunification is that both governments should have created and legally guaranteed a specific area for the Civic Sector to participate in inter-Korean relations:

“It’s tough to keep up with inter-Korean exchanges and cooperation between governments because they’re permanently getting suspended due to political stuff. But keeping things consistent and stable is super crucial for inter-Korean exchanges between regular folks and businesses. Whether for the greater good or just for company profits, everyone involved has to make sure things stay on track. If the government is having a hard time keeping things sustainable, it should give some support to civic and private companies so they can keep things going.” 64

In an interview for this study, an academic with expertise in DPRK-ROK relations and the history of East and West Germany, as well as an entrepreneur who actively promoted economic cooperation between the two Koreas, put forth an argument that the Civic Sector should play a leading role in facilitating inter-Korean exchanges and cooperation, rather than relying solely on government intervention. This argument draws upon the example of East and West Germany and highlights the potential benefits of a decentralised approach to fostering collaboration between the two Koreas:

“...when it comes to East and West Germany, the government was in charge at first. But the gov didn’t take the lead from the beginning. They let a civic group take the lead. They made the private sector work first, you know? It’s all about

64 Former member of the Reconciliation and Unification NGO on the Korean Peninsula, Interview 19, December 22nd, 2022.
looking out for the East Germany. It was a consideration for the East. So, like, the West German government got left behind. It was all done by civic organisations.”

The capacity to form relationships with the DPRK and to influence change in North Korean perceptions through contact may be greater in terms of the Civic Sector than the government (Lee, 2017b). Hence, the Civic Sector sees itself as an important contributor to the shaping of DPRK-ROK relations and believes that the government alone cannot establish lasting peace and socio-economic relations with DPRK. Consequently, the Civic Sector argued that the government should consider them as partners, not just as beneficiaries of policy. One member of an NGO commented:

“I think the Civic Sector helps the government build North-South relations and achieve peace. Therefore, government officials should view the Civic Sector positively as a partner in building peace rather than as a dependent beneficiary from the IKCF.”

From this perspective, even if there are unanticipated and unintentional clashes and conflicts between the two Koreas during the contact of the Civic Sector with the DPRK, it would be crucial to continue the IKCF initiative to develop relationships and trust. A general manager, engaged in the Mt Kumgang Tourism Project, stated that the IKCF initiative should continue despite various incidents and friction, such as that caused by a South Korean tourist attempting to convert a North Korean guide to believe in God during a Mt Kumgang visit. It was argued that such conflicts and

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65 Inter-Korean economic cooperation academic, and businessman doing business with the DPRK, Interview 29, November 27th, 2022.
66 NGO member supporting the peace movement and humanitarian aid towards the DPRK, Interview 28, September 1st, 2022.
confrontations, allowed the two Koreas to recognise their differences and get to know one another.67

“There were 190,000 South Korean tourists, and every one was different, and one guy said to the North Korean tour guide, “Your country can’t live well because you believe in Kim Il Sung, not in God,” and he gave him a Bible... However, I think, we have to keep meeting because now we should know the differences of each other.”68

To ensure that Civic Sector projects and humanitarian aid have a direct impact on the North Korean population, numerous stakeholders in South Korean society, NGOs, and local governments must be fully engaged in cooperation with the DPRK (Lee, 2017b). Due to the five-year tenure for each ROK president, the government often is likely to focus on short-term rather than long-term goals for inter-Korean ties. Conversely, the Civic Sector is able to focus on medium-to-long-term goals (Go, 2017).

For long-term reconciliation and forging trust, it is crucial to empower the South Korean Civic Sector to participate in initiatives that reach people in the DPRK (Ouellette, 2013). Using a sociological definition of ‘trust’ as a process, Oulette (2013: 119) argues that the ROK needs to trust civil society and afford South Korean NGOs opportunities to engage more directly with the DPRK and to increase people-to-people contact.

5.1.3 Making Space for the Civic Sector

The provision of financial aid by the government to civic organisations and companies through the IKCF is expected to stimulate the Civic Sector’s engagement in collaborative initiatives with the

68 General manager of Mt Kumgang Tourism Project in 1998, Interview 34, June 12th, 2023.
DPRK. This provides a means for civic organisations to secure consistent financial resources to advance projects with a mid-to-long-term outlook. Additionally, companies are encouraged to undertake high-risk projects with the DPRK.

The provision of aid to the DPRK by way of civic organisations commenced in 1995, however, numerous challenges in the solicitation of project funding were encountered, owing to the then unfavourable economic climate. Subsequently, a government intervention made fund allocations to civic organisations in 2000 (MOU, 2008a). One member of an NGO carrying out humanitarian relief programmes in DPRK stated that although they had been able to raise necessary financial resources through their own fundraising, they were better able to promote the project consistently with IKCF support. Once funding for organisations began in earnest, however, NGOs that had previously only been capable of providing basic assistance were able to launch mid-to-long-term development cooperation initiatives with the DPRK. An NGO member stated: “This has allowed us to think about medium and long-term projects, such as development cooperation, rather than just humanitarian aid.”

Furthermore, as the government experimented with various sorts of funding programmes for humanitarian assistance in the DPRK, including ‘joint projects’ and ‘policy projects’, the Civic Sector was able to encourage inter-Korean contacts and cooperation in a variety of ways. In an interview for this study, a member of an NGO who has been visiting the DPRK for healthcare cooperation since the early 2000s recalled that receiving matching funds of KRW 0.5-0.7 billion ($0.5-0.7 million)

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70 Entrepreneurs who have been trading with North Korea since the late 80s, Interview 33, June 5th, 2023.
71 Activist supporting humanitarian aid and peace movements to North Korea, Interview 27, September 13th, 2022.
72 Leader of an NGO providing North Korea with nutritional aid and cultural and sports exchanges, Interview 21, October 19th, 2022.
73 Leader of an NGO providing North Korea with nutritional aid and cultural and sports exchanges, Interview 21, October 19th, 2022.
74 NGO member who has visited North Korea more than 50 times since 2002 for health and medical cooperation, interview 26, November 9th, 2022.
from the IKCF when building a basic medicine sap plant in the DPRK was very helpful, as was a receipt of IKCF support for three years running a consortium with several other organisations.  

Following a decade of experience in assisting the DPRK, and subsequent to the Ryongchon disaster\textsuperscript{76} in 2004, the ROK government recognised the need for mid to long-term projects (as opposed to one-time assistance), to increase the DPRK’s capacity for self-reliance. Hence, the promotion of “joint projects” that combine government resources and the experience of NGOs in assisting the DPRK since 2005 (MOU, 2008b). Another NGO executive working on the Korean Peninsula peace movement and aid for the DPRK stated that the IKCF supported 20-30\% of the expenditures of the “joint projects” they were engaged in, and that this assistance has been useful to them in carrying out these projects.\textsuperscript{77} In an interview for this study, an NGO member spoke positively about the opportunity to collaborate with multiple civil society organisations and government departments as a result of being required to form a consortium in order to partake in a humanitarian aid policy project:

“We were part of this cool project that helped out babies and toddlers in the North when the government made a new policy. Civic organs. and the gov. teamed up and made a project plan together... So, we were thinking of making a health centre for moms and kids in DPRK as part of the project plan. Six consortiums were chosen through a public offering process, and we got KRW 2 billion ($ 2 million) per year. It was very helpful.” \textsuperscript{78}

\textsuperscript{75} Activist supporting humanitarian aid and peace movements to North Korea, Interview 27, September 13th, 2022.
\textsuperscript{76} The Ryongchon disaster was a train explosion in April 2004 in the North Korean town of Ryongchon, near North Korea-China.
\textsuperscript{77} Peace education activist for the future of young people in the North and South, Interview 23, September 23rd, 2022.
\textsuperscript{78} NGO member who has visited North Korea since early 2000s for health and medical cooperation, Interview 26, November 9th, 2022.
IKCF loans to private businesses, as well as trade and project insurance, have contributed to the promotion of inter-Korean private sector cooperation and exchange. Given that, most of the companies engaged in these projects are small and medium-sized enterprises (SMEs) with limited financial resources. Hence, the IKCF loan system for private enterprises has made a significant contribution to resolving the difficulties of companies that have trouble carrying out their projects despite having investment value and business potential (MOU, 2008a). Another entrepreneur involved in inter-Korean trade since the late 1980s’ affirmed that the IKCF helped him to do business.79

When inter-Korean relations were weak, both small and large businesses acknowledged that government funding was an essential resource for business sustainability. In an interview for this study, a businessman from Hyundai-Asan explained that when the Mt Kumgang Tourism Project encountered difficulties due to poor inter-Korean relations, the IKCF’s support for student visits to the mountain kept the company afloat:

“The IKCF played a crucial role in supporting Hyundai during a challenging period. At that time, our company was facing significant difficulties, and the government provided a 50% subsidy for student tours to Mt Kumgang. This fund amounted to approximately KRW 26 billion ($26 million), which greatly contributed to our business success.”80

Civic Sector evaluations conclude that IKCF inter-Korean cooperation initiatives facilitated contact between the two Koreas, and the involvement of the Civic Sector has been instrumental in fostering harmonious DPRK-ROK relations.

79 Entrepreneurs who have been trading with North Korea since the late 80s, Interview 33, June 5th, 2023.
80 General manager of Mt Kumgang Tourism Project in 1998, Interview 34, June 12th, 2023.
5.2 Challenges and Limitations

5.2.1 Negative Impact of Policy Changes and Prioritization of Politico-military Issues

While governments across the political spectrum expressed an intention to engage in socio-economic collaboration with the DPRK; evidenced by the allocation of approximately KRW 1 trillion annually to the IKCF. The Civic Sector assesses, however, that unexpected government policy changes responding to shifts in either conservative or progressive administrations have been obstacles to the continued operation of cooperative projects.\(^1\)

Businesses and Civil Society Organisations working with the DPRK around the 2000 summit say they felt the policy shift under the Lee Myung-bak Government, and as a result, were unable to sustain economic cooperation initiatives and humanitarian aid to the DPRK.\(^2\)\(^3\) A leader of the oldest operating humanitarian aid group stated:

“The governments of Lee Myung-bak and Park Geun-hye had no philosophy on inter-Korean cooperation or the role of the Civic Sector. They were obsessed with the DPRK’s collapse, so they had no intention of encouraging cooperation with the DPRK”\(^4\)

According to a scholar who researches inter-Korean economic cooperation, and who conducted business with the DPRK, the abrupt shift in the South Korean government’s DPRK policy had an unfavourable impact on his business as a whole. He said that after much effort and time, he was ready to begin building a shipyard in Nampo in the DPRK, but when the new government took

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\(^1\) Employee of an inter-Korean logistics transport company and involved in DPRK Development Cooperation since 1999, Interview 35, June 15th, 2023.

\(^2\) Businessman engaged in North-South cooperation business since 1999, Interview 30, November 10th, 2022.

\(^3\) Peace education activist for the future of young people in the North and South, Interview 23, September 23rd, 2022.

\(^4\) Leader of one of the oldest humanitarian aid NGOs focused on North Korea, Interview 25, October 19th, 2022.
power in 2008, everything was halted, and no further progress was made. In another similar scenario, an activist for the unification movement reported that a programme of educational training for North Korean workers, which had previously been supported by the government, was ordered to be ended as soon as the new government took power:

“We undertook a project that shared modern agricultural skills with North Korean people. By 2007, the South Korean government encouraged us, stating that it was an important project. Still, as soon as a new president came into office in 2008, the new government asked us to stop the project as immediately as possible without any prior consultation.”

As ROK’s DPRK policy has changed rapidly, as seen in the engagement and containment policies associated with Government change in the ROK, there has been a limited capacity to promote sustainable peacebuilding in terms of medium- and long-term DPRK policy objectives (Jun, 2012). One former NGO member who worked for reconciliation on the Korean Peninsula argued that the South Korean government’s policy changes create a difficult environment for the Civic Sector in terms of working with the DPRK:

“The biggest reason we haven’t been able to build sustainable peace is that our policy toward the North has changed. Even from the DPRK’s standpoint, a partner in inter-Korean cooperation, our frequent policy shifts undermine the trust of ongoing inter-Korean contacts and reconciliation. As a result, they don’t trust us and don’t want to do anything with us South Koreans.”

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85 Inter-Korean economic cooperation academic and businessman doing business with the DPRK, Interview 29, November 27th, 2022.
86 Leader of an NGO that has provided humanitarian assistance to North Korea for over 20 years, Interview 22, September 14th, 2022.
87 Former Member of a Korean reconciliation and reunification NGO, Interview 19, December 22nd, 2022.
The ROK’s unsustainable policy towards the DPRK has damaged trust between the two Koreas over the past three decades. A former general manager of the Mt Kumgang Tourism Project criticised the lack of sustainability and fluctuations in the ROK’s North Korean policy, comparing it to a marathon and a relay, which require a long-term approach:

“This peace work is a marathon, it’s a relay, we have to pick up the baton and run with it together, we can drop the baton while running, but South Koreans have completely lost their baton, a foreign correspondent friend told me.”

Since 2008, humanitarian aid has been practically halted, and almost all aid organisations have been unable to access the field in the DPRK. This undoubtedly makes it challenging to recover the gains made from work that has been done previously (Shin et al., 2014). The suspension of economic cooperation with the DPRK following the 2010 ‘May 24 Measures’ was seen as a particularly serious setback for businesses.

A businessman involved in the inter-Korean consignment processing trade in the late 1980s, observed that companies participating in DPRK-ROK economic cooperation were fully exposed to political risks, which can be called ‘country risks’, as well as standard business risks themselves. This is because the business must be carried out continuously, from the ordering of raw and subsidiary materials to shipping, production, import of finished products, and re-ordering:

“The ROK Government’s actions, such as the suspension of tourism to Mt Kumgang – due to the murder of tourists, the ‘May 24 measures’ – due to the Cheonan incident, and the closure of the KIC, have led to the suspension of all North-South economic cooperation, which is understandable in the light of the feelings of the people as a whole. But even a little bit of the necessity of the

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89 Entrepreneurs who have been trading with North Korea since the late 80s, Interview 33, June 5th, 2023.
survival of North Korean business operators, if we had considered it, I think we should have sought a political settlement while maintaining economic cooperation. Of course, my company also stopped all business after the ‘May 24 measures’, and I have been waiting for the resumption for 13 years now, but now that power has been exhausted, I am preparing to liquidate my company.”

Post-suspension, business owners could do nothing to recoup the money they had already invested in the DPRK, where they could no longer operate their businesses, but worst of all, they say, is the severance of relations with their North Korean business partners. Chang (2012) has observed that these changes in North Korean policy make it difficult to maintain any meaningful and lasting objectives in relation to mutual transformation and DPRK-ROK cooperative relations. One businessman noted that he had to stop construction in the DPRK:

“We’ve just started building food factories in the DPRK. We undertook excavation work, but the government in Korea changed and it introduced the ‘May 24 measures’. So, we were stuck building a factory. so, the government gave them loans through the IKCF a little bit, There are 1,700 companies that have done business in the DPRK, but only 400 companies are still alive, and very few companies are still running.”

The last remaining economic cooperation project between the two Koreas was the Kaesong Industrial Complex, which was finally shut down in 2016. South Korean corporations were first advised to develop factories in Kaesong but were unexpectedly told they had to leave three days before the shutdown. None of these businesses were prepared to return their manufacturing

90 Entrepreneurs who have been trading with North Korea since the late 80s, Interview 33, June 5th, 2023.
91 Inter-Korean economic cooperation academic, and businessman doing business with the DPRK, Interview 29, November 27th, 2022.
machinery and raw supplies to ROK. A company CEO who worked in Kaesong criticised the South Korean government for irresponsibly closing the complex for political and military reasons, as well as for neglecting to protect businessmen’s property rights:

“They did not respect the businesses’ property rights, or the damage caused by the complex’s sudden closure. They did not consult with the firms beforehand. These businesses suffered severe damage and were devastated; some of them have already died as a result of their anguish, but the government is completely irresponsible.”

Civic groups have criticised the government’s sudden policy change and the cut of financial support through the IKCF, claiming that this has undermined cooperation projects in the DPRK, while weakening the capacity to carry out these projects. They are extremely worried that the protracted crisis in inter-Korean relations will prevent them from passing on their acquired experience and expertise to their younger generations. They argue that in order for DPRK-ROK cooperation to bear fruit, project funding must have continual support in the mid-to-long term.

A member of an NGO involved in the peace movement stated that conservative governments prioritised resolving the North Korean nuclear issue while neglecting inter-Korean cooperation, but appear to have ultimately failed to deal with the nuclear issue. They have sought to stop the progress of the DPRK’s nuclear programme, even to the extent of undermining inter-Korean cooperation, but it has become more sophisticated, he said:

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93 A CEO of the company that operated in the Kaesong Industrial Complex, Interview 31, November 26th, 2022.
94 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.
95 Leader of an NGO that has provided humanitarian assistance to North Korea for over 20 years, Interview 22, September 14th, 2022.
96 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.
97 NGO member supporting peace movement and humanitarian aid towards the DPRK, Interview 28, September 1st, 2022.
“North Koreans have a longer perspective on inter-Korean affairs than we do since we change presidents every five years. Additionally, I believe South Korean society at the time was preoccupied with the idea of the DPRK collapsing, we need to comprehend the DPRK’s resilience in enduring international sanctions for 60 to 70 years.”

When the conservative governments placed DPRK nuclear disarmament as a requirement for cooperation, inter-Korean relations stagnated for a decade (Koh, 2017). From a conservative perspective, DPRK nuclear development is, of course, the main cause of the crisis on the Korean peninsula. In the absence of inter-Korean exchanges, however, both the chance and the capacity to bring about change in the DPRK were lost (Kim et al., 2016).

A total of five inter-Korean summits have taken place on the Korean Peninsula, ranging from 2000, 2007, and 2018. Many agreements for mutual cooperation between the two Koreas were reached at these summits, and the Civic Sector expected to be able to participate in new inter-Korean cooperation and receive more IKCF funds as a result. However, the outcome of Civic Sector expectations varied from summit to summit. Some in the Civic Sector, however, see the 2000 inter-Korean summit as the catalyst for resuming inter-Korean cooperation and paving the path for civic participation. In an interview, a member of a humanitarian aid NGO stated; “After the 2000 summit, we anticipated the world to change dramatically, and since then, our NGO’s work has shifted from basic assistance to DPRK to mid-to-long-term development cooperation initiatives.”

98 NGO member supporting peace movement and humanitarian aid towards the DPRK, Interview 28, September 1st, 2022.
99 A former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
100 NGO member supporting the peace movement and humanitarian aid towards the DPRK, Interview 28, September 1st, 2022.
Another NGO leader who has long supported medical assistance and health cooperation in the DPRK stated:

“There was a shift from traditional emergency assistance to development aid and an increase in government financing through the IKCF after the 2000 summit. The 15 June Declaration significantly altered the nature of humanitarian aid to the DPRK.” ⑩¹

While it is generally agreed that the 2000 summit officially established a new framework for relationship building, making it simpler for South Korean civil society and businesses to conduct projects with the DPRK, ⑩² the Civic Sector view of the 2007 summit and the 2018 inter-Korean summit, has been less positive. Given that the 2007 summit was the second inter-Korean summit in seven years, civil society anticipated significant developments in inter-Korean relations. However, neither NGO projects nor company investments in the DPRK were realised, contrary to predictions. A member of a peace movement NGO stated in an interview for this study:

“We anticipated that the 2007 summit would result in greater and more institutionalised inter-Korean cooperation at the government and civic levels and that the IKCF would increase funding for the Civic Sector. This did not occur, however, as the summit approached the end of the Roh Moo-hyun administration.” ⑩³

The 2007 summit came too late, just four months before President Roh Moo-hyun’s tenure ended, and the newly elected conservative government did not follow through on the inter-Korean summit

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⑩¹ NGO member who has visited North Korea since early 2000s for health and medical cooperation, Interview 26, November 9th, 2022.
⑩² A businessman engaged in North-South cooperation business since 1999, Interview 30, November 10th, 2022.
⑩³ NGO member supporting the peace movement and humanitarian aid towards the DPRK, Interview 28, September 1st, 2022.
agreement. According to an activist with a civil society organisation that supports humanitarian aid and peace initiatives:

“After the October 4 declaration in 2007, civil society and businessmen planned several projects towards the DPRK, such as light industrial cooperation, but they only had two or three months, October and December, before the presidential election.” 104

The 2007 summit has been criticised for being a political manoeuvre at the final phase of the regime, 105 and for its failure to contemplate how the inter-Korean agreement might be implemented. A peace activist interviewed, commented:

“The 2007 summit agreement was so detailed that I question its necessity. I believe the government was more concerned with negotiating agreements than with carrying them out. In fact, in the transition of government four months after the agreement, many of the agreements promised by the two leaders were rendered practically useless.” 106

Moreover, an activist who had spent 20 years working for a unification movement on the Korean peninsula said:

104 An activist of an NGO supporting humanitarian aid and peace movements to North Korea, Interview 27, September 13th, 2022.
105 An activist of an NGO supporting humanitarian aid and peace movements to North Korea, Interview 27, September 13th, 2022.
106 A former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
“The 2007 summit’s unfulfilled agreements have fuelled political tensions and South-South conflict. We must make sure that the agreements are carried out regardless of a government change in the South.”

As Figure 5 shows, the 2007 summit resulted in numerous agreements between the two Koreas, the amount of IKCF expenditures in 2008, the year immediately following the summit, was KRW 231.2 billion ($231.2 million), a significant decrease from the KRW 715.7 billion ($715.7 million) implemented in 2007, and the decline continued in 2009, with only KRW 100 billion ($100 million) implemented.

![Figure 5. Amount of IKCF implementation after the inter-Korean summits](image)

In 2018, there were three inter-Korean summits (April 27, May 26, and September 18-20). At the summit, the two Koreas agreed to end hostilities and resume exchanges and cooperation in a variety of sectors, including cultural, economic, and humanitarian concerns. However, despite the significant agreements achieved between the two Koreas during the 2018 inter-Korean summit, IKCF expenditure actually decreased in the years that followed (see Figure 5). One former member

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107 A former member of the Reconciliation and Unification NGO on the Korean Peninsula, Interview 19, December 22nd, 2022.
of a civil society NGO who is now employed by the local government expressed his frustration with the situation:

“I had hoped that things would improve under the Moon Jae-in Government, but unfortunately, my hope has turned into despair. Following the breakdown of the DPRK-U.S. summit, our options became limited. The lack of a pathway or framework for the Civic Sector to access the DPRK, combined with the exacerbating effects of the COVID-19 pandemic, has significantly hindered our endeavours.”

An NGO official stated:

“We had hoped that the lost decade of cooperation with the DPRK would be normalised, but the government was focused on solving its political agenda, including the nuclear issue, and we were all frustrated in the end.”

The South Korean Civic Sector eagerly awaited the chance to resume cooperation with the DPRK, but the Moon Jae-in Government did not generate space for civil society by focusing on the summit of the highest-level leaders. The leader of a North Korean humanitarian aid NGO said in an interview:

“After the Singapore summit, the government should have created multiple tracks between the two Koreas, allowing civil society to conduct cultural exchanges or humanitarian aid projects in the DPRK.”

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108 Former NGO member who has involved in Inter-Korean cooperation projects since the early 2000s, Interview 11, November 1st, 2022.

109 NGO member supporting the peace movement and humanitarian aid towards the DPRK, Interview 28, September 1st, 2022.

110 Leader of one of the oldest humanitarian aid NGOs focused on North Korea, Interview 25, October 19th, 2022.
Consequently, the government was unable to involve the Civic Sector in the new relationship with the DPRK. According to a peace activist, the 2018 summit first generated optimistic expectations for better inter-Korean relations, but eventually proved unsuccessful, deepening social tensions:

“I think that the 2018 summit should have solved big and important issues through the summit anyway, but I wonder if it also had some negative aspects, such as trying to solve too many detailed issues at once, which would have raised excessive expectations from the people and caused frustration when it was blocked and not implemented, and expanded social conflicts.”

The Civic Sector criticized the government for failing to seize the opportunity to resume projects in the DPRK, and the Moon jae-in administration’s too top-down approach. Hence, the ROK Government’s prioritisation of political and military matters, produced false peace expectations among the general populace in ROK.

5.2.2 Lack of Public Consent and Institutionalization

The inter-Korean Cooperation Fund (IKCF), utilised since 1991 to facilitate collaborative initiatives with the DPRK, has also given rise to social conflict within the ROK. Matters of transparency concerning the allocation of extensive humanitarian aid to the DPRK have been a particularly thorny issue (Kang, 2022a), while North Korean continuance of nuclear tests and missile launches, while large-scale economic cooperation projects were underway, inevitably exacerbated conflicting positions within South Korean society (Kim, 2019e). Although NGO’s initiatives promote peace,

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111 A former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
112 A former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
113 NGO activist supporting humanitarian aid and peace movements in North Korea, Interview 27, September 13th, 2022.
114 A former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
education and the provision of aid to the DPRK, they have generally failed to adequately communicate the purpose and outcomes of these endeavours to the South Korean populace.  

One operative with extensive experience in this field claims that this is one reason why a base of popular support for North Korean objectives has failed to materialise. One issue being discussed in civil society is the absence of effort to achieve a consensus in the ROK, he added:

“I feel like we always saw our workplace as the DPRK. Back then, the DPRK was super hungry and starving, so we were pretty busy helping them out. We haven’t really had the chance to spread knowledge about these projects to the South Korean community as a whole, to create a foundation for support for these projects, or to gain consensus.”

Another individual with extensive experience in visiting the DPRK, further underlined the significance of seeking the agreement of the South Korean public, by sharing the details of cooperation activities with them in the pursuit of sustainable success with respect to aid projects in the DPRK:

“In this regard, I must go with the citizens of the ROK in order to create peaceful reunification of the Korean peninsula. It is very important for civic organisations to go to the North to carry out their activities, but they also need to think about how to connect with the people in the South and gain their support. The process must be sustained in the medium and long term.”

115 A peace education activist for the future of young generations both the South and North, Interview 23, September 23rd, 2022.

116 A peace education activist for the future of young generations both the South and North, Interview 23, September 23rd, 2022.

117 Leader of an NGO which has providing humanitarian aid to North Korea for over twenty years, Interview 22, September 14th, 2022.
Hence, the attainment of sustainable cooperation between the DPRK and ROK carries an imperative to foster a social consensus in the ROK on cooperation with the DPRK through the Civic Sector, as well as guaranteeing the stable promotion of inter-Korean cooperation activities through legislation (Kang, 2022a). In the furtherance of this objective, a representative of a humanitarian organisation asserted that institutionalisation of such an imperative is important not solely in terms of bringing along the populace of the ROK, but also of securing the support of the parliamentary opposition:

“Even if North-South relations are one step late, we should have made a social agreement within Korean society and institutionalised the agreement, but instead, the governments just wanted to show it to the media and make it look like it was going well, but there is nothing left afterwards. Therefore, we need to get the opposition parties involved in North-South relations.”

Some commentators believe that the number of people who take part in inter-Korean cooperation projects is more important than the empirical outcomes, and one step taken by many people is more significant than 100 steps done by a few activists (Go, 2017). One expert on inter-Korean economic cooperation observed:

“The government changes every five years, and other things also change, but unification policy should go with a long breath. Even if the administration changes, let us make this a universal declaration: there should be something like this, and it should be institutionalised. I believe it would be beneficial for us to

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118 Leader of one of the oldest humanitarian aid NGOs focused on North Korea, Interview 25, October 19th, 2022.
communicate while maintaining our principles, even if the DPRK changes what they say.”

Hence, it is argued that if the South Korean government lacks a framework for medium to long-term peacebuilding, short-term cooperation initiatives and much of the cross-DMZ reciprocal learning will disappear into the sand.

5.2.3 Overly Government-led IKCF Initiative

The Civic Sector has consistently criticised the IKCF initiative for being excessively government-driven and for limiting participation opportunities in the Civic Sector. A leader of a humanitarian NGO, the ROK’s oldest North Korean assistance organisation, recalled that: “Prior to the Kim Young-sam Government (1993-1997), the role of the Civic Sector in inter-Korean relations was essentially unconsidered. The government had a strong monopoly on projects and inter-Korean relations.”

While all previous governments pledged to maintain inter-Korean exchanges and cooperation involving the Civic Sector, regardless of the political and military situation, both progressive and conservative governments have demonstrably failed to uphold the autonomy of the Civic Sector. One NGO member criticised the government for treating Civic Sector inter-Korean socio-economic cooperation as secondary, and for not acknowledging and supporting the autonomy of the Civic Sector:

“President Lee Myung-bak and President Park Geun-hye, and as you may recall, the Unification Minister during the Moon Jae-in Government, what did he say?

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119 Inter-Korean economic cooperation academic, and businessman doing business with the DPRK, Interview 29, November 27th 2022
120 Leader of an NGO providing North Korea with nutritional aid and cultural and sports exchanges, Interview 21, October 19th 2022
121 Leader of one of the oldest humanitarian aid NGOs focused on North Korea, Interview 25, October 19th 2022
He said in Parliament, ‘I will be the first minister to be the only minister who protects the autonomy of the citizens’ sector.’ However, because of the incident in the West Sea, he did not approve the delivery of some aid stuff to the DPRK. So, in the end, all the governments did not guarantee the civilian sector’s business with the DPRK. So, it’s not true that a progressive government, because it has a good relationship with the DPRK, allowed it to do more civic group activities during the time they have power.”

Since the 1953 armistice, relations between the DPRK and ROK have been complicated by a special ‘temporary’ relationship, whereby all concerns are handled within a government-centred framework. This dual relationship with the DPRK as an enemy state and political entity to be integrated with the ROK designates even commercial and cultural exchanges with the DPRK as strategic security and political measures (KIM, 2018c). Hence the state became solely responsible for inter-Korean relations, and as a result of government-driven policy and control, there was not much room for the Civic Sector to participate in meaningful decision-making.

However, there are also those who claim that the attitude of the government towards the Civic Sector varies depending on whether the government implementing the IKCF initiative is progressive or conservative (Yook, 2017). For instance, a North Korean humanitarian aid NGO director who has worked with DPRK since the early 2000s stated:

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122 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.

123 According to Article 3 of the Constitution of the Republic of Korea (ROK), which states that ‘the territory of the Republic of Korea shall consist of the Korean peninsula and its adjacent islands’, the DPRK territory constitutes unclaimed territory to be restored by the ROK, and the North Korean regime occupying the area is a constitutionally unacceptable anti-state entity. However, Article 4 of the Constitution of the ROK states that ‘The ROK shall seek unification and shall formulate and carry out a policy of peaceful unification based on the basic free and democratic order,’ which can be interpreted as implying that there is a political entity in the North that should be integrated with the ROK. LEE, S. H. 2009c. Hŏnbŏpsang Pu’k’anŭi Pŏpchŏk Chiwie Taehan Yŏn-gu (A Study on North Korea’s Constitutional Legal Status). Seoul: Ministry of Government Legislation.
“During the Lee Myung-bak and Park Gun-hye administrations, the Civic Sector was not considered as a partner of the government in the North Korean policy. There hasn’t been a public-civic partnership meeting\(^ {124}\) since President Lee Myung-bak took office in 2008. Under Park Geun-hye, there was a rhetoric of ‘Unification is a Bonanza’, but I don’t think there was a willingness to engage the Civic Sector or do any cooperative work with the DPRK.”\(^ {125}\)

According to an NGO member who engaged in inter-Korean cooperation since the early 2000s:

“The Lee and Park governments had limited cooperation projects and did not recognise the potential contribution of civil society to inter-Korean relations. Rather, they believed that the Civic Sector was funding the DPRK’s nuclear development, so they conducted a thorough audit following IKCF support.”\(^ {126}\)

Furthermore, according to a member of an NGO working in the peace movement:

“Park Geun-hye government was speaking about ‘unification’ a lot but did not prioritise IKCF cooperative projects or encourage the involvement of the Civic Sector in the inter-Korean cooperation. As the relations between the two Koreas continued to deteriorate, the mid-and long-term cooperation projects of civil society were significantly impacted.”\(^ {127}\)

\(^{124}\) In light of the need to increase the efficacy of humanitarian aid to the DPRK, the government established the ‘Government-CSO Council on North Korean Humanitarian Aid and Policy Supporting’. The Council meeting was held seven times in four years, beginning in September 2004 and ending with the Roh Moo-hyun government in 2007 (Yook, 2017).

\(^{125}\) An activist supporting humanitarian aid and peace movements for DPRK, Interview 27, September 13th, 2022.

\(^{126}\) Former NGO member who has involved in Inter-Korean cooperation projects since the early 2000s, Interview 11, November 1st, 2022.

\(^{127}\) NGO member supporting the peace movement and humanitarian aid towards the DPRK, Interview 28, September 1st, 2022.
From the perspective of the Civic Sector, government caution about projects with DPRK stems from the fact that it wants to avoid the risk of any political conflict and lacks trust in the Civic Sector. A member of an NGO supporting projects in DPRK observed:

“...at times the Civic Sector has raised politically sensitive issues in North-South relations (while the) South Korean and North Korean government officials handle this issue very sensitively and nervously from a political point of view.”

Although such problems may arise in the course of civilian contact, it is clear that cooperative projects in the Civic Sector need to be maintained in order to sustain communication and harmony between the DPRK and the ROK. In an interview for this study, an NGO member commented:

“In the past, when civilians went to DPRK, this or that happened. For example, ideological remarks sparked heated debates in our society. However, if we are overly worried about this aspect, we will not be able to carry out cooperative projects between the North and the South.”

The failure of the South Korean government to treat the Civic Sector as a partner in peacebuilding, was abundantly clear in the abrupt suspension of the IKCF-funded Kaesong Industrial Complex (KIC), which was shut down by the ROK government without prior consultation with the 150 companies that occupied the complex. An entrepreneur who operated a factory at KIC commented:

“The closure of the Kaesong Industrial Complex was like a slap in my face. I’m still traumatised. So, if this is a decision by North Korea, they can do that. But it’s so...

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128 Leader of an NGO providing North Korea with nutritional aid and cultural and sports exchanges, Interview 21, October 19th, 2022.
129 Former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
130 Activist of an NGO supporting humanitarian aid and peace movements to North Korea, Interview 27, September 13th, 2022.
131 As stated earlier, the government ordered companies to withdraw from KIC within three days.
hard for us to accept that the South Korean government made that decision like without any consultation with the companies involved.”

The Civic Sector argued that the IKCF did not provide sufficient funding for cooperation projects with the DPRK. According to a leader of an NGO that provides humanitarian aid to the DPRK:

“The fund was created to facilitate inter-Korean exchanges and cooperation. Its goal is to improve relations and trust between the two Koreas. For this reason, the fund should be used by both the Government and Civic Sectors. At the civilian level, we should also work with the DPRK to build relationships and trust. But I don’t think there was enough money for the Civic Sector.”

In effect, since 1991, 80% of the IKCF has been spent by the government, and 20% has been given to the Civic Sector.

The Civic Sector has acknowledged that some NGOs and entrepreneurs working with the DPRK have been acting as intermediaries and even fraudsters. In particular, with respect to the breakdown of North-South engagement and the deterioration of relations between the two Koreas, some critics say that ‘scammers’ go back and forth between the DPRK and the ROK, clouding relations and sowing seeds of mistrust:

“Recently, scammers have been openly crossing the DPRK-ROK. They go to the North and bring a project agreement, but we can’t verify the agreement’s genuine because the two Koreas’ relations are so terrible and communication is

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132 A CEO of a company that operated in the Kaesong Industrial Complex, Interview 31, November 26th, 2022.
133 Leader of one of the oldest humanitarian aid NGOs focused on North Korea, Interview 25, October 19th, 2022.
134 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.
135 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.
completely restricted; we can’t check the documents are authentic. So, the two Koreas need to meet and work together, to stop these scammers and frauds.”

One of the Civic Sector members criticised all governments except the Kim Dae-jung government for prioritising political and military issues and ignoring the Civic Sector as a necessary partner in the development of inter-Korean relations. He also criticised the Moon Jae-in Government (2017-2022), in particular, for focusing solely on improving relations between the authorities of the two Koreas and not creating room for the Civic Sector to join, despite the ‘Spring of Peace’ in 2018: “At the time, the Minister of Unification said, ‘What’s the use of civil society now, honestly? If the government do well, the Civic Sector will succeed.’ That is the attitude of the authority.” He commented that the Kim Dae-jung government backed and helped the Civic Sector work with the DPRK at first:

“But in 2018, the government took the lead. Cheong Wa Dae aides went to Pyongyang first, and civilians went a long way behind. Then they got stuck because of COVID-19. So why does the DPRK now refuse to contact people in civil society? The South Korean government ignores civil society first, how can the DPRK trust us?”

NGOs are emphatic that with the sudden severance of inter-Korean cooperation projects and support via the IKCF, the ROK’s Civic Sector lost the opportunity to meaningfully engage with the DPRK. As a result, Civic Sector communication channels between the DPRK and ROK were cut off while the capacity of civilian activists was reduced:

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137 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.
138 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.
139 Cheong Wa Dae, also known in English as the Blue House, is a building that served as the official residence of the President of the Republic of Korea from 1948 to 2022. It is located in Seoul, the capital of the ROK.
140 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.
“The DPRK’s recent change in attitude towards the activities of ROK civic organisations to support the DPRK is due to the fact that the projects have not been able to assure their continuity and predictability due to changes in government policy. As we observe South Korean civilian organisations lose strength and capacity over the years, it will become increasingly difficult for the DPRK to view them as significant partners.” (Kang Young-sik, 16 March 2022, Conference of the Civil Society Alliance for Humanitarian Cooperation towards DPRK)

Hence, the Civic Sector has emphasised the need for a space where they can function independently and autonomously so that they can continue to work steadily without political interference in the process of building inter-Korean relationships. As a result, the Civic Sector largely agrees with the argument that the IKCF initiative has been overly government-led and that the government has done little to provide space for the Civic Sector to participate.

5.2.4 Complicated and Excessive Bureaucracy Around the IKCF

The Civic Sector has also criticised the large number of documents required by the South Korean government for IKCF operation and has bemoaned the complexity of administrative bureaucracy, which acts as a barrier to entry, impeding access to the IKCF.Cumbersome and time-consuming reporting requirements have prevailed and significantly, these have acted as a deterrent to many prospective applicants wishing to use the IKCF. The head of an NGO working on projects for inter-Korean cooperation since the mid-90s, has criticised inhibited access to the IKCF:

“In order to receive and use the fund, there are not one or two documents that must be submitted to the Ministry of Unification and the Export-Import Bank. For

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141 Humanitarian aid activist with extensive experience of North Korea, Interview 24, September 13th, 2022.
small or new organisations, the administrative process is really tricky and difficult.

It’s annoying. I insisted that we work with public donor money, not government money.”  

The executive director of a relatively young NGO, founded in 2013, lamented the fact that access to the IKCF is very difficult, meaning that only large existing organisations have the opportunity to use the IKCF: “But I see that there are some big organisations that have been doing humanitarian aid to DPRK all along. The government only gives money to those big mammoth organisations and sponsors them. So, the government didn’t give us the opportunity to use the fund on start-ups and smaller organisations like ours.”

A civil society activist who criticised the IKCF for imposing more stringent conditions than other government funds, related this to its over-exposure by the media and the National Assembly: “Now, the fact that it is the IKCF has been pointed out a lot in the media and the National Assembly, and now it is very strictly enforced compared to funds in other ministries, and the procedures are very difficult. Even people who have real experience with it have a lot of trouble applying for the fund.”

One particular difficulty in using the IKCF has been the inability of fund users in the Civic Sector to provide clear, basic project planning and follow-up monitoring information. Although government funds clearly require fiscal accountability and transparency, limited access to the DPRK and further difficulties in monitoring the ongoing process have led to unfortunate debates about the programmes’s efficiency, transparency and effectiveness (Son, 2010). Civic Sector actors must obtain various documents from the DPRK, such as agreements, invitation letters, certificates of

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142 Leader of an NGO providing North Korea with nutritional aid and cultural and sports exchanges, Interview 21, October 19th, 2022.
143 Activist in the Unification Culture Movement and North Korea support NGO, Interview 32, August 28th, 2022.
144 A former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
distribution, etc., and submit them to the ROK government. An NGO activist who has worked for the local government complained about the difficulty of obtaining documents from the DPRK while working on cooperation projects: “It’s also difficult to access the IKCF, and there are a lot of documents that we have to prove after using it. But, as you know, the North doesn’t produce those documents as soon as we want them to.”

The South Korean government does not trust the DPRK and does not want aid to be misused, therefore, it has always kept a close eye on aid activities in the DPRK (Kim, 2016a). Simultaneously, the DPRK continues to mistrust the intent of humanitarian aid from South Korean NGOs and permits limited on-site monitoring, assessments, and surveillance to avoid redundant contact between people (Kim, 2016a). Although government funds require fiscal accountability and transparency, limited access to the DPRK and further difficulties in monitoring the ongoing process have led to unfortunate debates about the program’s efficiency, transparency and effectiveness (Son, 2010). This is due in part to the exclusive nature of the IKCF, the only source of funding for working with the North Korean regime, also known as the ‘Hermit Kingdom’ (Kim, 2008c).

The Civic Sector agreed that the variety of documents required by the Conservative governments to use the IKCF has increased. For example, NGOs were required to submit basic documents to carry out their projects, such as certificates of distribution, monitoring plans, framework agreements with the DPRK, and invitation letters to visit North Korean counterparts, in addition to further documentation required by the conservative governments. However, even after submitting all these documents, the conservative governments did not allow them to visit at the last minute.

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145 Former NGO member who has involved in Inter-Korean cooperation projects since the early 2000s, Interview 11, November 1st, 2022.
146 Former NGO member who has been involved in Inter-Korean cooperation projects since the early 2000s, Interview 11, November 1st, 2022.
147 Former NGO member who has been involved in inter-Korean cooperation projects since the early 2000s Interview 11, November 1st, 2022.
The government has emphasised strict implementation when providing funding through the IKCF to the Civic Sector, increased its monitoring of grants to NGOs, and conducted its first audit of the use of the IKCF by NGOs in November 2008 (MOU, 2009). In December 2008, the government revised guidelines for the return of the IKCF for improper use of the funds by CSOs and made procurement or similar procedures mandatory to prevent NGOs from misappropriating the IKCF and manipulating the unit cost of supplies (MOU, 2009). It was decided that the government would have to report to the National Assembly on the use of the IKCF in excess of a certain amount before it could be implemented (MOU, 2009).

As the project progressed, audits conducted relating to the transparent use of the IKCF increased, frustratingly, often years after the project was completed.\textsuperscript{148} Detailed audits were necessary regardless of the amount of money, and there is an even more cautious aspect to the use of the IKCF, as additional political audits are requested from the National Assembly after spending:

“I can’t help but think about such issues from the perspective of a practitioner. Therefore, when we looked at whether it was a benefit or a loss for us to receive the funding, we decided that we would have more to lose by using the fund. That’s why I’m against our organisation taking from the government IKCF.”\textsuperscript{149}

Moreover, the issue of whether or not to publicly disclose the allocation of the IKCF is currently a topic of debate within the National Assembly, while the manner and extent of such disclosure remain contentious points of discussion between the Civic Sector and the government (Kang, 2022a). Although, a publicly-funded entity, the IKCF should be subject to transparent disclosure regarding the specifics of its allocation and utilisation, the Civic Sector has posited that, owing to

\textsuperscript{148} Former NGO member who has been involved in Inter-Korean cooperation projects since the early 2000s, Interview 11, November 1st, 2022.

\textsuperscript{149} Former NGO member who has been involved in Inter-Korean cooperation projects since the early 2000s, Interview 11, November 1st, 2022.
the characteristics of inter-Korean relations, it is necessary that the Civic Sector as well as the government, should be permitted to administer funds privately in certain areas. In the Civic Sector, the term ‘non-disclosure of funding, refers to the practice of keeping fund execution information from the public view while remaining subject to governmental inspection (Kang, 2022a). Hence, serious conversations among stakeholders are required to guarantee that the funding is not ‘blind money’, but rather valuable ‘seed money’ for inter-Korean cooperative projects (Kang, 2022a)

However, due to the nature of the DPRK system, it was sometimes desirable not to disclose the use of funds in order to carry out in-depth and effective projects, however, if the government funds of IKCF were used, the Civic Sector had to disclose everything and, had no choice but to accept governmental involvement. An NGO official remarked:

“So, like, back in the day, a lot of civic groups only did stuff in Pyongyang... We’re not exactly in Pyongyang, and we can’t spill the beans on these projects because we want to work a lot outside of Pyongyang. I can’t spill the beans on where we’ve been or who we’ve hung out with... I just gave a quick report to the NIS (National Intelligence Service) and the Ministry of Unification. I didn’t tell anyone else, and I was super careful about taking government cash ’cause I wanted to do

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150 The Ministry of Unification amended the Regulations on Handling Humanitarian Assistance Projects and Cooperation Projects for North Korea to establish disclosure methods for funded by the IKCF and non-funded projects (5 January 2022). In the case of self-financed projects, the Minister of Unification may not disclose all or part of the contents of any humanitarian assistance projects or cooperation projects in the DPRK if requested by the project partner and it is deemed necessary not to disclose the contents to promote the project. In the case of a funded project by the IKCF, all or part of the contents of the humanitarian support project or cooperation project in DPRK shall be disclosed after receiving a report on the results of the use of the Fund. However, if there is a request from the National Assembly, etc. prior to the submission of the report on the results of the use of the Fund, it may be allowed to be viewed under the premise of non-disclosure to the public (MOU Notice 2022-1).
things my way. So, like, the projects I worked on for eight years didn’t even use any government funds. ’Cause the gov’t gets involved.”

Other issues arise when IKCF funding is allocated to an international organisation. While there is an allowance of 30% of the amount allocated for labour and operating costs, the government does not allow reimbursement of labour costs by Korean NGOs. For international organisations, however, the government guarantees operating costs and labour costs, even though this is drawn from the same government fund. ROK NGOs, however, were prevented from being able to claim labour costs. Consequently, there was widespread dissatisfaction with the government’s lack of recognition of the labour costs and the insufficient amounts of IKCF allocated to the Civic Sector from the government. They insist that when carrying out the IKCF initiative, operating costs, such as personnel and office expenses, should be included in the IKCF, otherwise, civic organisations could only get operating expenses from separate donors to carry out their IKCF initiative.

The Civic Sector argues that the reimbursement of labour costs is necessary to foster sustainable peace-making capacity and recruit new generations of workers. Whenever inter-Korean relations deteriorated, funding for the Civic Sector shrank and a system was created where young employees of civic organisations had no choice but to leave. This, in turn, made it difficult for the younger generation to grow into professionals with experience and understanding of inter-Korean relations, and to be trained in peace-building capacity. An NGO representative argued that the government

151 Leader of an NGO which has providing humanitarian aid to North Korea for over twenty years, Interview 22, September 14th, 2022.
152 Former NGO member who has been involved in Inter-Korean cooperation projects since the early 2000s, Interview 11, November 1st, 2022.
153 Leader of an NGO providing North Korea with nutritional aid and cultural and sports exchanges, Interview 21, October 19th, 2022.
154 Former peace activist who has organised several large-scale joint North-South events, Interview 20, November 16th, 2022.
should allow the IKCF could be used in labour costs so that new people could be recruited and trained, and for know-how to be passed on to new generations:

“NGOs need money to pay for their workforce. Because we have to train people. It’s not about me, it’s about keeping the young guys involved and working. That’s how young people are trained there. The government does not know that human resources and labour costs are very important positions in conducting cooperation projects with the DPRK. They mistakenly believe that civil society organisations just need to work with a little bit of enthusiasm.”

As such, the Civic Sector views the government’s excessive documentation requirements for using the IKCF, audits after the IKCF has been used, issues with the disallowance of labour costs when carrying out IKCF initiatives, and government’s excessive control in Civic Sector projects as impediments to seeking IKCF funding.

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155 Leader of an NGO providing North Korea with nutritional aid and cultural and sports exchanges, Interview 21, October 19th, 2022.
Ch 6. Government Sector Perspectives

In this chapter, analyses of Government Sector evaluations of IKCF operation, and highlights the opportunities and challenges in the development of vertical and horizontal capacities for peacebuilding. This can be determined by the dynamics of various actors involved in the process of creating peace on the Korean peninsula using the IKCF. The Government Sector is comprised of top and middle-level personnel from the Ministry of Unification (MOU), affiliated ministries, and the Export-Import Bank of Korea, which administers the IKCF for the MOU. Also included are the South-North Exchange and Cooperation Support Associations, as well as the Kaesong Industrial District Foundation.

6.1 Opportunities and Successes

6.1.1 Building Relations with the DPRK Through the IKCF Initiative

The Government Sector considered that since the establishment of the IKCF in 1991 the development of DPRK-ROK cooperation and inter-Korean relations had improved (MOU, 2022a; MOU, 2008a). The IKFC, was the sole financial mechanism available to ROK for the purpose of facilitating inter-Korean cooperation, supporting meetings, exchanges and the development of networks and contacts with the DPRK. An intermediately ranked civil servant in the Ministry of Unification (MOU) commented upon the IKCF’s significance in terms of fostering and facilitating communication and interaction among the populace of the two Koreas. IKCF support was seen to afford increased opportunities for multi-tiered cooperation and humanitarian assistance which further emphasised the crucial role of building confidence in supporting inter-Korean relations. It was further stressed, that to gain a full picture of the situation in the DPRK and to be able to take

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156 MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
appropriate action, it is necessary to travel back and forth between the two Koreas numerous times: “In my opinion, in-person contact and exchanging stuff through the IKCF initiative is important if we want to foster understanding and cooperation between the two Koreas. In order to make mutual trust, you must first talk in person.”

According to another government official, the IKCF mitigates conflict by promoting cooperation:

“Contacts and cooperations between the two Koreas worked naturally as a safety valve, helping to alleviate tensions on the Korean Peninsula and preventing inadvertent conflicts. For instance, the Kaesong Industrial Complex and Mt Kumgang tours along the inter-Korean border dramatically expanded the amount of human and kinds of stuff exchanges between the two Koreas, which in turn prompted the DPRK’s military facilities to be pulled back.”

Correspondingly, the IKCF initiative served as checkpoints which ensured that inter-Korean relations did not deteriorate to a crisis level. Furthermore, by increasing contact and communication, the IKCF initiative created opportunities for mutual understanding and the potential restoration of the ethnic homogeneity once afforded the people of the two Koreas (Heo, 2011). Every MOU White Paper which affirms the ROK governments’ stance on the practical advancement of DPRK-ROK relations, deemed that restoration of national homogeneity was crucial, and sought to deliver this through a process of mutual understanding, facilitated via exchange and cooperation (MOU, 2021; MOU, 2015b; MOU, 2010). The 1991 Inter-Korea Basic Agreement committed both the DPRK and ROK to reciprocal exchange and collaboration across various domains, including the unrestricted movement of individuals between the DPRK and ROK.

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157 MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
158 MOU official of intermediate rank with experience in inter-Korean cooperation, Interview 9, September 22nd, 2022.
‘Realist’ perspectives, which advocate for the breaking off of bilateral relations with the DPRK due to its lack of political and social change, often fail to acknowledge the tangible gains made in the politico-military sphere through the impact of commerce (Kim et al., 2016). For example, the historically significant site of the KIC was previously a fierce battleground during the Korean War and became a military hub afterwards with a high concentration of military facilities. However, KIC construction caused adjacently stationed North Korean military units to move 15 kilometres north to the rear, replacing the militarised zone with an economically focused area where civilians could work and interact (Heo, 2011; MOU, 2007a).

One former government official emphasised the importance of continuing dialogue and collaboration, even if the DPRK government was not yet ready to embrace internationally accepted norms, stating:

“I think that cooperations through the IKCF are important because we can help the people of the DPRK and we have more touch with them through inter-Korean dialogue and humanitarian aid.”

The case of humanitarian aid from the ROK to the DPRK was also an important opportunity to change the perception of South Korean society, not just to change the perception of the DPRK (Kim, 2018b). This was also true of the material requirements for light industry in the ROK, and the preponderance of underground (mining) resources in the DPRK, which were aligned in 2007, thus facilitating reciprocal mutual exchange in lieu of unilateral aid (Association, 2016). The DPRK established three mines in Danchon, in the country’s northeast, and shipped zinc bars worth $2.4 million to the ROK for minerals produced there. This accounts for 3% of the $80 million in aid granted by the ROK. A member of a quasi-governmental organisation involved in this project

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159 Former senior official of the Ministry of Unification, Interview 7, December 3rd, 2022.
160 Director of a quasi-governmental organization which support inter-Korean economic cooperation, Interview 18, November 25th, 2022.
emphasised the benefits to both parties; “This is the first time in the history of cooperation between the two Koreas that DPRK has paid back a loan. The DPRK has shown a willingness to cooperate, and not unilaterally seek support from the ROK. A mutual trust-based transaction has begun.” In the same spirit, the South Korean government officials stressed that getting to know one another was crucial for fostering trust and rapprochement between the ROK and the DPRK.

Problematically, North Korean authorities were reticent about meeting South Koreans, even in the context of dealing with separated families who had been apart for 70 years. Nonetheless, family reunions occurred on an irregular basis since 2000. This was considered to be an urgent matter, which was close to the hearts and minds of South Koreans. This was because separated families were getting older, with limited time available for tangible reconciliation (Seliger, 2020). The Unification White Paper acknowledged this; “The issue of separated families is urgent that must be resolved quickly to achieve an effective breakthrough in light of the ageing trend of separated families (MOU, 2023b).”

A high-ranking official of the Ministry of Unification (MOU), who supervised North-South Red Cross dialogue and reunion events for inter-Korean separated families, detailed his experience of meeting DPRK officials. He claimed that initially, the DPRK believed that its regime was very strong, but after experiencing contact with the ROK, it realised that it was not in such a strong position. Consequently, the DPRK authorities were afraid that a ‘wind of freedom’ would blow through DPRK society due to the meeting and contact of separated families;

“When I went to the Inter-Korean Red Cross dialogues, a high-ranking North Korean official said, ‘You’re doing humanitarian work, but we’re doing political

161 Director of a quasi-governmental organization which support inter-Korean economic cooperation, Interview 18, November 25th, 2022.
162 MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
work.’ They realised that their system is incredibly fragile, so they’re reluctant to allow families to meet in order to protect their regime.”

Hence, in the early 1990s, the DPRK perceived reform and the opening up of contact between families as a potential threat to their existing regime. A so-called ‘mosquito-netting opening up’, suggested that the consciousness-changing impact of increased contact between the two Koreas could be greater than ever before (Sung, 2018). The father-to-son Kim dynasty, who effectively ruled the DPRK, constantly warned North Korean citizens that external forces threatened the country’s existence and controlled all information networks to limit contact with the outside world. This was in order to maintain the regime’s power (Hecker, 2010). According to a member of a South Korean public institution, contact through the IKCF initiative was seen to change not only the perceptions of North Koreans, but also those of South Koreans. Consequently, it was recommended that further IKCF be provided to expand the scope of interaction between the DPRK and ROK and to alleviate conflict:

“The effort for North-South cooperation has altered how North Koreans view the ROK. Additionally, it has altered how South Koreans view the DPRK. Investing more of the IKCF in collaborative projects is a good idea. Exchange cooperation in areas where it is possible to reduce the current tension between the North and the South. I believe we should move forward and invest more money in it.”

The majority of initiatives involving inter-Korean contact and exchange contributed to fundamentally altering North Korean perceptions of the ROK and vice versa. North and South Koreans, when encountering each other, are often perplexed by the fact that each can be somewhat different from what they had imagined. They were able to engage in debate, and had

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163 Former vice minister of the MOU, Interview 2, October 22nd, 2022.
164 Current official of quasi-governmental organization, Interview 17, November 26th, 2022.
the opportunity to see themselves through the eyes of the ‘other’ (Kim, 2018b). The opportunity is transformative and can change attitudes from hostility to friendliness (Sung, 2018). IKCF initiative was therefore considered by the ROK Government Sector to be a useful instrument for changing North Korean perceptions while promoting mutual understanding, and building connections and trust.

6.1.2 The Strong Peacebuilding Capacity of the Government Sector

There appears to be a consensus in the ROK that the Government Sector should take the initiative to implement cooperation projects and make more use of the IKCF. In an interview, an official of a quasi-governmental organisation stated that it was inevitable that the government would use most of the funds for inter-Korean cooperation, and that there was an obvious difference between what the Civic Sector could achieve and what the Government Sector could do. ¹⁶⁵

A civil servant who has worked at the MOU since the late 1990s commented, that the Government Sector has generally led large-scale IKCF initiatives because the MOU manages the IKCF. By contrast, the Civic Sector has become involved in the IKCF initiative through the fields of sports, culture, religion, and societal issues. ¹⁶⁶ A member of a quasi-public organisation involved in the administration of the IKCF also stated that it made sense for the government to utilise a significant portion of the IKCF, particularly given its primary role and responsibility for providing the environment and infrastructure for inter-Korean contact and cooperation. Hence, it was not merely a question of the size of the budget allocated but the context of the project in the situation. ¹⁶⁷

¹⁶⁵ Director of a quasi-governmental organization supporting inter-Korean economic cooperation, Interview 18, November 25th, 2022.
¹⁶⁶ MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
¹⁶⁷ Current executive for a government agency that operates the IKCF, Interview 15, November 7th, 2022.
Most of the IKCF has been allocated to large-scale government-led projects over the past three decades, e.g., fundamental infrastructure construction at the KIC, roads in the Mt Kumgang tourist area, and the development of rail links between the two Koreas. By contrast, the Civic Sector had received and utilised the IKCF for smaller-scale projects, such as humanitarian aid, social and cultural exchange cooperation, and insurance and loans for economic cooperation. However, it was questionable as to whether a few large-scale projects were better and any more effective than a lot of small-scale ones (Buchanan, 2016).

Controversially, Government Sector specialised ministries and research institutes were deemed to possess superior expertise compared to the Civic Sector, 168 which is characterised by the Government Sector as being deficient in specialised knowledge. A former official of a quasi-governmental organisation echoed this opinion 169, and provided the following instances as exemplary cooperative projects led by the Government Sector:

- The KOFIH (Korea Foundation for International Healthcare) with experience in this field has managed inter-Korean health cooperation initiatives. 170
- The Korea Forest Service and the DPRK have collaborated on forest pest control at Mt Kumgang in the DPRK since 1999 (Choi and Park, 2022).
- The Korea Water Resources Corporation and the DPRK have worked together to prevent flooding along the Imjin River 171 since 2000 (Cho et al., 2020).

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169 Former executive for a government agency that operates the IKCF, Interview 16, October 31st, 2022.
170 Former executive for a government agency that operates the IKCF, Interview 16, October 31st, 2022.
171 The Limjin River is a shared river that flows north and south across the middle and northern parts of the Korean Peninsula, with one-third of the total watershed in ROK and the remaining two-thirds in DPRK. As a result, the southern part of the river is severely affected by heavy rainfall, causing human and material damage every year. Therefore, since 2000, DPRK and ROK have been making efforts to cooperate.
6.1.3 The Capacity to Make Space for the Civic Sector Engagement

Ostensibly, a favourable perception of the Civic Sector on the part of the Government Sector created a favourable aspect with regard to the governance of peace-making on the Korean Peninsula through the IKCF. Some of the Government Sector\textsuperscript{172} recognised that it was desirable for various non-governmental actors to participate in inter-Korean relations because they play a role whereby thread-like social ties were created through the sharing/dissemination of news and information about the DPRK.\textsuperscript{173}

Significantly, when there was poor communication between the authorities of the DPRK and ROK, the Civic Sector was considered to have acted as a bridgehead for relations. One public official commented:

“\textquote{In the past, when the North and South Korean governments did not communicate well, there was an attempt to send a message to the DPRK through the Civic Sector. The wheels must roll together. Wouldn’t it be ideal for civil society and government to go hand in hand?}”\textsuperscript{174}

The Government Sector recognised that the Civic Sector possessed a more comprehensive understanding of North Korean attitudes and requirements, given that CSOs and entrepreneurs frequently travelled to the DPRK and directly engaged with people there.\textsuperscript{175} The Government Sector also acknowledged that Civic Sector communication links with DPRK played a crucial role in promoting inter-Korean exchange and cooperation, and contributed to a better understanding of the situation in the DPRK, which accordingly informs policy choices.\textsuperscript{176} According to one public

\textsuperscript{172} Former vice minister of the MOU, Interview 2, October 22nd, 2022.
\textsuperscript{173} Former vice minister of the relevant ministry, Interview 3, November 23rd, 2022.
\textsuperscript{174} Director of quasi-governmental organization which support inter-Korean economic cooperation, Interview 18, November 25th, 2022.
\textsuperscript{175} MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
\textsuperscript{176} MOU official of intermediate rank with experience in inter-Korean cooperation, Interview 9, September 22nd, 2022.
sector employee, insights provided by the Civic Sector significantly contributed to the ROK Government’s understanding of the actual situation in the DPRK and its practical requirements, thereby supporting and enabling a more effective response to events on the ground:

“When the citizens’ sector came back from the DPRK, the government got in touch with them and had lots of meetings, so NGOs were able to meet with North Korean officials in Shenyang or Dandong and then head to Pyongyang to work on projects. So, after NGOs and businesspeople visited the DPRK, the government wanted to learn more about what the country needed regarding food, medicine, and other forms of assistance. They chose to meet with these groups and listen to their insights.”

A former Vice Minister of Unification initially doubted whether such an IKCF initiative could succeed when he first began to work with DPRK after the introduction of the ‘Nordpolitik’. However, when he saw the Civic Sector operating in the DPRK, creating communication channels and carrying out cooperative projects, he acknowledged the positive role they could play in addressing challenges. He was also frank about the limitations of government-led peacebuilding efforts, and argued that the IKCF should have facilitated the participation of a wider range of actors, including civil society and businesses, and insisted that these various actors in the ROK must connect effectively with the DPRK on multiple levels:

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177 Former executive for a government agency that operates the IKCF, Interview 16, October 31st, 2022.


179 Former vice minister of the MOU, Interview 2 October 22nd, 2022.
“So, if the government decides to have more social and cultural exchanges and cooperation with the DPRK, it’s all about expanding the reach of civil society organisations. The government cannot handle everything alone.”

Interestingly, North Korean authorities exhibited greater ease and comfort in their interaction with South Korean civilians, while displaying a more stringent and rigorous approach towards ROK government officials. Consequently, the Civic Sector was able to facilitate a more open dialogue about the general situation and social climate in the ROK with their North Korean counterparts, exchanging information and thereby aiding understanding. Additionally, the DPRK authorities were able to engage in dialogue with the South Korean civilian sector regarding their own respective positions and circumstances. According to an official of the Ministry of Unification, the Civic Sector played a crucial communicative role, due to its ability to engage more openly with North Korean officials than the government officials in the ROK: “North Korea handles the civilian population in the ROK with fewer restrictions, while the Government Sector is treated more rigidly.”

Although it is expected that the dialogue between the authorities will entail a heightened level of political and military sensitivity, conversely, the Civic Sector was less bound by these concerns, and this provided an advantageous platform for communication with the DPRK. Both South and North Korean authorities based their inter-Korean dialogue on official policies, so South Korean NGOs were still able to reach out more directly to people in the DPRK (Ouellette, 2013).

“When it comes to communication between the government, even a small issue can greatly impact the relationship between the DPRK and ROK. The Civic Sector is also careful with its words but less sensitive than government communication.

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180 Former vice minister of the MOU, Interview 2 October 22nd, 2022.
182 MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
183 MOU official of intermediate rank with experience in inter-Korean cooperation, Interview 9, September 22nd, 2022.
That’s why it’s important to have active civilian communication and exchanges to remain up to date about what’s happening in both.  

Building trust with the DPRK requires multidimensional connections and sustained engagement which is less susceptible to high-level political noise (Ouellette, 2013). Since 2020, the cessation of communication and the breaking down of discourse between Government and Civic Sectors in the ROK and DPRK, implied an absence of both formal and informal means of communication. This points to the fact that the South Korean Civic Sector, in light of the breakdown of official dialogue between the respective authorities, is now no longer able to function as a catalyst for understanding and re-establishing connections with the DPRK. According to a government official, the present discord between the two Koreas poses a potential risk, in terms of exacerbating misunderstandings:

“It’s definitely tough to get together these days with the whole Covid situation. But if the North and South don’t start having some honest conversations, they’re just gonna keep on misunderstanding each other. So, if anything goes down between the DPRK and ROK, it’s important for the Civic Sector to step in and explain everything clearly to the North Koreans. Otherwise, they might get the wrong idea and blow things out of proportion. While solving the nuclear issue is crucial, I believe that the communication issue between the DPRK and ROK is even more important. So, basically, the Civic Sector plays a crucial role in this situation.”

In general, compared to the past, government understanding of the Civic Sector’s impact capacity has significantly increased, and there is a tacit acknowledgement that Civic Sector work on

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186 MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
cooperative projects should be supported by the IKCF, so civil society can play a sustainable role in promoting peace on the Korean Peninsula:

“Civil society is important, so in general, it’s better to give them a large amount of assistance with their work. The capabilities of NGOs in our society have expanded significantly in recent years. The majority of persons who work for NGOs have a college education and previous experience working for organisations that focus on international development cooperation; as a result, their capacities are rather high.”

Regarding criticism that the Moon Jae-in government has been ‘passing civil society’ (i.e., ignoring the Civic Sector), a government official who has worked in the field of inter-Korean relations since 1998 commented in an interview:

“It is a misconception that the Moon administration has prevented the participation of the Civic Sector in inter-Korean relations. That is not true. Due to strict international sanctions on the DPRK, there was no space for them to participate.”

Another senior official at the MOU stated:

“I totally disagree with civil society’s criticism of the Moon government. The Civic Sector blames the Moon government because they don’t know how severe the international sanctions against the DPRK have been and they only stick to their point of view.”

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187 Former vice minister of the MOU, Interview 2, October 22nd, 2022.
188 MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
189 Senior official in the Ministry of Unification, Interview 8, November 30th, 2022.
Another government official stated that the Moon Jae-in administration actually sought to build partnerships with the Civic Sector, and for the first time enabled local governments to take ownership and autonomously implement inter-Korean cooperation projects:

“According to my understanding, the Moon administration’s North Korean policy was centred around collaborating with the Civic Sector. The government tried to manage the situation rather than restrict the involvement of the non-government sector. During the Moon administration, local governments were granted the opportunity to engage in humanitarian cooperation projects with the DPRK, marking a significant milestone in history. The participation of various actors was increasing.”

It would appear that the Moon Jae-in government was not inherently opposed to the participation of the Civic Sector in inter-Korean relations – as it explained:

“We want to restore inter-Korean relations and ethnic homogeneity by expanding and encouraging various types of exchanges and cooperation, including the Civic Sector and local governments (Education, 2022).”

Furthermore, the 2022 Unification White Paper emphasizes:

“A decentralised and cooperative exchange cooperation foundation encompassing the central government, local governments, and the Civic Sector has been established to improve the stability and predictability of inter-Korean exchange cooperation (2022 Unification White Paper).”

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190 Senior official in the Ministry of Unification, Interview 8, November 30th, 2022.
Another government official emphasising the need for Civic Sector comprehension of the wider context commented that under the Moon Jae-in Government:

“...there were virtually no projects that the Civic Sector could pursue due to the severe international sanctions against the DPRK, and the DPRK has not been responsive to Civic Sector project proposals.”\(^{191}\)

In an appeal to the Civic Sector to read the entire situation instead of adopting a blinkered view, a policy advisor for the Minister of Unification stated:

“The 2018 summit was triggered by the North Korean nuclear crisis and the crisis on the Korean Peninsula. It was a sudden dialogue phase set up in the wake of the Pyeong-Chang Winter Olympics,\(^{192}\) and there was no room for civilian participation (Bang, 2018).”

There were various cooperative events for inter-Korean engagement and interaction in Seoul, Pyongyang, and the DMZ, but even these had difficulty obtaining U.N. and UN Command\(^{193}\) approval.\(^{194}\) Due to the strict international sanctions imposed on the DPRK, the Moon Jae-in government appears to have struggled to create a space for engaging the Civic Sector in inter-Korean cooperation. Given international sanctions on the DPRK were already severe, creating a context for rapprochement between the DPRK and ROK authorities in this environment was not credibly feasible.\(^{195}\)

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\(^{191}\) Senior official in the Ministry of Unification, Interview 8, November 30th, 2022.

\(^{192}\) A high-level delegation from DPRK attended the opening and closing ceremonies of the 2018 Winter Olympics in Pyeong-chang, ROK, from 9 to 25 February 2018.

\(^{193}\) The United Nations Command (UNC) is the name of the multinational military force that was assembled to provide support to the ROK both during and after the Korean War. Under the 1953 Armistice Agreement, UNC has the authority to regulate the movement of personnel and vehicles in the Demilitarized Zone (DMZ) between DPRK and ROK.

\(^{194}\) MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.

\(^{195}\) MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
While the Civic Sector demanded that large-scale IKCF government support should be forthcoming for engagement initiatives with the DPRK, accommodating such requests was difficult. It was important to consider whether the DPRK would be open to cooperation or whether progress could be made in addressing the North Korean nuclear issue (Shin et al., 2014).

Nevertheless, the ROK Government officials emphasised the need to engage the Civic Sector in creating sustainable contact and developing relationships with the DPRK to expand the foundation for peace on the Korean Peninsula:

“If it’s in the government sphere, a meeting with the North Koreans could become a one-time event; as the nature of the government changed, the dialogue with the North Koreans would stop, and there would be no continuity; however, this is not the case in the Civic Sector.”

As such, the Government Sector acknowledges that the Civic Sector has a much greater capacity to engage and build lasting relationships with the DPRK. They understand the need to fund the Civic Sector to engage more actively in the IKCF initiative, but they also assess the challenges of providing large-scale funding to them under international sanctions against the DPRK due to its nuclear program.

6.2 Challenges and Limitations

6.2.1 Ongoing Poor Relations with the DPRK

There is criticism that inter-Korean cooperation through the IKCF has not yet built good relations with the DPRK successfully. A former senior official interviewed for this study stated:

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196 Director of a quasi-governmental organization which support inter-Korean economic cooperation, Interview 18, November 25th, 2022.
“Through the IKCF initiative, we hoped to make friendly relations with the DPRK and make it a normal member of the international community. However, we have not correctly grasped the DPRK’s intentions, and they have used our engagement policy to maintain its regime.” ¹⁹⁷

According to a former senior official in the Ministry of Unification, DPRK has taken advantage of South Korean engagement policies to bolster its internal structure and military capabilities:

“The DPRK’s leadership seems to have taken advantage of our policy of engagement and cooperation to strengthen its regime and military capabilities. Kim Jong-il was quite clever in playing a two-faced strategy, don’t you think? So basically, we were hoping that working together with the DPRK would lead to some positive changes either in their leadership or within the North society itself, which would ultimately improve the relationship between the DPRK and ROK. The concept at the time seemed sensible.” ¹⁹⁸

Certain actors within the Government Sector expressed negative views regarding the IKCF, contending that the North Korean regime remained in stasis despite inter-Korean cooperation efforts. ¹⁹⁹ Consequently, they assert that there are constraints to achieving peacebuilding objectives on the Korean Peninsula through the IKCF initiative. A former civil servant who worked for the Ministry of Unification since the early 90s commented in an interview:

“Even if there are civic or government-level projects with the IKCF are developed, this is unlikely to lead to building relations with the North. In other words, socio-economic cooperation can be employed as a strategy to uphold the North Korean

¹⁹⁷ Former vice minister of the relevant ministry, Interview 3, November 23rd, 2022.
¹⁹⁸ Senior government official at the deputy ministerial level, Interview 2, October 22nd, 2022.
¹⁹⁹ Senior official in the Ministry of Unification, Interview 8, November 30th, 2022.
regime, create a permanent and increase its legitimacy. Even though this was not our original aim, it is difficult for such an engagement policy to bring about substantial changes in the relations between two Koreas.\textsuperscript{200}

Other officials agreed that the ROK’s policy of engagement through the IKCF, allowed the DPRK to gain an advantage and admit that it was challenging to establish a relationship with Pyongyang:

“During Kim Jong-il’s time, the DPRK was trying to engage the ROK and gain economic benefits from it, but now Kim Jong-un is completely different. Kim Jong-un enacted the Reactionary Ideology and Culture Rejection Act\textsuperscript{201}, so there is a reason for this. He believes that there is no possibility of reviving the North Korean economy by doing cooperative projects with the ROK, but rather, he thinks that South Korean culture will come in and may have negative effects on the people’s ideological beliefs.”\textsuperscript{202}

Some academics also contend that because it has yet to yield any significant transformation in the DPRK, socio-economic cooperation has proven itself to be ineffective (Cha et al., 2018; Kim, 2017b). Consequently, for some, the only viable approach is to pursue a policy of isolation and containment, and abandon the vestiges of unconditional engagement associated with the ‘Sunshine Policy’ (Cha et al., 2018).

Cha (2018) contends that the DPRK’s goal of challenging the Korean Peninsula’s status quo has not changed appreciably since the Korean War. According to Cha (2018), the DPRK’s nuclear

\textsuperscript{200} Former senior official of the Ministry of Unification, Interview 7, December 3rd, 2022.
\textsuperscript{201} The North Korean government enacted the Reactionary Ideology and Culture Rejection Act in December 2020, which prohibits all foreign cultures, religions, and capitalist lifestyles, including the Korean Wave. HAN, M. S. 2022. A Study on North Korea’s "Reactionary Ideology and Culture Rejection Act". STUDIES ON NORTH KOREAN LAW, 115-156.
\textsuperscript{202} Senior official in the Unification Ministry, Interview 8, November 30th, 2022.
development and other hostile measures, are part of a purposeful crisis negotiation strategy to transform the Korean Peninsula situation in their favour. Hence, in academic and official circles there is a belief that any engagement policy, or inter-Korean socio-economic cooperation strategy administered through the IKCF, can have only limited success in creating the conditions for positive relations with the DPRK.

6.2.2 Negative Impact of Policy Changes and the Prioritization of Politico-Military Issues

The Government Sector believes that fluctuations in North Korean policy and a lack of stable IKCF provision, prevented the IKCF initiative from generating positive outcomes and that this negatively impacted inter-Korean relations. This viewpoint is supported by the official in charge of inter-Korean health cooperation, who observed that there was not enough time to evaluate any of the achievements of the IKCF initiative, as none of them was completed:

“\textquote{I've visited the DPRK for health cooperation. I have lingering feelings, but I doubt I can perform successfully if this cooperative project is resumed because the experience and know-how have not accumulated. I worked on a collaborative initiative between the two Koreas but could not assess its success or failure because nothing was long-lasting, and nothing was terminated properly. We [need] to identify whether or not something went wrong in the operation, but it always begins and stops in the middle. It was not pleasant.}\textquote{203}"

This official implied that the ROK Government was guilty of a serious misdemeanour, stating that the IKCF initiatives, such as those aimed at helping infants and pregnant women in the DPRK, were halted mid-operation by unanticipated policy shifts when the new government took office. Humanitarian principle, as advocated by the United Nations,\textquote{204} is the provision of life-saving aid to

\textsuperscript{203} Government official in the health and medical services, Interview 4, October 30th, 2022.
\textsuperscript{204} https://emergency.unhcr.org/protection/protection-principles/humanitarian-principles
those in need, without discrimination and without considering political, economic, or military issues. Even though humanitarian aid should continue regardless of political influence, humanitarian aid from the ROK to DPRK was deemed the most political. Remarking that it was difficult to continue the inter-Korean health cooperative project due to sudden policy shifts and the disapproval and suspension of the IKCF by the new government he further stated:

“I believe that cooperation with the South is not recommended from the North Korean perspective. I've never been able to get essential vaccinations for North Korean infants and children. It makes no sense to suggest that we will collaborate with the DPRK on other projects if we are unable to supply even a single vital vaccine to North Korean infants and children sustainably.”

Lack of consistency in terms of IKCF policy and operations poses a challenge to any substantial and reciprocal progress in inter-Korean relations and damages the sustainability of a potentially mutually advantageous partnership (Chang, 2012). One public sector employee who advised and supported companies engaged in inter-Korean economic cooperation observed:

“From the entrepreneurs’ perspective, the sudden policy change and withdrawal order from the workplace in North Korea by the ROK government is like being smacked with a mace... Entrepreneurs argue that the government should assist them sufficiently because they are unable to work owing to policy changes since investing in the DPRK.”

Moreover, a civil servant of the Ministry of Unification acknowledged that government policy changes seriously damaged the predictability of Civic Sector initiatives, making them unworkable:

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205 Government official in the health and medical services, Interview 4, October 30th, 2022.
206 Director of a quasi-governmental organization which support inter-Korean economic cooperation, Interview 18, November 25th, 2022.
“It’s tough for both citizens and businesses to plan ahead because the policies keep changing based on political incidents. There are no clear guidelines on when it’s okay to do business and when it’s not, which makes it hard for Civic Sector partners to get involved. This makes building a sustainable relation between the North and the South difficult.” 207

Accordingly, the Civic Sector appears to have borne an excessive burden of responsibility, due to the fluctuating nature of government policies, which caused uncertainty. The prevailing structure is such that the government took little responsibility, while the Civic Sector shouldered almost all the burden. The ROK government had the authority to terminate financing to CSOs at any moment depending on its political decision-making. However, CSOs continued to contact DPRK authorities and secured agreements to undertake the IKCF initiative:

“For example, if the government tells an NGO that you can get IKCF [support] for health supplies for humanitarian assistance to the DPRK, you go to the North and make a document, and if they come back with them, the government should give them the money. But then suddenly, if the DPRK provokes or tests a nuclear weapon, the government can’t give the IKCF to the NGO. There is no stability in inter-Korean relations, so we must find a middle ground, but in fact, the political burden is so great that the government has no choice but to hand it all over to the Civic Sector.” 208

Ineffably, this means that the political burden of inter-Korean relations, with the added instability of changing circumstances and policy fluctuations, was completely shouldered by the Civic Sector. A healthcare sector official criticised inconsistent implementation and IKCF policy changes,

asserting that these factors harmed health cooperation between the two Koreas and eroded trust among relevant parties in the DPRK and ROK: 209

“In one of the cooperative health projects, the Ministry of Health and Welfare and NGOs promised to build a new children’s hospital in the province near Pyongyang, so DPRK believed our promise and tore down the old hospital; however, the new government in 2008 did not approve the transfer of several [pieces of] equipment and materials for the new ward construction, [and then] cut off the funds. We broke the ward’s walls and tore down the ceiling. If we hadn’t promised to renovate it, North Koreans could have used the hospital even though it leaked. They trusted us and took down the hospital entirely.” 210

Moreover, according to Lim Tae-hee, a former chief of staff to President Lee Myung-bak:

“When I met with North Korean officials, they always asked me to fulfil the agreements of the June 15 Declaration (2000 summit) and the October 4 Declaration (2007 summit).” 211

The ROK government needed to take a long breath and adhere to the basic principles of the North Korean policy. However, with the administration and policy changing every five years, the North Koreans find it difficult to build lasting relationships and trust with the South Koreans. 212 According to a government employee who worked on unification policy strategy, ROK government policy changes have damaged relations with the DPRK, making it more difficult for the two Koreas to cooperate:

209 Government official in the health and medical services, Interview 4, October 30th 2022.
210 Government official in the health and medical services, Interview 4, October 30th 2022.
212 Former vice minister of the relevant ministry, Interview 3, November 23rd 2022.
“There is the international environment, the relationship with neighbouring countries, and the big issue of DPRK’s nuclear programme. However, South Korean society’s view on how inter-Korean cooperation projects can contribute to peace on the Korean Peninsula has changed a lot from one administration to the next. ROK’s policy has gone back and forth, and I think the North Koreans have a lot to answer for in terms of their nuclear programme, but I also think that from a political perspective, we’ve hurt our relationship with the North Koreans.”

When the Lee Myung-bak administration pursued a ‘realist’ approach to the DPRK (Kim et al., 2016), the DPRK was designated an enemy and was regarded as untrustworthy, hence the demand that the DPRK dismantle its nuclear weapons as a prerequisite for meaningful progress in inter-Korean relations. In an interview, a senior government official observed:

“As the North Korean nuclear issue has deteriorated, conservative governments have emphasised resolving the North Korean nuclear issue as a requirement, i.e. they have been reluctant to promote inter-Korean cooperation, especially economic cooperation, unless there is progress on the North Korean nuclear issue.”

A high-level government official explained the change in the ROK government’s North Korean policy as follows:

“The progressive governments, Kim Dae-jung and Roh Moo-hyun had a parallel policy of nuclear issue and engagement with the North, but as the DPRK continued to carry out nuclear and missile tests, the conservative governments

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214 MOU official of intermediate rank with experience in inter-Korean cooperation, Interview 9, September 22nd 2022.
said, ‘Oh, no. The nuclear issue is the first priority... We shouldn’t be so naive to continue to provide trade and cooperation’, and then the South-South conflict arose seriously in our society... So, it was inevitable that the IKCF initiative would be diminished.’\(^\text{215}\)

A former vice minister of the relevant ministry said that although the ‘Sunshine Policy’ did not solve the North Korean nuclear issue, it was meaningful in that the ROK tried to engage with the DPRK. However, he said, it is difficult to evaluate the policy as being fruitful because it was not sustainable:

“Honestly, what has any of the previous governments achieved in terms of relations with the DPRK? I think the characteristic of the North Korean policy is that it’s not just because there’s a counterpart there that the relationship is good for a while, but it has to be sustainable so that it can make good results. You can’t just go on a diet once and keep the weight off, you have to keep trying to make it sustainable.”\(^\text{216}\)

He noted the drastic changes in North Korean policy at National Security Council (NSC) meetings with the new government, and emphasised that basic issues between the two Koreas, such as socio-cultural cooperation and North Korean human rights, needed to continue despite changes in government. Another public sector official said that it was difficult to cope with the change in administrations and the subsequent change in policy on the front line:

“It’s really painful because, you know, when we moved to the Conservative government, you know, the existence of the Ministry of Unification was on the table and whether it was even necessary... There was a big debate about whether

\(^{215}\) Former vice minister of the MOU, Interview 2, October 22nd, 2022.

\(^{216}\) Former vice minister of the relevant ministry, Interview 3, November 23rd, 2022.
or not my organisation was necessary for Korean society, so I had to go through a very intense restructuring at that time. It’s very painful.”

A further government official emphasised that for the IKCF initiative to be sustainable it would require the resolution of political and military issues first. This included political and structural change in the DPRK which addressed the nuclear issue. As inter-Korean relations are sensitive to the impact of the political and military environment, it is therefore difficult for the IKCF initiative to be implemented sustainably and reliably. 217

The Government Sector tends to agree that the fluctuations in policy towards the DPRK due to the five-year presidential term and political and military issues between the two Koreas made it difficult to promote sustainable the IKCF initiative, and in the current situation, it is not possible to stably advance the IKCF initiative before the North Korean nuclear issue is addressed.

6.2.3 Lack of Public Consent and Institutionalization

Some in the Government Sector argued that conflicting policies over the DPRK made it difficult to sustain the IKCF initiative over the past three decades, and that politicians were able to exploit and exacerbate conflict for their own political gain. 218 219 They also emphasised that consensus among the general public but also in the political realm on North Korean policy is crucial for the sustainability of IKCF initiatives. In a democracy, such as the ROK, it is normal for policy focus and priorities to shift with a change in leadership, however, the issue of inter-Korean relations has become so politicised that it has become a polarising issue between progressives and conservatives. 220

217 MOU official of intermediate rank with experience in inter-Korean cooperation, Interview 9, September 22nd, 2022.
219 Senior official in the Ministry of Unification, Interview 8, November 30th, 2022.
220 Former vice minister of the MOU, Interview 2, October 22nd, 2022.
A former high-ranking government official called attention to the fact that inter-Korean cooperation initiatives and the IKCF should be implemented in accordance with the Development of Inter-Korean Relations Act and the legally adopted plan approved by the National Assembly. However, none of these mechanisms have been implemented:

“At the end of the day, it’s essential to be able to create a sustainable system and at least some kind of political consensus that will serve as the system’s foundation. If we cannot make it, we cannot have a structure in which North Korean policy fluctuates as it does currently.” 221

If the South Korean population does not accept North Korean policy, then even the best inter-Korean cooperation project will struggle to survive.222 The deeply rooted internal conflict within South Korean society continues to have an impact on North Korean policy. This distracts from the efforts being made to increase capacity and complete the IKCF initiative.223 Gaining the support of the younger generation in the ROK is especially important, especially as many have developed negative views regarding engagement with the DPRK.224 The DPRK’s nuclear development has evoked negative emotional responses across South Korean society, with slogans emerging such as ‘We gave them rice, then they gave us back a nuclear bomb’ (Kim, 2016a). Correspondingly, the public in the ROK has criticised humanitarian aid projects and inter-Korean cooperation initiatives for being misused as resources for the DPRK’s nuclear development.

One former high-ranking government official emphasised the importance of securing public support for the IKCF initiative, stating:

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221 Former vice minister of the MOU, Interview 2, October 22nd, 2022.
222 MOU official of intermediate rank who has worked since 1998, Interview 5, September 7th, 2022.
223 Former vice minister of the relevant ministry, Interview 3, November 23rd, 2022.
224 Former vice minister of the relevant ministry, Interview 3, November 23rd, 2022.
“This is not an era in which the government can make policies unilaterally, so it is important for the Ministry of Unification to listen to the opinions of various people, including civil society organisations, businesspeople working with the North, and defectors. There will always be people who oppose a policy, but if there are people who support it, it can be maintained.”

A public official critical of present attitudes in South Korean society, claimed that there has been no respect for diversity of opinion and that while individuals criticise one another over North Korean policy, South-South conflict over these issues is ongoing. He cautioned that this South-South conflict cannot be solved by debates between conservatives and progressives because their mindsets are so different, but suggested rather, that it can be better informed by increasing transparency in terms of North Korean policy and through increased contact with the DPRK. This would allow the public to visit project sites in the DPRK.

Despite the majority of South Koreans’ harbouring negative views on the possibility of resolving the long-running South-South conflict, one former unification minister raised a hopeful possibility, citing his recent experience meeting with both conservatives and progressives to discuss North Korean policy, he claimed that communicating helps adversaries to better understand each other:

“When you get into the details, there are obviously differences between progressives and conservatives, but once we talked to each other, we were surprised that our opinions weren’t too far apart, so we talked about creating a bipartisan forum for sustainable North Korean policy.”

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225 Former vice minister of the relevant ministry, Interview 3, November 23rd, 2022.
226 Current executive for a government agency that operates the IKCF, Interview 15, November 7th, 2022.
227 Current executive for a government agency that operates the IKCF, Interview 15, November 7th, 2022.
228 Former minister of the Ministry of Unification (MOU), Interview 1, November 28th, 2022.
In the belief that any South-South conflict is unlikely to be quickly resolved given the current social atmosphere in ROK, sitting down, talking to each other, identifying differences, and reaching a common point, is a productive gesture of engagement. The issue with South Korean society seems to be that both progressives and conservatives have maintained isolated, entrenched stances and have refrained from talking to each other. Hence, across the political spectrum, there is a general lack of openness or respect for diverse opinions.

This caused frustration, as numerous agreements between the DPRK and ROK were reached, but none carried through to fulfilment as the National Assembly, responding to changes in the political climate, rejects or neglects to approve the measures. Therefore, the establishment of a legal and institutional framework to guarantee that agreements between the two Koreas are carried out regardless of which administration is in power, is essential if the IKCF initiative is to be sustained:

“Institutionalisation is very necessary because even if you have a summit and make a fancy declaration, it won’t be followed, and the agreement will become a piece of paper.”

One official noted that it is difficult to have a sustainable IKCF initiative due to structural and institutional issues within South Korean society, as opposed to any troubles with the DPRK:

“I don’t think even Grandpa Taegukgi can say no to giving vaccines to North Korean babies, it’s really important to integrate the vaccines between the North and the South, because now the babies in the South get 18 and the babies in the North get just 6 vaccines. So, when the North and South truly integrate in the future or something, the people from the North won’t be able to meet with us

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229 Former minister of the Ministry of Unification (MOU), Interview 1, November 28th, 2022.
230 Former executive for a government agency that operates the IKCF, Interview 16, October 31st, 2022.
231 Refers to a group within South Korean society with far-right tendencies. HEO, Y. 2017. For National Flag - on The Birth of Halbae (2016) - . SAI, 22, 201-224.
right soon, because if they come into contact with us and are exposed to a lot of viruses, they will become dangerous.” 232

Consequently, it was stressed that a long-term strategy for the IKCF initiative is needed if it is truly to be sustained. Hence the IKCF should be authorised so that implementation occurs every year, regardless of which government comes to power.

Maintaining the IKCF initiative requires a consensus and a shared understanding in society. Despite the difficulties, the government needs to keep up its efforts to attain a minimum level of consensus within South Korean society regarding North Korean policy. In the political realm, this means reaching a consensus on North Korean policy between the ruling and opposition parties, the government, and civil society. 233

As such, the Government Sector tends to perceive the South-South conflict in ROK society as a major obstacle to the sustainable fulfilment of the IKCF initiative and assesses the need for social consensus and institutionalisation efforts for the sustainable implementation of the IKCF.

6.2.4 The Weakness of the Civic Sector

Some in the Government Sector believe that the Civic Sector lacks the capacity to pursue inter-Korean cooperation initiatives due to a lack of financial resources, a concern for moral hazards, and a lack of negotiating power with the DPRK. Some government officials stated that it is not prudent to provide large-scale funding to the Civic Sector to promote cooperation and exchange between the two Koreas. It was also noted that it can be challenging for CSOs to balance moral values with

232 Government official in the health and medical services, Interview 4, October 30th, 2022.
233 Director of a quasi-governmental organization which support inter-Korean economic cooperation, Interview 18, November 25th, 2022.
the government’s strict accounting standards. A senior government official, critical of the Civic Sector’s moral and ethical position, commented:

“I think their standards are low, too many people in civil society see it as a job and want to profit from it. In the recent news about 0 0 0 Group, these instances of people known to be dealing with the DPRK siphoning off money, misusing money, and diverting money are common. They can cause moral hazard.”

Whilst it is preferable to support and fund CSOs that are sincere in their efforts to cooperate with the DPRK, it was suggested that it would not be appropriate to raise the percentage of funding allocated to the Civic Sector without condition. This was born of concerns that too many low-quality organisations and individuals in the Civic Sector would become involved in the IKCF initiative, causing additional difficulties which could in turn harm inter-Korean relations. It was further suggested that NGOs can become overly reliant on government funds, and risk losing their unique civil society identity, while there may also be unhealthy competition for scarce IKCF resources (Lee, 2011). Another government official, critical of the Civic Sector’s reliance on the IKCF, commented:

“The government increased the funding match from 50% to 70% to support the CSO. But I’ve heard that some organisations that don’t have the capacity can’t even get 30% themselves. A lack of funding is one of the reasons why civil society cannot engage effectively with the DPRK.”

NGOs continue to request that labour expenses be included in funding by the IKCF, although the Government Sector has been opposed to paying such costs. According to the governmental view,

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234 Former vice minister of the MOU, Interview 2, October 22nd, 2022.
235 Senior official in the Ministry of Unification, Interview 8, November 30th, 2022.
236 Senior official in the Ministry of Unification, Interview 8, November 30th, 2022.
NGOs tend not to be solely focused on DPRK and can therefore finance their labour expenses through other initiatives such as overseas projects:

“I think the government doesn’t have to cover their labour costs from the fund. NGOs such as World Vision and Good Neighbours take part in providing relief both domestically and overseas, including in the DPRK. I heard they use their own buildings and labour to carry out their work.” 238

The government also sees the Civic Sector’s lack of bargaining power with the DPRK, as a key weakness. This is exacerbated by the fact that the DPRK has opened only one channel of engagement with the South Korean Civic Sector, despite many NGOs and businesses seeking cooperation with the DPRK. As a result of having to deal through this single channel, the South Korean Civic Sector lost its negotiating power, forcing companies to compete with each other to win cooperation project contracts. While North Korean authorities have been selective in allowing South Korean NGOs and businesspeople access to the DPRK, the South Korean government has also been particular in approving Civic Sector projects and allocating IKCF funding. This has led to unnecessary competition within the Civic Sector (Han, 2008, Kim, 2016a). Correspondingly, the DPRK learned the characteristics and the culture of South Korean NGOs and businesses, and has sought to use this acumen to its advantage by exerting control and influence:

“Because the DPRK understands how our Civic Sector works and has direct control over them, civic groups cannot complain about the DPRK’s policies. If the Civic Sector doesn’t follow it, the DPRK won’t give such monitoring results on their projects, and if the DPRK isn’t cooperative with the Civic Sector in that way, the Civic Sector can’t do anything, so the DPRK has a superpower.” 239

238 Former executive for a government agency that operates the IKCF, Interview 16, October 31st, 2022.
The DPRK maintains a centralised entity overseen by the Workers’ Party of Korea (WPK) in the DPRK, which conducts all negotiations with the South Korean Civic Sector (Na, 2019), choosing South Korean NGOs and businesspeople to carry out their favoured objectives, while endeavouring to exert influence over their operations. According to a quasi-governmental organisation member, the Civic Sector possesses limited leverage in negotiating with North Korean authorities, as they feel obligated to conform to the demands of the DPRK:

“You know, the government seems to have more bargaining power than the Civic Sector when it comes to projects. The DPRK has a set channel for dealing with the South Korean Civic Sector through ‘Min Kyung Hyeop’ or ‘Min Kyung Ryun’. The problem is that the projects don’t seem to work out because the civic organisations end up competing with each other. On top of that, the North Koreans get to choose which of our civic organisations they want to prioritise and work with. You know what’s a good idea? Working at the government level because we have a lot of bargaining power when it comes to dealing with the North.”

Additionally, South Korean authorities believe that the DPRK requests particular ‘rewards’ from South Korean NGOs and businesses as a pre-condition of project commencement. A quasi-governmental organisation member has stated that the South Korean Civic Sector often surrenders to the North’s (un)reasonable requests to join lucrative cooperative ventures and initiatives:

“They might say something like, ‘Sure, your organisation can do business here in Pyongyang, but so that you know, there’s an entrance fee you’ll need to pay first.’ So basically, they’re asking the plastic for the rice nursery that isn’t really related

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240 Former executive for a government agency that operates the IKCF, Interview 16, October 31st, 2022.
to the business. But the plastic for the rice nursery has to come first, even if the project comes later.” 241

One government official also expressed a concern that even if the ROK were to provide IKCF support to humanitarian relief organisations at matching rates, the DPRK could use this to its own benefit, hypothesizing that the North, due to its capacity to produce and readiness to use forged documents, is able to change any matching ratio to civic NGOs:

“Since there are many NGOs and companies in the South, the North can pick and choose them to its liking and exert influence over them. In this regard, I believe that if the South Korean government were to publicly announce the ratio of matching funds, the way it monitors the results of the use of the fund, and the rules for humanitarian assistance to the DPRK, the DPRK would be less willing to use the South Korean Civic Sector. In this regard, the South Korean government’s policy should be more detailed.” 242

One former minister stated that although the Civic Sector wants the freedom to go wherever it wants, it is difficult to give the Civic Sector complete autonomy in inter-Korean relations:

“Obviously, the Civic Sector contacts with the DPRK can bring positive outcomes, however, it is difficult to allow 100% autonomy to the Civic Sector without significant government intervention and guidance. Still, from the government’s perspective, we need to see the atmosphere, public opinion, and North Korean movements.” 243

241 Current executive for a government agency that operates IKCF, Interview 15, November 7th, 2022.
243 Former minister of the Ministry of Unification (MOU), Interview 1, November 28th, 2022.
Contrastingly, an executive from a public organisation that manages the IKCF, stated that the government is overly involved in Civic Sector projects towards the DPRK:

“Given the current circumstances, the Government is overly involved in and regulates the Civic Sector’s initiatives. Governments should concentrate on the main policy direction rather than specific projects. They can make their policy direction by allocating funding or approving projects. However, the Government is currently interfering far too much in every project.”

Although the government tends to accept the significant importance of its involvement, it does not trust the Civic Sector. This is due to a perceived lack of capacity, as explained above, in areas such as professionalism, ethics/morality, and financial strength. The Government Sector may consider the role of the Civic Sector as a policy partner, but it views its contribution to inter-Korean relations as being strictly limited.

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Current executive for a government agency that operates IKCF, Interview 15, November 7th, 2022.
Ch 7. Discussion: Three Key Gaps in Sustainable Peace building on the Korean Peninsula

The study examines the IKCF initiative over a 30-year period, noting that 52% of the IKCF was distributed to inter-Korean economic cooperation projects, 45% to humanitarian assistance, and only 2% to socio-cultural cooperation. In terms of actors/stakeholders, more than 79% of IKCF funds were used directly by the Government Sector, while less than 21% were allocated to the Civic Sector. As observed in previous chapters, certain challenges, from the top to the grassroots of South Korean society, were endemic to the IKCF, and critics of the policy of engagement with the DPRK, point to the failure of the functionalist approach to inter-Korean relations (Chun and Kim, 2017; Park, 2002). This thesis, however, moves away from the functionalist debate to explore why the IKCF initiative was not sustainable. Strategic Peacebuilding Theory is used to examine how sustainable peace is achieved through relationship building. Hence, this chapter is focused on answering the following research question:

“Given its goal of supporting sustainable peacebuilding on the Korean Peninsula, what challenges were presented and what were the main achievements of the IKCF?”

7.1 Three Key Gaps in Each ROK Government

The previous chapter traced 30 years of IKCF initiatives by analysing the opinions and perspectives of both Government and Civic Sector stakeholders who participated, and those who have shaped North Korean policy in relation to IKCF initiatives. This reveals the presence of Lederach’s three key gaps, namely: interdependence, justice, and process-structure.
It has been observed that the type and size of these three key gaps varied, depending on the North Korean policy of each successive government, the implementation strategy of the IKCF, and the degree of Civic Sector involvement in inter-Korean relations. As explained in more detail in the following section, the interdependence gap, and the justice gap both appear to have diminished during the Roh Tae-woo Government (1988-1992); the first to establish the IKCF and the first to involve the grassroots in DPRK-ROK relations. Significantly, the Government of Kim Dae-jung (1998-2002), which expanded the IKCF initiative and actively promoted grassroots participation in inter-Korean relations, saw a reduction in all three key gaps: interdependence, justice, and process-structure gap. By contrast, all three key gaps were augmented under the Governments of Lee Myung-bak (2008-2012) and Park Geun-hye (2013-2016), both of which had a low rate of IKCF implementation and ultimately suspended the IKCF initiative. Under the Moon Jae-in Government (2017-2022), however, the ‘justice gap’ was particularly noteworthy. Correspondingly, this study delves into each of these key gaps pertaining to every respective South Korean Government tasked with IKCF implementation.

7.1.1 The Roh Tae-woo Government (1988-1992)

Since 1948, under the National Security Law, which prohibited Civic Sector contact with the DPRK, the ROK government had a monopoly on contact with the DPRK. However, the Inter-Korean Exchange and Cooperation Act and the launch of the IKCF under the Roh Tae-woo Government (1988-1992) approved Civic Sector involvement in inter-Korean relations and participation in the IKCF initiative. In Lederach’s terms this in itself may have reduced the interdependence gap and the justice gap, simply because the space for grassroots activities expanded and the variety of people involved in contact widened as a direct result of the legislation.

Inter-Korean relations, previously a top-down, state-dominated agenda, opened as a result of this legislative change, affording opportunities for grassroots voices to be heard, and their participation
to be acknowledged. In so doing, a vertical relationship between the Government Sector and the middle-level/grassroots in the Civic Sector was created, indicating the possibilities of a bottom-up approach with the potential to enhance inter-Korean reconciliation and galvanise peacebuilding on the Korean Peninsula. South Korean grassroots activists, for the first time able to directly engage in inter-Korean contact, were incentivised to take ownership of peacebuilding, thus affording the South Korean Civic Sector the opportunity, in common with the adversarial society – DPRK, to begin to create horizontal and vertical partnerships within and outside the zone of conflict (See Chapters 4, 5, 6). It is important to state that for Strategic Peacebuilding theory, sustainable peacebuilding is not the exclusive preserve of top-level politicians or high-level bureaucrats, but requires engagement at all levels of society (Mac Ginty and Firchow, 2016, Lederach and Appleby, 2010). Given Lederach’s assertion, grassroots involvement in inter-Korean relations can be viewed as a first step towards sustainable peacebuilding on the Korean Peninsula (Mac Ginty and Richmond, 2013; Philpott and Powers, 2010; Lederach, 2005).

7.1.2 The Kim Dae-jung and Roh Moo-hyun Governments (1998-2007)

The progressive governments of President Kim Dae-jung (1992-2002) and Roh Moo-hyun (2003-2007), with their corresponding philosophy of North Korean engagement, allocated the largest amount of the IKCF for inter-Korean initiatives, more than any other government in history, and are widely regarded as having encouraged the Civic Sector to participate in cooperative projects with the DPRK (See Chapter 5). This strategy is believed to have narrowed all three key gaps: interdependence, justice and process-structure, and a detailed evaluation of how the interdependence gap was reduced will be presented here.

The Interdependence Gap

During this period various inter-Korean cooperation projects promoted the formation of horizontal relations between the two Koreas, while within South Korean society, vertical relations between
the top-level managers and grassroots activists began to develop. This was exemplified by the development of the KIC and the Mt Kumgang Tourism Project, two of the most prominent inter-Korean economic cooperation platforms, which enabled many people to cross the DMZ to meet, engage and communicate.

While 50,000 North Korean workers and 800 South Korean workers and businesses were in daily contact for 11 years at the KIC, communicating and learning about each other’s differences appears to have had a significant impact on perceptions, changing hostile demeanours into friendly attitudes (see Chapters 4 and 5). Although Civic Sector interviewees reported that some North Korean labourers were disguised and were actually from the ‘Workers’ Party of Korea’ or belonged to the State Security Department of the DPRK, even these individuals were observed to have changed their perception of the ROK after frequent contact with South Korean civilians (see Chapter 4). In the case of the Mt Kumgang tourist project, 1.95 million South Koreans were able to visit DPRK for the first time since the Korean Peninsula was divided, and this fundamentally altered their perspective of DPRK (Chapter 4). Consequently, South Koreans had the opportunity to engage with their conflicted neighbour, and develop closer relations, seeing them as compatriots rather than enemies once they stepped onto North Korean soil, an area that had been off-limits for decades (see Chapters 4 and 5).

According to the Contact Hypothesis (Pettigrew, 1998), contact repetition and prolonged contact time are the circumstances of successful efforts to reduce prejudice and stereotyping. One Civic Sector interviewee observed that constant exposure to South Korean tourists changed the attitudes and perceptions of North Korean tour guides (Chapter 5), while research has shown that the outcome of contact with an adversary can provide insights into the out-group as well as within.

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245 The Kaesong Industrial Complex project began in 2000 with an agreement between Hyundai-Asan and the DPRK, and in 2005, ROK companies began moving into the KIC and producing products. In 2016, the ROK government declared a shut-down of the KIC project.
the in-group (Lee, 2012a). Furthermore, North Korean guides at Mt Kumgang were forced to interact with South Koreans on a daily basis, and this interaction was repeated and prolonged. It is, therefore, possible that North Korean guides at Mt Kumgang not only altered their perceptions of South Koreans, but they may also have reflected upon norms and practices prevailing within North Korean society and considered whether this was the only way to maintain, manage and operate their society (see Chapter 5). According to the Contact Hypothesis, when a group is exposed to other groups and contact occurs, they identify that their own group's norms and conventions are not the only way to navigate the social world (Pettigrew, 1998).

Understanding how North Korean attitudes have evolved, however, would require further research, including fieldwork in the DPRK. This is fraught with difficulty and considerable risk, exemplified by the incident of the South Korean tourist who offered the North Korean guide a Bible and told him to believe in God. This is a point of the clash between the DPRK and ROK’s different cultural systems and belief structures (see Chapter 5). A developed understanding of the DPRK as a communist dictatorship which prohibits Christian missionary activity while worshipping the Kim Dynasty could turn this encounter and clash of perceptions into an opportunity for a more comprehensive appreciation of the contrasts between the two authorities which have been trenchantly divided for more than 70 years.

Opportunities for North Koreans to interact with South Koreans who speak the same language can therefore be seen to serve as a catalyst for increasing awareness of external environments (Sung, 2018). Hence, DPRK-ROK contact and the movement of people and information across the border could facilitate the exposure of North Koreans to capitalist ideologies and consumerist behaviour and vice versa (Sung, 2018).

When Hyundai-Asan, the 125 KIC tenants’ companies, and the 33 partners at the Mt Kumgang Tourism Project collaborated with the Government Sector to initiate and develop the KIC and Mt
Kumgang Tourism Projects (Chapter 4), this afforded opportunities for various actors from the Government and Civic Sectors to engage in peacebuilding activities via IKCF initiative, and to gradually create vertical partnerships. The Government Sector includes the Ministry of Unification, responsible for North Korean policy, and the Export-Import Bank of Korea, which administers the IKCF, as well as various other public institutions including; the Ministry of Land, Infrastructure, and Transport, which is responsible for infrastructure development; the Ministry of Culture, Sports, and Tourism, which is responsible for tourism policy; and KEPCO (Korea Electric Power Corporation), Korea Telecommunications, and Korea Tourism Organization, which support infrastructure construction in the Kaesong Industrial Complex and Mt Kumgang tourist region.

In the case of humanitarian food aid to the DPRK, the South Korean government has provided IKCF funding to NGOs supporting the DPRK since 2000, and the Government and Civic Sectors have been able to form vertical relationships and develop vertical capacities (see Chapter 4). In particular, the quick reaction and assistance provided by South Korean CSOs to the Ryongchon disaster in the DPRK in 2004, moved the South Korean government to officially recognise them as partners in its North Korean engagement policy (Moon et al., 2017).

It would appear, however, that the ROK Government Sector has only been able to build relationships with North Korean counterparts in the context of formal dialogue. In contrast, non-governmental organisations (NGOs) working in the Civic Sector have been able to develop more frequent and in-depth interactions with authorities and grassroots actors in the DPRK as a result of providing assistance programmes (see Chapter 5). The following section addresses the development of this horizontal relationship with the DPRK, the opposing side of the conflict.

Civic Sector representatives report that meeting and interacting with North Korean officials dozens of times during their visits, enabled them to develop relationships of trust, learn about cultural differences, and even understand and empathise with their North Korean partners, simply by
looking them in the eye (see Chapter 5). Even the ROK Government Sector has acknowledged that North Korean officials were more comfortable speaking to the South Korean Civic Sector than to South Korean officials (see Chapter 6). NGOs have also been able to reach out to the North Korean grassroots through humanitarian aid, because their work in DPRK, which includes hospital services and nursery centres, is directly connected to the lives of ordinary North Koreans (see Chapter 5). Having said that, DPRK’s closed societal structure has limited its ability to engage. When relations between the North and South Korean governments worsened, however, the ROK Civic Sector was able to serve as a vital bridgehead in the re-establishment of communication, frequently through joint DPRK-ROK events orchestrated by the Civic Sector (see Chapter 5). Consequently, it has been observed that the South Korean Civic Sector may have a greater horizontal capacity to engage with DPRK than the Government Sector.

What is noteworthy about horizontal relationship building, in this case, is that the grassroots or mid-level South Korean Civic Sector made contact and built relations with North Korean officials rather than directly with the ordinary grassroots populace (see Chapter 5). Civil society is not yet known to exist in DPRK, and the North Korean authorities strictly prevent ordinary people from having any contact with the outside world, therefore, the South Korean Civic Sector has had no choice but to engage with North Korean officials while participating in the IKCF initiative. Gordon Allport (1954), who first introduced the Contact Hypothesis in 1954, argued that four factors—equal status, common interests, cooperation, and institutional support—were required to lessen prejudice. According to Allport (1954), the first criterion for effective contact is ‘equal status’ between groups, however, the case of Korea has been different, with the South Korean Civic Sector grassroots primarily forming contact with North Korean Government officials. As a result, in terms of contact quality, the South Korean Civic Sector demonstrates a higher competency than the Government Sector in establishing relationships with North Korean ‘adversaries’. It has also been
observed that the Civic Sector has the potential to have more regular contact and deeper engagement with North Koreans, and as a result, cultivate intimate friendships (see Chapter 5).

According to the Contact Hypothesis, the opportunity to form lasting friendships is the fifth criterion under which contact can have a positive effect (Pettigrew, 1998). Friendship and intimacy between individuals from antagonistic groups are known to contribute to a change in the attitudes of members of one group towards the other group (Bar-Natan et al., 2005). Correspondingly, developing friendships between the people of DPRK and ROK could allow both to move past their animosity and instead work towards reconciliation and integration. More recently, research has revealed a new and significant influence modulating the impact of contact on intergroup attitudes— the value of the contact. Much of the huge amount of contact research demonstrates that contact quality (or favourability) is more significant in altering intergroup views than contact quantity (Dovidio et al., 2017; Voci et al., 2015; Voci and Hewstone, 2003).

In order to reduce intergroup hostility between conflict partners, the positive effects of contact need to spread to the interaction partner and those around him or her (Al Ramiah and Hewstone, 2013). However, inter-Korean contact built up through the IKCF Initiative was not maintained due to changes in the policies of the ROK Government. Additionally, it was difficult to spread the positive effects of contact with the DPRK by South Korean CSOs participating in the IKCF Initiative, including the witnessing of positive change in the perceptions and attitudes of their North Korean counterparts on an individual level, were difficult to share and extend throughout the wider South Korean society (see Chapter 5 and 6). On one level, this was because South Korean CSOs prioritised working within the DPRK and neglected to share their personal experiences with South Korean society, but more importantly, due to the challenging status of the DPRK, on another level, publicly communicating the changing perceptions of the ‘other side’, could endanger their safety and might lead to the breakdown of partnerships altogether (see Chapter 5).
Consequently, another characteristic of the IKCF’s initiatives, is that only South Koreans at the point of contact with the DPRK get to experience and communicate changes in the perceptions and attitudes of their North Korean partners, while the majority of South Koreans remain uninformed of these facts. Despite continuing inter-Korean cooperation initiatives supported by the IKCF, funded by South Korean taxpayers, the only thing the majority of South Koreans are aware of is DPRK’s continued hostility towards the ROK, evidenced by its nuclear missile development programme and its continuing military provocations. Consequently, there is ongoing conflict within South Korean society, between progressive political party supporters who are in favour of engaging with the DPRK through the IKCF initiative, and conservative political party supporters who are opposed to such engagement. Government and Civic Sector interviewees, in this study, identified these internal conflicts in South Korean society over North Korean policy, as a significant obstacle to the continued implementation of the IKCF Initiative (see Chapters 5 and 6). Moreover, both sectors emphasised the need for bipartisan agreement and institutional arrangements between the ruling and opposition parties to guarantee the sustainability of the IKCF initiative (see Chapters 5 and 6).

A theorist and practitioner in the field of peace and conflict studies, Lederach (1999) argues that an ‘interdependence gap’ emerges when a society concentrates on horizontal capacity, i.e., building relationships with the other side of the conflict while neglecting vertical capacity within the social in-group. However, the analysis of the case Korean peninsula demonstrates that the ROK needs to develop a vertical relationship between the top and the bottom of ROK society as well as a sustainable horizontal relationship with the DPRK. The most serious problem, though, is the lack of capacity to develop horizontal relationships within South Korean society rather than with the other side of the conflict, the DPRK. Arguably, this is due to the fact that the political elites at the top level are extremely divided on the issue of engagement with the DPRK through the IKCF, while the middle and grassroots levels of society are also deeply divided in their support for
liberal/progressives and/or conservatives. Jung (2018) criticizes the current lines of confrontation over North Korean policy, in South Korean society, as “a binary conflict of ‘kill or be killed,’ a conflict that has abandoned dialogue and compromise.”

Conflicts inside South Korean society, in particular, are frequently politicised by the political parties and the media, who exacerbate the situation with short-term objectives such as the ‘mobilisation of prejudice’ or the condensing/reduction of debate into ‘left versus right’ and ‘progressive against conservative’ arguments that emphasise attacks upon the other side (Chung, 2018). Clearly, this South-South conflict is one of the greatest obstacles to establishing relationships and sustainable peace with the DPRK. Prior to efforts to the establishment of horizontal relations with DPRK through the IKCF initiative, there is a need for both vertical and horizontal capacity building across the top and grassroots levels of South Korean society.

The Justice Gap

Following consideration of the ‘interdependence gap’, this analysis examines how the Kim Dae-jung (1998-2002) and Roh Moo-hyun (2002-2007) governments mitigated the justice gap through the IKCF initiative as part of its engagement strategy with the DPRK. Firstly, however, the matter of DPRK-ROK separated families, the most vulnerable victims of the structural violence generated by the Korean Peninsula’s division and the ongoing conflict between the two Koreas, needs examination. Although the “Korean War” (i.e., direct military engagement on the Korean Peninsula) ceased in 1953, the subsequent armistice and division of the peninsula prevented North and South Koreans from corresponding or meeting with their families in each disparate authority. Significantly, every successive ROK government has made the issue of ‘separated family reunion’ a top policy priority.

The Kim Dae-jung and Roh Moo-hyun governments (1998–2007) promoted the largest number of ‘separated family reunion’ events, reunited the highest number of families, and allocated the
highest level of IKCF support to ease the suffering of these families (see Chapter 4). The first inter-Korean family reunion event, which took place in 2000 saw separated families crossing the border to meet for the first time since the Korean War. Consequently, the ROK Government’s efforts through the IKCF can be seen to have addressed the suffering of grassroots separated families who spent their entire lives longing for their separated family members in the DPRK. Meeting these expectations itself can be seen as a narrowing of the ‘justice gap’. However, given that this was a one-time event, and there won’t be any opportunities for continuing meetings between separated families from the DPRK and the ROK, the view could be taken that this event potentially heightens expectations and augments the ‘justice gap’ by ultimately disappointing the supposed beneficiaries, through the initiation and then the suspension of contact.

The Contact Hypothesis states that if the right prerequisites for contact are not met, contact may have no influence on the relationship or may even damage it (Lee, 2012a). As already seen in Chapter 4, the 2021 North-South Korean Separated Families Survey found that 19.4% of respondents in the ROK who have had contact with their families in the DPRK no longer want to have further contact with their families in the DPRK (MOU, 2023a).

Family members displaying allegiance to a particular regime or party, for example, may merely reinforce differences by demonstrating political or social prejudices, and may not be able to form family bonds, and this intra-family distance may be difficult to overcome (Park, 2021a). Further study is therefore required to figure out under what conditions contact can truly reinforce negative perceptions with respect to inter-Korean relations.

A further illustration in which a ‘justice gap’ can be addressed, relates to ‘The Inter-Korean Light Industry Raw Materials and Underground Resources Development Project’. This was a significant platform for inter-Korean cooperation in terms of exchanging North Korean mineral resources for South Korean light industry raw materials (see Chapters 4 and 6). The DPRK demonstrated its
willingness to pursue a mutually advantageous cooperative exchange programme, by repaying 3% of the principal amount of a loan for raw materials for light industry provided by ROK in the form of zinc bullion (see Chapters 4 and 6). Through the exchange of light industrial raw materials such as textiles and soap produced by South Korean small and medium-sized enterprises (SMEs) at the grassroots level, the DPRK was able to access commodities previously restricted under sanctions, while the ROK benefited from access to mineral resources which it lacked.

This initiative had the potential to reduce the justice gap between peacebuilding stakeholders by demonstrating the tangible benefits of cooperation in a form that was practical, realisable, and repeatable until the programme was discontinued in 2008 following the ROK’s transition to a conservative government.

**The Process-structure Gap**

The IKCF initiative can be seen to have facilitated the development of inter-Korean relations and the emergence of a sustainable long-term peace structure founded upon economic and social cooperation. Strategic peace scholars observe that conflicted groups may be more interested in working together to build a school or learn a new skill than in dialogue about reconciliation (Schirch, 2004b). Socio-economic cooperation and development aid cannot bring peace on their own, but they can provide a platform for building sustainable ‘relationships’ (Anderson, 1999).

The IKCF initiative was not a high-level political event that ended with a one-off negotiation, it provided both a ‘process’ and a ‘structure’ for ongoing contact and collaboration between the two Koreas. Furthermore, a wide range of stakeholders were involved, so that people in the DPRK and the ROK had the opportunity to learn to respond to each other in terms of an interdependently changing dialogic relationship (see Chapters 4, 5, and 6). In other words, the IKCF initiative narrowed the ‘process-structure gap’ by providing a platform for sustained contact with the DPRK through ongoing relationship development. During the decade of the progressive government
(1998-2007), the IKCF initiative was promoted and the rate of IKCF implementation was increased (see Chapter 4).

7.1.3 The Lee Myung-bak and Park Geun-hye Governments (2008-2016)

However, the conservative governments (2008-2016) of the ROK prioritised resolving political and military issues over dialogue to build relations with the DPRK (Milani, 2018). Given the essential differences in perceptions and approaches to inter-Korean relations, the gap between high-level political and security negotiations, including nuclear negotiations, and non-governmental cooperation became too significant (Buchanan and Kim, 2022). Hence, the IKCF initiative reached an important turning point when the conservative government came to power in 2008, and the rate of IKCF implementation has considerably declined. Consequently, during the Lee Myung-bak and Park Geun-hye Governments (2008-2016), all three key gaps - interdependence gap, justice gap and process-structure gap - were observed to have increased.

Additionally, and tragically, the shooting and killing of a tourist forced the Mt Kumgang Tourism Project to stop in 2008 after running for nine years (MOU, 2009). 2010 also saw the ROK government impose sanctions on DPRK, the ‘May 24 Measure’, in response to the North Korean attack on the South Korean naval vessel Cheonan (see Chapter 4). This restriction included a ban on any joint initiatives, travel to the DPRK, and contact with North Koreans except for projects related to the KIC. As a result, many companies doing business with the DPRK were unable to continue, and NGOs supporting the DPRK were forced to suspend their projects (see Chapter 5). The Civic Sector, angered by the government’s unilateral moves during this policymaking process (see Chapter 5), bemoaned the lack of vertical communication between the stakeholders involved in the IKCF initiative, both the top level and the grassroots, and complained about the government’s

246 During the Lee Myung-bak Government (2008-2012), the five-year average IKCF implementation rate declined to 9.72%. This contrasts to a five-year average implementation rate of 64.7% during the Roh Moo-hyun Government (2002-2007) (see Chapter 4).
unilateral suspension of the Civic Sector’s cooperative projects. This inevitably led to a further
deterioration of vertical relationships and aggravated the interdependence gap.

Kim (2019d) argues that since inter-Korean exchanges and cooperation ceased by the South Korean
government’s ‘May 24 Measure’ in 2010, the peace process on the Korean Peninsula has relied
almost exclusively on high-level dialogue, while contact and exchange between people in the DPRK
and ROK has been restricted, leaving little space for Civic Sector participation, further widening the
interdependence gap. Limiting the contact amongst grassroots, posed a great challenge in their
projects and business. Peace scholar Lederach (1997: 125) firmed this by saying that,

“….peacebuilding must establish concrete linkages between levels of society,
connecting the efforts of higher-level negotiations with mid-level participation
and grassroots programs in the establishment of a social infrastructure to sustain
long-term social change.”

The ROK government’s focus on addressing top-level political and military issues has resulted in the
closure of project sites in the DPRK where the Civic Sector was involved, as well as causing
considerable damage to property belonging to businesses engaged in trade and inter-Korean
economic cooperation (see Chapter 5 and 6). However, the prioritisation of national interests at
the top level has resulted in the collapse of an enabling environment which was conceived to satisfy
material and social demands at the grassroots level. National security concerns surrounding the
ceasefire on the Korean Peninsula, which remains in a de facto state of war, have emboldened the
government to claim full control over the IKCF initiative and IKCF allocation, widening peacebuilding
‘justice gap’ (Buchanan and Kim, 2022).

In addition, the Lee Myung-bak and Park Geun-hye Governments’ decision to suspend contact and
cooperation with the DPRK, a process-structure platform designed to continuously develop and
transform relationships with conflict parties, created a process-structure gap. The closure of the
Kaesong Industrial Complex (KIC) in 2016 was exemplary. The official reason given for this decision was that South Korean money in the KIC was being used to fund North Korean nuclear and missile development (Milani, 2018). Because of the KIC’s abrupt shutdown, businesses were unable to bring back their raw materials and machinery to the ROK, resulting in huge losses (see Chapter 5). With the business community understandably shocked by the government’s unilateral decision to suspend the KIC without prior consultation, this approach of prioritising top-level political interests and military issues, undoubtedly exacerbated the ‘interdependence gap’ and the ‘justice gap’, directly affecting stakeholders in the peacebuilding process on the Korean peninsula (see Chapter 5).

By the time the ROK Government decided to shut down the KIC, inter-Korean cooperation and dialogue had virtually ceased, and the KIC was the only remaining vestige of an “era of inter-Korean cooperation.” When the South Korean Government prioritised its most urgent politico-military goals (structure, outcomes) and terminated all IKCF initiatives, it failed to recognise and strategically sustain cooperation as a ‘dynamic process’. The KIC was a platform that provided a process and structure enabling the two Koreas to work together and communicate in order to form a sustainable relationship; however, the South Korean government’s decision to shut it down left a significant process-structure gap, highlighting Lederach’s prudent advice that peacebuilding should be understood as a “dynamic process of understanding and learning, rather than a static outcome seen as a product and end point” (Lederach, 1997).

The abrupt halt of the IKCF initiative has taken a significant toll on the development of horizontal relations with the DPRK and left the South Korean Government and non-Civic Sectors incapable of implementing the IKCF initiative in a sustainable manner. The cancellation of a project to build a children’s hospital in the DPRK following the shift to a conservative government in 2008, was a typical example of a failure to fulfil a promise to a conflicting party, which led directly to a disruption of trust (see Chapter 6). The ROK’s Unification Ministry and health sector officials dismantled an
entire children’s hospital in the DPRK with the promise of reconstructing it, however, when the country’s government shifted from progressive to conservative, IKCF funding was cut and the hospital’s reconstruction was prevented (see Chapter 6).

Relationships and horizontal capacity with the DPRK were damaged because of broken inter-Korean promises, while humanitarian aid NGOs and businesses were no longer able to collaborate with the DPRK after the election of the conservative government (see Chapter 5). Citing their relationships with North Korean partners as their greatest loss (see Chapter 5), in some cases, humanitarian aid NGOs had prepared documents and agreements with the DPRK, made distribution commitments and arranged for humanitarian aid to be delivered to the DPRK, relying on the Ministry of Unification (MOU)’s promise to allow for the delivery of items for humanitarian assistance, however, the MOU refused to approve the shipment at the last minute (see Chapter 5).

In a similar vein, both the ROK Government and the Civic Sector cite policy fluctuations and unanticipated terminations of IKCF funding for initiatives as challenges to sustainable relationship-building with the DPRK (see Chapters 5 and 6). IKCF implementation data charts the ROK’s inconsistent North Korean policy over three decades (see Chapter 4). Obviously, the DPRK’s violation of the Inter-Korean Agreement, its sporadic military aggressions, and its persistent pursuit of nuclear development posed significant obstacles to inter-Korean relations and undermined confidence. Due to its potential to spread instability and endanger the peace of the Northeast Asian geographical region, Pyongyang’s nuclear and missile programmes are of international concern (Milani, 2018). Nevertheless, it is evident that the ROK government’s policy shifts and unfulfilled promises regarding the IKCF initiative created challenges for horizontal relations and trust-building with an adversarial DPRK.

Peace scholar Lederach (1997: 132) insists that peacebuilding in deeply divided regions is first and foremost about creating an infrastructure that can sustain peace initiatives over time, and that
making a difference over time depends on building institutional capacity. The ROK’s North Korean policy, on the other hand, has fluctuated along with each half-decade government, while both Government and Civic Sectors admit that they neglected to build social consensus and institutionalise the IKCF initiative to support sustainable peacebuilding (see Chapters 5 and 6). Hence, ‘peojoogi (giveaways)’ conflicts grew within South Korean society over the continuance of the IKCF initiative amid North Korean nuclear tests and incidents of military conflict (see Chapter 4).

7.1.4 The Moon Jae-in Government (2017-2022)

Although the Moon Jae-in government (2017-2022) sought to improve inter-Korean relations and made some progress in achieving the inter-Korean summit and the DPRK-U.S. summit, the justice gap among stakeholders who are involved in the IKCF initiative appears to have grown. Despite the summits resulting in high-level inter-Korean political agreements, non-implementation at the lower level has meant that the Civic Sector, in particular, did not feel any tangible change. After a decade of conservative government, there was anticipation that North Korean cooperation would open again with the resumption of humanitarian aid and cooperation projects. However, these expectations remained unfulfilled, leaving the Civic Sector highly critical of the Moon Jae-in government’s approach to the DPRK (see Chapter 5).

The average rate of IKCF implementation under the progressive Moon Jae-in government (2017-2022) has been only 8.2%, lower than the conservative governments of Lee Myung-bak (2008-2012) and Park Geun-hye (2013-2016), which had average implementation rates of 9.72 % and 17.7 %, respectively (see Chapter 4). Strategic peacebuilding scholars argue that peacebuilding efforts

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247 The ideological conflict within South Korean society over humanitarian aid to DPRK is known as the South-South conflict. Critics of humanitarian aid to DPRK have criticised it as ‘peojoogi’ (free giveaways). Criticised ‘peojoogi’ as ‘meaningless giveaways’ to the DPRK, believing that humanitarian aid is not used to improve the quality of life of North Koreans, but is instead used by the North Korean authorities to expand its military, leading to military attacks against the ROK.
should be focused on collaborative procedures for structural change in conflict, rather than relying on political agreements. However, the Moon government endeavoured to address politico-military issues first. Furthermore, sustainable peacebuilding necessitates the involvement of actors from all sectors – political, military, social, and economic – and progress in all areas must be concurrent; no one area can be prioritised (de Coning, 2020; Lederach, 2015; Wallensteen, 2015). In rushing to address top-level issues first, the Moon government failed to establish a space for Civic Sector participation, resulting in a significant justice gap when Civic Sector expectations were unrealised.

The Moon government’s failure to vertically integrate and communicate with the Civic Sector and to win consent at the grassroots, in addition to its failure to create the space for wider participation in inter-Korean relations, appears to have caused both an ‘interdependence gap’ and a ‘process-structure gap’ – two of Lederach’s three key gaps – in peacebuilding through IKCF initiative.

7.2 Lack of Peacebuilding Capacity in South Korean Society

Given the fact that most of the IKCF is funded by government contributions, i.e., people’s taxes, it is crucial that the fund is administered transparently, public consent being the most fundamental pillar of sustainability. However, the most obvious deficiency over the 30 years of the IKCF initiative has been a lack of public consensus on the IKCF initiative. In other words, there is a lack of vertical capacity in South Korean society, which has been evident in the relationships between stakeholders who participated in the IKCF initiative. Sustainable peacebuilding requires not only horizontal capacities, but also vertical relationships which connect participants up and down, and vertical spaces that connect local communities with those who lead higher-level efforts (Lederach, 2005). However, vertical interaction and vertical capacity appear to be very lacking in South Korean society. The fact that the Government Sector spent the amount of IKCF four times more than the Civic Sector is a clear indication of the extent to which South Korean approaches to peacebuilding have
been government-centric. Moreover, 97% of all funding has gone to Government-led economic cooperation and humanitarian assistance, while inter-Korean socio-cultural cooperation projects led by the Civic Sector received only 2% over the past three decades.

Over the past three decades of peacebuilding on the Korean Peninsula, progressive governments have primarily sought to improve inter-Korean relations through dialogue and cooperation. Through the organisation of inter-Korean summits, each progressive government has been able to bring DPRK leaders to the table. However, the non-implementation of agreements reached at the inter-Korean summits in 2007 and 2018 meant that the engagement policy of the progressive governments was unsustainable. While the 2000 Summit was positively evaluated by the Civic Sector for creating a foundation for Civic Sector engagement in order to build relations and to develop mid-to long-term initiatives related to inter-Korean cooperation projects, the evaluation of the 2007 and 2018 Summits was contrastive.

While the 2007 summit between the two Koreas resulted in a detailed agreement on the IKCF initiative, the agreement itself was subsequently disregarded due to presidential change/policy changes. An agreement (‘structure’) once established must be followed by a ‘process’ of continuous implementation, while another ‘structure’ must be established to support the ‘process’, e.g., a framework for social consensus and agreement between ruling and opposition parties. In the context of the 2007 summit, however, there appears to have been a strong focus on the signing of an agreement and a lack of planning for the subsequent steps. In other words, the structure (i.e., result/ final product) was accomplished, but the process (attitude, relationship quality) was not carried forward to the subsequent phases.

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248 In the past 30 years, the amount of IKCF disbursed for the Civic Sector was KRW 1.2497 trillion ($ 1.2497 billion), with a total ratio of 21%, including KRW 123 billion ($123 million) for socio-cultural cooperation, KRW 102.3 billion ($102.3 million) for humanitarian aid to CSOs, and KRW 1.0244 trillion ($1.0244 billion) for insurance and loans for businesses.
One might say that the transition from a progressive to a conservative government in 2008 was a factor in the failure to continue the process of delivering on the agreement. However, the 2018 summit reached a similar point when an agreement (structure) was realised but there was a failure to continue to the following stage of implementation, thwarting the hopes of the Civic Sector for a restart to inter-Korean cooperation (see Chapter 5). In the instance of the 2018 summit, an abrupt end to the dialogue revealed that neither North nor South Korean governments were interested in creating a platform to sustain a relationship-building process (or there was a realisation that it was not feasible). Undoubtedly, unfulfilled summit commitments fuelled further conflict (see Chapter 5) between both the DPRK and ROK and within the ROK society.

Ultimately, for any top-level political agreement to be sustainable, it needs to be supported by people at the grassroots level, mediated via vertical and horizontal societal relationships, which connect the grassroots with ruling and opposition parties at the top level. South-South conflict is arguably the single most significant obstacle to the development of a sustainable North Korean policy; hence, it is necessary to strengthen vertical and horizontal capacity by increasing interaction and building social consensus across South Korean society (see Chapters 5 and 6).

Inter-Korean summit agreements are not the only things that have not been implemented; many other agreements on the IKCF initiative have been signed but remain unfulfilled (see Chapters 5 and 6). Although inter-Korean agreements have been eventually realised, there has been no subsequent action to create the ‘process and structure’ which supports a signed agreement. It is challenging to maintain an IKCF initiative in the absence of public support and/or consensus between the governing and opposition parties.

High-level negotiations, usually focused on agreements and high-profile events, can therefore fail to deliver commitments to sustaining the relationship-building process within a mutually agreed-up structure (Lederach, 1999). In many conflict situations, the signing of a peace agreement tends
to be seen as the closure of a conflict, in actuality it only opens the door to a whole new process of relationship building (Buchanan, 2016).

While some people believe that peacebuilding is primarily the responsibility of just a few prominent political or military individuals and undervalue the capacity for peacebuilding in the public sphere (Lederach, 2005), there are significant challenges in maintaining a sustainable platform for peace without authentic engagement of ordinary people (Lederach, 2005). Hence, the emergence of an ‘interdependence gap’ through a lack of vertical capacity is inevitably linked to the emergence of a ‘justice gap’. Furthermore, due to the tension between representative democracy at the higher level and participatory democracy at the lower level, i.e., between those who view peace as a product (agreement/accord), and those who view peace as a process based primarily on the grassroots (Buchanan, 2016), the justice gap is invariably linked to the process-structure gap. These gaps make it hard for ordinary people to grasp the experience of peace in their daily lives, and due to the fact that the top-level politicians prioritise top-level or national interests, there is a correspondent feeling that those at the top level do not care about the grassroots experience.
Ch 8. Conclusion

This final chapter presents the overall conclusions of this research. It provides an overview of the thesis, its methodology and a summary of the main evidential arguments answering research questions raised in Chapter 1. This chapter also highlights the limitations of Functionalism as a theoretical foundation of the IKCF initiative in the ROK, and suggests ways that Strategic Peacebuilding Theory can address and overcome these limitations. Subsequently, this chapter presents research findings which contribute to the existing academic literature and the field of Strategic Peacebuilding Theory via policy recommendations. Finally, the limitations of this study and future research directions are presented for consideration.

8.1 Research Outline

In exploring the IKCF’s role in promoting sustainable peacebuilding on the Korean Peninsula, this study focused on achievements and challenges, focusing on the stakeholders who participated in the IKCF initiative. It stressed the contribution of the IKCF to building relationships with conflicting parties (ROK/DPRK) over a period of just over 30 years and analysed the unfolding of Lederach’s ‘three key gaps: interdependence, justice, and process-structure’, among actors involved in the IKCF initiative from when it was first launched in 1991 until 2022.

Chapter 1 defined peacebuilding as ‘sustainable relationship building’ between conflict parties, while Chapter 2 presented ‘Contact Hypothesis’ and ‘Strategic Peacebuilding Theory’ as theoretical and investigative frameworks which could readily accommodate Lederach’s notion of three key gaps. Section 3.3 provided clarification of the research scope of the study in relation to IKCF operations, detailing IKCF implementation from 1991 to April 2022, while justifying the exclusion of the Light Water Reactor Construction Project, Redemption of loans and the principal and interest...
of the deposits received from the PCMF (Public Capital Management Fund), and Operating Costs based on finance clarification. Consequently, this research asserts as the basis of its inquiry into the type of projects supported by the IKCF during this period, that only KRW 5.78 trillion ($5.78 billion) representing 34% of all IKCF expenditure, was directly allocated for inter-Korean cooperative initiatives over 30 years.

A review of existing literature revealed that in general, research remains focused upon measures which enhance IKCF transparency and improve its operations to secure resources for future reunification. Consequently, achievements and challenges relating to peacebuilding on the Korean Peninsula mediated through the IKCF, have remained largely unexplored. Interview data, reviewed in Chapters 5 and 6 of this thesis, revealed the extent to which IKCF implementation fluctuated under political pressure over three decades, while Chapter 4 exposed differences in perspectives and inherent tensions between Government and Civic Sector stakeholders over the operation of the IKCF initiative. Chapter 7 details how Lederach’s three key gaps, unfolding among stakeholders involved in the IKCF initiative, impeded sustainable peacebuilding on the Korean Peninsula.

8.2 Summary of the Answers to the Research Questions

In reviewing ROK government IKCF data and collating interviews with 35 participants involved with the IKCF initiative through a qualitative analytical framework, this research found that Lederach’s ‘three key gaps’ were present and verifiable among the actors involved in the IKCF initiative, thereby endorsing Lederach’s argument that sustainable peacebuilding is challenged when these gaps occur.

The study also found that Lederach’s gaps occurred under both liberal/progressive and conservative governments, and revealed that particular gaps were typically associated with each type of government, i.e., progressive or conservative. Hence, the Kim Dae-jung (1998-2002) and
Roh Moo-hyun (2003-2007) governments which maintained an investment in the IKCF platform with correspondingly high IKCF implementation rates saw a decrease in all ‘three key gaps’. On the other hand, the Lee Myung-bak (2008-2012) and Park Gun-hye (2013-2016) governments, which lowered the IKCF implementation rate and effectively discontinued the IKCF platform, saw an increase in all ‘three key gaps’.

During the Moon Jae-in government (2017-2022), a focus on making progress at the highest level via political summits, without any appreciable resumption of the IKCF initiative, exacerbated a ‘justice gap’, due to its failure to create space for the Civic Sector participation, despite success in realising an inter-Korean summit.

Consequently, it can be asserted that maintaining the IKCF initiative, coupled with encouragement of Civic Sector participation, typically reduces inhibitors to strategic peacebuilding such as Lederach’s ‘three key gaps’. Accordingly, a ‘justice gap’ did not emerge when the Kim Dae-jung government (1998-2002) took a top-down approach to shape inter-Korean relations, promoting inter-Korean relations as an outcome of summit agreements, while also encouraging Civic Sector participation in the IKCF initiative. However, the opposite was the case following the 2018 summit when international sanctions and a lack of political will on the part of the Moon Jae-in government inhibited Civic Sector involvement and constrained IKCF implementation.

Clearly, in terms of promoting sustainable peacebuilding, making space for Civic Sector involvement and allowing grassroots/middle tier involvement, ownership and participation in the IKCF initiative can be construed as a deciding factor in addressing Lederach’s ‘three key gaps’. Ostensibly linked to this, Lederach found a further fourth ‘gap’ to be evident, which he termed ‘the authenticity gap’. Accordingly, to make a just peace, he argued that it is crucial to open platforms for ‘authentic public engagement’ (Lederach, 2005).
Evidence of Lederach’s ‘gaps’ occurring within the IKCF initiative presents an uncomfortable scenario for those concerned with strategic peacebuilding. However, in addressing these gaps, possibilities to build relationships with conflict parties and build sustainable peace are created and opened. For example, when Civic Sector participants travelled to the DPRK dozens of times as part of the IKCF initiative and they met partners on the DPRK side, they reported that positive changes were made through ‘contact’. Accordingly, a decrease in mutual hostility and a change in North Korean perceptions and attitudes towards the ROK is evidenced in Civic Sector reports of their meetings with DPRK partners. The positive effect of contact on reducing prejudice and animosity, a facet of strategic peacebuilding foregrounded by the ‘Contact Hypothesis’, can therefore be readily observed within the Korean context.

Until the interview data for this research was collected and analysed, evidence that the ROK Civic Sector had a greater frequency and quality of contact with DPRK people via the IKCF initiative than the ROK Government Sector was unavailable and unknown. Contrarily, the Civic Sector was unable to inform the wider ROK public of their observation that a positive transformation had occurred through ‘contact’, and that this was optimistically reflected in perceptible changes in North Korean attitudes and perceptions. What is clear from these research interviews, however, is that the IKCF initiative provided an ongoing platform for the ROK grassroots participants to engage in peacebuilding through the building of relationships initiated by contact with North Koreans in the DPRK.

The Korean Peninsula has been historically divided for more than seventy years, while the IKCF initiative has only been active for the past ten to fifteen years. Inter-Korean contact by non-governmental agents remains exclusively via this platform. As described in Chapter 4, the average length of the IKCF project duration was 10 years, with the longest-running project (KIC) closing after only 14 years. Moreover, IKCF expenditure was also heavily concentrated in the period from 2000 to 2007. It, therefore, appears that the IKCF initiative’s approximately 14-year tenure, has been
insufficient time for the divided people of ROK/DPRK, estranged for over seven decades, to build a sustainable relationship through ‘contact’. According to Bar-Tal (2009), effective social transformation necessitates a considerable investment of both time and effort, while Lederach comments that it can take ‘as long to get out of an armed conflict as it took to get in’ (1997: 78). Moreover, Kim et al. (2016), acknowledge that bringing about change in ROK/DPRK relations via engagement and cooperation in a period of just over a decade is an extremely difficult task. In considering these arguments, it can be construed that the IKCF has not been effectively or strategically implemented by the ROK during the last thirty years, and consequently, inter-Korean contact has been deficient in terms of building a ‘process-structure’ platform for sustainable relations between the ROK/DPRK.

8.3 Scholarly and Policy Significance

Using Lederach’s ‘three key gaps’ as an analytical instrument this research offers a unique perspective on the IKCF initiative in terms of ‘relationship building’, which is critical for sustainable peacebuilding. This research provides a new understanding of the challenges to sustainable peacebuilding by reflecting the perspectives of stakeholders participating in the IKCF initiative. It should be noted that there has been little previous research that has explored the achievements and limitations of the IKCF in the context of Strategic Peacebuilding Theory.

8.3.1 Strategic Peacebuilding Theory: A Better Understanding of the Limits of Functionalism

Strategic peacebuilding theory and Lederach’s three gaps provide a useful framework for analysing why functionalist based IKCF initiatives have not been sustainable in the context of the Korean Peninsula. Chapter 2 explains how the ROK’s IKCF initiative was introduced on a Functionalist premise. However, while the IKCF initiative provided a platform for the ROK/DPRK to make contact
and build relationships, this proved unsustainable, leading to criticism that a Functionalist approach had limited theoretical validity as a paradigm for peace on the Korean Peninsula.

That said, the failure of the IKCF initiative to achieve peace on the Korean Peninsula was not simply due to the limitations of the functionalist approach as a theoretical paradigm. Driven by successive South Korean governments, the IKCF initiative prioritised the resolution of top-level political and military issues and the inter-Korean summit. These governments failed to realise the potential of the IKCF initiative as a platform for a structured peacebuilding process, advocated by strategic peacebuilding theory, that could respond and adapt to changes in the relationship between the parties to the conflict (Lederach, 1997b). Unilateral decisions to suspend IKCF projects, and the relegation of Civic Sector participation in the IKCF projects to a secondary status, undoubtedly resulted in the emergence of Lederach’s three key gaps (interdependence, justice, and process-structure) among the stakeholders involved in the IKCF initiative in ROK over the past 30 years. This in turn inhibited the propensity for sustainable peacebuilding through the IKCF initiative.

It can therefore be argued that strategic peacebuilding theory framed by Lederach’s three key gaps posits a theoretical framework which provides a better and clearer understanding of the achievements and limitations of peacebuilding through the IKCF initiative in the Korean context, than functionalist approaches.

8.3.2 Lederach’s Three Key Gaps in the Context of the Korean Peninsula

In the context of the Korean Peninsula, while no peace treaty has been signed, Lederach’s three key gaps inhabit and inhibit processes of top-level focused peacebuilding. This prevents the sustainable peacebuilding that Lederach argues should surround and inform any negotiated peace accord.
Lederach explains that, despite the ceremonial endorsement of a peace accord at the higher echelon, a justice gap becomes manifest when the attainment of peace fails to meet the aspirations of those invested at the grassroots level, evidenced by the absence of tangible peace dividends within local communities. Moreover, process-structure gaps materialise when peace accords are perceived as the definitive conclusion of ongoing and inherited peacebuilding endeavours, which frequently overlooks the dynamic nature of peace as an ongoing progression for evolving relationships with the conflicting party (Lederach, 1997b).

In the Korean context, while a peace treaty has yet to be signed, the occurrence of Lederach's three key gaps needs to be understood within the framework of high-level, focused summits and the unilateral termination of IKCF projects by governmental intervention. Consequently, the inter-Korean summit which took place, marred by the failure of Civic Sector interest groups to resume IKCF projects, led to a significant Lederachian justice gap. Additionally, the South Korean government’s prioritisation of security issues and its failure to recognise the IKCF’s status as a process-structure platform for evolving relationships with DPRK, produced the eponymous Lederachian gap. This further exacerbated the already present justice gap, as the loss of projects, work and investment with the DPRK impacted NGOs and businesses. The lack of vertical capacity between the top and middle/grassroots levels in society also created the conditions for a serious interdependence gap, which in turn confabulated with justice and process-structure gaps to form an interconnected and formidable obstacle to Korean peacebuilding initiatives.

To summarise, in the Korean context, the occurrence of Lederach's three key gaps at the top level of monopolised decision making, effectively determined IKCF policy and constrained IKCF activity, whether a peace agreement was signed or not.
8.3.3 Superior Quality of Contact with the DPRK in the Civic Sector

While Lederach (1999) has described horizontal relationships across conflict lines in terms of reciprocal top-level and grassroots-level engagement, in the case of Korea, this study found that ROK Civic Sector grassroots had more frequent and deeper contact with DPRK top/middle-level officials – categorised at a different level – than the ROK Government, thus lending it an advantage when it came to the creation of friendships/partnerships and the building of sustainable relationships.

Encounter and engagement via the IKCF initiative demonstrated the potential of counteracting prejudice and hostility between people from ROK/DPRK through the formation of friendly relations, a process advocated by Contact Theory. What is distinctive about the Korean case, however, is that contact did not occur between ‘equal levels’ as suggested by the ‘Contact Hypothesis’, but between people at ‘different levels’ across the DMZ, (e.g., grassroots participants from the ROK and high and mid-level officials from the DPRK). Moreover, in terms of both setting the frequency and quality of contact with DPRK counterparts, the ROK Civic Sector has been demonstrably superior to the ROK Government Sector.

8.3.4 Government-Civic Gap

Lederach’s gaps aside, another obstacle that impedes IKCF peacebuilding on the Korean Peninsula is the relationship between the Government and Civic Sectors, a challenge that might be referred to as a ‘Government-Civic Gap’. Because of this ‘societal gap’, actors operating at various levels of the Korean Civic Sector have encountered barriers to participation in respect of the IKCF initiative, while also finding it difficult to cooperate with one another because of the competitive conditionality of the Governmental scheme for accessing funds. In acknowledging that the interdependence gap, the justice gap, and the process-structure gap are all interrelated, the ROK
Government-Civic Sector gap, which appears to have exacerbated each of Lederach’s three gaps, needs requisite attention.

Given that there is a demonstrable lack of confidence between the ROK Government and the Civic Sector, and their assessments of one another’s peacebuilding capacity are inconsistent, communication and vertical engagement between actors has proven to be difficult (see Chapters 5 and 6). This can be considered a result of the fact that different viewpoints are held with regard to the IKCF’s role, operations and expenditure. Hence, the Government Sector has insisted on leading the IKCF initiative, while mistrusting the capacity of the Civic Sector to promote peace (see Chapter 6). In the belief that inter-Korean relations and peacebuilding must by necessity be Government-led, concerns have been raised about the possibility that Civic Sector activities may stir up political dispute, reinforcing reticence with regards to Civic Sector involvement (see Chapter 6).

Accordingly, the Civic Sector have pointed out that when applying to the IKCF, governmental insistence on excessive documentation requirements and complex administrative procedures, has impeded progress and created barriers to access (see Chapter 5). Dissatisfaction with their treatment by government officials has prompted the Civic Sector to demand recognition of their partnership role in the building of peace on the Korean Peninsula, and a rejection of attitudes which characterise them merely as recipients of IKCF support (see Chapter 5).

According to Strategic Peacebuilding Theory, a wide variety of actors are required to participate in the process of peacebuilding, hence, it is impossible for high-level actors to build peace unilaterally. However, shared negative perceptions, miscommunication, governmental prioritisation of government/national over grassroots/civic interests, and the government’s unilateral suspension of the IKCF initiative, have all contributed to a broadening of the ‘interdependence gap,’ ‘justice
gap,’ and ‘process-structure gap’ in the course of the process of implementing IKCF initiative in the ROK.

8.3.5 Intra-South Korean Horizontal Gap

Lederach stresses the significance of establishing horizontal capacity to interact with the opposing side of a conflict, in addition to the imperative of building vertical capacity within a community that is encountered in conflict. However, in the case of the ROK, vertical relationships and community trust are not the only problems that need to be addressed. Accordingly, Chapters 5 and 6, reveal a deficiency in the formation of horizontal relationships and interactional capacity within South Korean culture.

Although the IKCF initiative has given grassroots participants opportunities to engage in contact with those deemed to be adversaries, and while favourable changes in North Korean perceptions and attitudes have been observed because of this engagement, situational constraints have meant that these ‘positive’ experiences have not been widely shared throughout the ROK society.

‘Contact Hypothesis’ suggests that the effects of positive contact should extend across an entire group, however, only those actors in the ROK Civic Sector who had direct contact with the DPRK through their participation in the IKCF initiative have experienced the transformative effect of engagement on the perceptions and attitudes of North Korean people. Consequently, Civic Sector participants in the IKCF initiative hold a favourable view of the IKCF initiative and see ‘contact’ as important, while the non-participating public, who are witness only to news reporting on DPRK’s nuclear ambitions, tend to have a negative opinion of the IKCF initiative. Hence, in ROK itself there are deep divisions over IKCF policy, not only between top-level representatives of the ruling and opposition parties but among people at the grassroots level as well. Consequently, it is not only a lack of vertical capacity (Lederach 1999), but also horizontal tensions within the ROK society which
prevent sustainable peacebuilding and inhibit the development of inter-Korean relations via the conduit of the IKCF.

8.3.6 Policy Significance

An analysis of inter-Korean relations has presented the glaring absence of an overarching policy structure. The lack of specialist strategic peacebuilding knowledge and a poverty of understanding in terms of inhibiting factors, discussed previously, stems in part from a deficiency in conceptual strategic peacebuilding thinking due in large part to the non-existence of a coherent governmental policy framework.

Furthermore, the amount of money spent on the IKCF initiative to engage and interact with the DPRK in accordance with the IKCF’s goal is not quite as large as might be expected. This study concludes that only 34% of the total amount of IKCF provided by the ROK government between 1991 and April 2022 was allocated directly to the IKCF initiative. The remaining 54.3% was used to repay the Public Capital Management Fund’s principal and interest, while 8.7% went to the KEDO loan for the Light Water Reactor building project (0.32% for operational costs). 52% of the 34% spent on the IKCF initiative went to economic cooperation, 45% to humanitarian aid, and a mere 2% to socio-cultural cooperation.

Arguably this money was not fully utilised because of the absence of a comprehensive, overarching strategy and lack of a long-term approach in terms of a ROK peace policy. A long-term overarching policy framework is necessary to at least guarantee that scarce resources are not wasted, and that knowledge and experience gained from IKCF operations are not lost. Without such a framework, short-term IKCF initiatives can disappear without any fruitful outcomes, along with much cross-border learning. Successive ROK governments, constrained within five-year terms, and preoccupied with short-term tactical changes, have unfortunately ignored sustainability in terms of certain strategically imperative principles while focusing on electoral policies (Na, 2019; Hong, 2017).
From this research, it is clear that the ROK must reduce the Lederach’s gaps that prevent sustainable peacebuilding. To reduce the interdependence gap, it is suggested that the ROK government should try not to dominate inter-Korean relations or unilaterally decide IKCF policy solely via top-down methods. There is also a need for the ROK government to acknowledge the Civic Sector as a peacebuilding partner who should be encouraged to take ownership of inter-Korean relations. This would strengthen vertical relations and build capacity between the Civic Sector and the government. The key to successful engagement is an appreciation of the interdependence of relationships and an acknowledgement that no one social strata has the ability to provide and sustain peace in isolation (Buchanan, 2016).

Regarding the quality of relationship building and contact with people from the DPRK, it is worth noting that the ROK Civic Sector has been demonstrably more effective than the ROK government when it comes to building relationships and transforming mutual perceptions in terms of the DPRK. Within any society, relationships are built between people who have different thoughts and values, reflecting diverse situations, backgrounds and experiences. To accommodate this heterogeneity in the context of inter-Korean relations, it is necessary, therefore, to coordinate the IKCF implementation and develop the IKCF initiative with a view to promoting the participation of the grassroots Civic Sector. Essentially, when grassroots participation generates a benefit such as a peace dividend from inter-Korean cooperation, this effectively narrows the ‘justice gap’ at the same time. If the ROK government create space for the Civic Sector to participate in the IKCF initiative, instead of prioritising top-level politico-military issues and summits, this can address any justice gap more effectively. Importantly, Schirch (2004) proposed ‘creating space’ as one of the key strategies for peacebuilding. As well as providing physical operational space where people can work and coordinate together, psychological space also needs to be considered so that ordinary people get to experience peace through contact for themselves.
To close the process-structure gap, it is recommended that peacebuilding frameworks should be reoriented towards an understanding of peace as a process of change based on relationship building. Furthermore, the IKCF initiative, (re)conceived as an infrastructure which strengthens the capacity to respond to relational needs, should be supported and developed. To create a ‘sustainable relationship’ with an adversarial DPRK, it is undoubtedly necessary for the ROK to formally adopt a ‘structure’ and continue the ‘process’ of engagement across successive administrations.

It is recommended that IKCF and inter-Korean cooperative projects could serve as this platform, providing a process and structure for creating peaceful inter-Korean relations. Hence, this study argues that what the ROK basically needs is a social consensus to support the IKCF initiative as a platform for processes and structures for sustainable peace. After researching trends in the implementation of the IKCF initiative over the past 30 years, it was observed that IKCF implementation was interrupted by the ROK governmental change. In order to overcome this disconnect, it is important that opposition parties participate in policy directives concerning DPRK and efforts need to be made to allow these voices to be heard and their concerns addressed (Jung, 2022).

Additionally, horizontal capacity needs to be developed throughout South Korean society to build consensus politically and socially around the IKCF initiative. It is important to note that the IKCF initiative and inter-Korean agreements not agreed upon by the wider ROK society were not able to be consistently delivered.

8.4 Limitations and Further Studies

In order to accurately assess the extent to which the IKCF initiative has fostered relations between the ROK/DPRK over the past 30 years and the extent to which prejudices and preconceptions have
been reduced through contact with the other side of the conflict, it is ultimately incumbent upon the researcher to examine the other side of the conflict across the DMZ (i.e., DPRK). Although the IKCF initiative aims to foster peaceful relations with DPRK, it is currently infeasible, however, to conduct on-the-ground research to assess their actual impact and gather data on the experience of its population.

To comprehensively evaluate the role of the IKCF initiative in enhancing inter-Korean relations and to determine the presence of Lederach’s ‘three key gaps, it is imperative that interviews are conducted with individuals from the DPRK. However, strident limitations, such as an inability to travel freely, or for that matter, to freely conduct interviews with North Koreans living in the DPRK, make such an imperative unfeasible and unattainable. Undoubtedly, access to the DPRK would allow for a deeper examination of the achievements and limitations of the IKCF initiative, however, identifying Lederach’s three key gaps in the ROK stakeholders participating IKCF initiative is itself a significant milestone in peacebuilding research.

Over the past 30 years, the IKCF has been implemented in a variety of areas, each providing a space for South Koreans to interact with North Koreans. Although this has included economic and socio-cultural cooperation, the effectiveness of each area of cooperation in terms of shaping relations with DPRK, has been contingent upon a range of localised factors which renders a different impact depending upon the context of implementation. Further research into which areas are more effective in shaping relations with the DPRK is therefore needed, to ensure that scarce resources are directed to more desirable projects and cooperation and engagement are maximised.

While the quality of inter-Korean contact remains to be studied further, research on which areas of contact reduce preconceptions and/or promote positive perceptions and relations is certainly needed too. Accordingly, to resolve conflict and build sustainable relationships, it is important for each side to be able to change their own perceptions of the other, and not to force one side to
change perceptions/attitudes unilaterally. Notably, in the case of separated family reunions, the 19.4% refusal rate of family reunions reflects the generally poor quality of inter-Korean contact (see Chapter 4).

Moreover, in terms of the impact of contact, it is necessary to study under what conditions inter-Korean contact can truly strengthen positive perceptions and mitigate negative perceptions of the adversarial ‘other’. To this end, additional research contextualised in terms of the history of the Korean Peninsula, which includes reference to cultural differences which have grown between the two Koreas after 70 years of division, is needed to fill a sizeable knowledge gap. An expanded interdisciplinary research approach that also provides comparative models of conflicting cultural experiences should be considered to address this deficiency.

8.5 Key Conclusions

There are 7 key conclusions to this study:

First, although the ROK’s IKCF initiative provided a platform to form sustainable relationships and build peace through ongoing contact with the DPRK, the IKCF initiative was not sustainable. ROK-IKCF data shows that the IKCF was not consistently utilised over its term but only rather for around 10 years (1999-2008) in respect of the IKCF initiative.

Second, a critique of the lack of success of the ROK’s IKCF Initiative can be elucidated via the lens of Strategic Peacebuilding Theory. Consequently, the viability of a Functionalist-based IKCF initiative has become eroded by consideration of ‘Lederach’s three key gaps’ which persistently unfolded among stakeholders throughout the course of the last three decades.

Third, various types of gaps have been exhibited by different ROK governments over the past 30 years. Typically, Lederach’s three key gaps decreased under the liberal/progressive governments
that maintained the IKCF initiative, and they increased under the conservative governments that suspended the IKCF initiative. Additionally, the justice gap grew under a government that emphasised top-level political negotiations but failed to resume the IKCF initiative to engage the grassroots Civic Sector.

Fourth, despite Strategic Peacebuilding Theory and the Contact Hypothesis asserting that constituents at the same societal level make contact and form relationships with conflicting counterparts, the case of peacebuilding on the Korean Peninsula via the IKCF initiative clearly demonstrates that people from different societal levels between the two Koreas can effectively make contact, build relationships, and develop friendships, given the opportunity.

Fifth, it is clear that the ROK Civic Sector commands a demonstrably stronger position than the ROK Government Sector when establishing direct relationships with North Koreans due to the superior quality and frequency of contact, when this interaction is supported by a framework such as the IKCF.

Sixth, a horizontal gap exists throughout the ROK, giving rise to conflicts within South Korean society regarding the promotion of the IKCF initiative, thus creating obstacles to securing momentum for the continuance of the IKCF initiative. When the ROK Civic Sector participants were unable to spread optimistic news about the positive outcome of contact with the DPRK citizens to the rest of South Korean society, this created a knowledge vacuum that widened the horizontal divide within South Korean society as a whole.

Seventh, acknowledgement of the existence of a societal ‘Government-Civic gap’ occurring between stakeholders engaged in the IKCF initiative, serves to magnify the negative impact of the ‘Lederach’s three key gaps,’ which in turn impedes the progress of sustainable peacebuilding efforts on the Korean peninsula.
Appendix A  Raising revenue in the IKCF (1991-2022)

In the 30 years from 1991 to the end of 2022, a total of KRW 16.737 trillion ($16.737 billion) was raised for the IKCF revenue (MOU, 2023b). According to the Inter-Korean Cooperation Fund Act, the Fund’s financial resources are composed of contributions by the Government and entities other than the Government, Deposit received from the Public Capital Management Fund (PCMF), and Revenues accruing from the operation of the Fund. Of that total KRW 5.59 trillion ($5.59 billion) was from the government, KRW 9.134 trillion ($9.134 billion) from Deposits received from the PCMF, and KRW 1.17 trillion ($1.17 billion) from other operating income. The primary source of revenue for the IKCF was derived from government contributions and deposits made by public capital management funds. The IKCF exhibits a high degree of reliance on government funding (99.98%), with minimal contributions from ordinary people (0.018%) (Eximbank, 2022a; Unification, 2008).

Figure 6 displays a 30-year trend of the IKCF in the amount of revenue creation. Figure 6’s top line displays the total amount that the IKCF revenue raises annually, while the bottom line displays the

![Graph](image-url)

**Figure 6.** The overall trend of raising the revenue in the IKCF (Source: MOU)
amount that the government contributes to the IKCF revenue. Figure 6 demonstrates how the IKCF revenue’s financing has fluctuated from year to year.

Appendix B  Annual trends of the IKCF’s Expenditure in each inter-Korean Cooperation Project

Figure 7 depicts the time-series pattern of IKCF-funded projects from 1991 to 2022. From 1991 to 2022, a total of KRW 5.811 trillion ($5.811 billion) was allocated to the IKCF cooperative project.

Humanitarian assistance projects to the DPRK began in 1995, followed by economic cooperation and socio-cultural cooperation in 2000. In 2004, the flow of financing for KIC projects started, and the total amount of funding for various inter-Korean cooperation projects reached its highest point in 2007. Since then, it has been steadily decreasing.

From 1991 to April 2022, a total of KRW 5.7785 trillion ($578.5 million) has been allocated to the IKCF cooperative project.
Figure 7 shows a temporary increase in KIC-related fund expenditure in 2016. Funding for economic cooperation projects in 2016 reached a record high of KRW 384.8 billion. The majority of the money, however, KRW 359.4 billion, was used to pay insurance and compensation to enterprises that had participated in North Korean economic activity. Of this amount, KRW 295.353 billion was used for 232 cases of economic cooperation insurance for companies and KRW 64.062 billion for 141 cases of damage support for companies’ investments in the DPRK. So, the actual amount of funding allocated to inter-Korean economic cooperation projects was minimal.

In 2013 and 2018, the amount of funds implemented through the IKCF for economic cooperation also increased, with most being used to support companies involved in inter-Korean economic cooperation and trade, and to support companies involved in Mt Kumgang tourism. As a result, as shown in Figure 7, the Fund has been used for inter-Korean cooperation projects for less than a decade, from 2000 to 2010, in line with the purpose for which it was established.

Appendix C  Allocation of the IKCF for each inter-Korean Cooperative Projects

Figure 8. Allocation of the IKCF for inter-Korean Cooperative Projects (Source: Ministry of Unification)
The graphical representation in Figure 8 illustrates the distribution of funding across various sectors for collaborative projects from 1991 to 2022. The largest portion of the IKCF payments, totalling 52%, or KRW 2.982 trillion ($2.982 billion), went towards inter-Korean economic cooperation, including the KIC project. With KRW 2.588 trillion ($2.588 billion) distributed, humanitarian aid to DPRK made up 45% of the total. The amount of IKCF allocated to inter-Korean socio-cultural cooperation projects accounted for a very small proportion, less than 2%, totalling KRW 123 billion ($123 million). In the unification policy category, the IKCF contributed KRW 84.4 billion ($84.4 million) to the building of the Center for Unified Korean Future, which was aimed at inter-Korean youth meetings.

Appendix D  Humanitarian Aid to the DPRK (1991-2022)

Figure 9. Amount of the IKCF used by each actor for humanitarian support to the DPRK (Unification White paper 2023)
Until 2022, a total of KRW 1.597 trillion was provided by the IKCF in the form of 814.5 billion in free grants and KRW 784.2 billion in loans.

IKCF contributions towards humanitarian support in DPRK by each government are as follows:

- Kim Young-sam – KRW 207 billion,
- Kim Dae-jung – KRW 574.2 billion,
- Roh Moo-hyun – KRW 1.480 trillion,
- Lee Myung-bak – KRW 120.8 billion,
- Park Geun-hye – KRW 41.1 billion, and
- Moon Jae-in – KRW 52.5 billion (excluding the cost of separated family reunion)

As shown in Figure 9, ROK's humanitarian assistance to DPRK began in 1995 with the use of IKCF KRW 182.6 billion ($182.6 million) for 150,000 tonnes of rice. However, government-level food aid to the DPRK was suspended after 1996 due to the DPRK's refusal to engage in dialogue with the ROK. Food aid resumed in 2000 and provided rice and corn to the North until 2007. The South Korean government, through the IKCF, provided food to a total of KRW 110.4 billion, and KRW 798.2 billion in fertiliser to DPRK from 1995 to 2007.

In addition, the South Korean government provided various emergency relief supplies to the DPRK, including those for the 2004 Ryongchon station explosion and flood recovery; the 2005 avian influenza spread; and the 2007 foot-and-mouth disease outbreak. In 2009, a pandemic of swine flu occurred in the DPRK, and the South Korean government allocated KRW 17.9 billion from the fund to provide Tamiflu and other medicines to the DPRK (MOU, 2010).

As shown in Figure 9, the South Korean government provided IKCF to international organisations for humanitarian assistance to DPRK: WFP’s food assistance initiatives, UNICEF’s medical supplies
for children and vulnerable populations, and WHO’s malaria prevention projects, the amount of KRW 209.6 billion from 1996 to 2020.

Appendix E  Supporting the IKCF to South Korean NGOs for Humanitarian Aid towards the DPRK

In terms of the amount of IKCF support to civil society organisations, Figure 10 shows that the Roh Moo-hyun government (2003-2007) allocated the largest amount (KRW 58.9 billion) to civil society organisations. This was followed by the Lee Myung-bak government (2003-2007), which allocated KRW 23.7 billion to civil society organisations. Kim Dae-jung's government (1998-2002) allocated KRW 12.7 billion, while Park Geun-hye's (2013-2017) and Moon Jae-in's (2017-2022) governments each allocated less than KRW 4 billion in IKCF for use by CSOs.
Between 1991 and 2022 April, the South Korean government allocated a total of KRW 112 billion ($112 million) from the IKCF for various initiatives related to family reunions. This financial support was utilized for activities such as organizing face-to-face reunions, facilitating video reunions, arranging reunions in third countries, and establishing reunion centres specifically designed for separated families in Mt Kumgang (MOU, 2023b).
From 2000 to 2018, a total of 20,604 people were reunited through 21 inter-Korean in-person family reunion events. Figure 12 shows that the number of reunions was concentrated during the Kim Dae-jung and Roh Moo-hyun administrations from 2000 to 2007.

Appendix G Inter-Korean Economic Cooperation Project

Figure 13. Percentage of the IKCF used for each inter-Korean Economic Cooperation Project
The inter-Korean economic cooperation projects that used the Fund are broadly divided into rail and road connectivity projects: the Kaesong Industrial Complex; economic cooperation projects in various sectors such as tourism, light industry, and agriculture, loans to private companies; and trade and cooperation insurance (MOU, 2008a). The Korean government had allocated a total of KRW 2.982 trillion ($2.982 billion) in IKCF for inter-Korean economic cooperation projects by April of 2022. Of the funds disbursed for IKCF cooperative projects, the largest share was for economic cooperation projects, accounting for 52%.

As shown in Figure 13, the allocation of the Fund for insurance and loans to other private enterprises accounted for the largest share at 41%, or KRW 1.2345 trillion ($1.2345 billion). Of these, 27% or KRW 818.6 billion of the IKCF was allocated to the Railway and road connection project, 25% or KRW 741.5 billion to the development of KIC, 4% or KRW 131.1 billion to tourism cooperation, and 3% or KRW 81.3 billion for the cooperation project on underground mineral resources for light industry.

Appendix H  Inter-Korean Railway and Road Reconnection Project

Figure 14. Amount of the IKCF used for the Inter-Korean Railway and Road Reconnection Project (Source: MOU)
As depicted in Figure 14, from 2000 to 2009, there was significant IKCF investment in the inter-Korean railway and road connection project. In September 2000, the South Korean government invested KRW 14.6 billion ($14.6 million) in the Gyeongui-line railway link across the western side of the peninsula, and by April of 2022, it had provided a total of KRW 821.1 billion ($821.1 million) through the IKCF to connect inter-Korean roads and railways. The government also attempted to build two inter-Korean rail links on the east and west sides of the peninsula.

Appendix I  Kaesong Industrial Complex

From 2004 to 2022 April, the IKCF implemented a total of KRW 569.2 billion\(^{250}\) to KIC. This amount was distributed as follows: KRW 346.9 billion ($346.9 million) for the construction of fundamental infrastructure for KIC and KRW 222.3 billion ($222.3 million) for loans to businesses. The IKCF provided both grant and loan assistance (Lee, 2013b). Figure 15 demonstrates that between 2004 and 2008, a substantial amount of funds were invested in infrastructure construction.

<table>
<thead>
<tr>
<th>Year</th>
<th>'04</th>
<th>'05</th>
<th>'06</th>
<th>'07</th>
<th>'08</th>
<th>'09</th>
<th>'10</th>
<th>'11</th>
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<th>'17</th>
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<th>'20</th>
<th>'21</th>
<th>'22</th>
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</tr>
</thead>
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<td>17.3</td>
<td>70</td>
<td>76.7</td>
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<td>21.2</td>
<td>9.6</td>
<td>6.4</td>
<td>14.7</td>
<td>9.7</td>
<td>17.9</td>
<td>16.5</td>
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<td>6.2</td>
<td>6.2</td>
<td>6.1</td>
<td>1.5</td>
<td>346.9</td>
</tr>
<tr>
<td>Loan for companies</td>
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<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>55.5</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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<td>6.6</td>
<td>6.1</td>
<td>21.0</td>
<td>569.2</td>
</tr>
</tbody>
</table>

Figure 15. Amount of the IKCF used for the Kaesong industrial complex (Source: MOU)

\(^{250}\) This figure excludes insurance compensation (damage support) made to companies subsequent to the temporary suspension of the Kaesong Industrial Complex in 2013, as well as the full suspension of the KIC in 2016.
The IKCF was used by the government for basic infrastructure facilities to enable the KIC to function. The amount of money spent on KIC infrastructure consists of KRW 15.68 billion ($15.68 million) for the construction of infrastructure such as roads, bridges, water purification plants, and waste treatment facilities; KRW 44.7 billion ($44.7 million) for power and telecommunication connections; and KRW 10.31 billion ($10.31 million) for support facilities such as education centres, fire stations, and hospitals (Lee, 2013b).

A substantial amount of IKCF was provided in the form of loans to assist KIC companies in setting up enterprises. After the initial suspension of the KIC in 2013 and its complete shutdown in 2016, the implementation of the IKCF which provided loans to companies increased. In order for the KIC to operate, infrastructure such as water facilities, wastewater facilities, waste treatment facilities, commuting highways, water supply and sewage, and fire stations were constructed through grant aid (Lee, 2013b). KEPCO251 and KT252 received 80% of the investment amount for KIC’s electricity and telecommunications service as a loan. Furthermore, the South Korean government provided loans via the IKCF to companies moving into the KIC to help them set up their businesses in the early stages.

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251 KEPCO is the abbreviation for Korea Electric Power Corporation. It is a South Korean utility firm that creates, transmits, and distributes electricity throughout the country.

252 Korea Telecom (KT) is a South Korean telecommunications firm that offers a range of telecommunications services.
As shown in Figure 16, the government began implementing KRW 45 billion in loans to finance the Korea Tourism Organization's Mt Kumgang Tourism Project in 2001. By 2014, a total of KRW 130.1 billion had been used from the IKCF to support tourism projects. The amount includes KRW 9.93 billion for the construction of the road to Mt Baekdu’s Road and to repair the runway at Samjiyeon Airport near Mt Baekdu in order to support the development of Mt Baekdu Tourism.

For Mt Kumgang tourism, KRW 34.3 billion was provided free of charge through the IKCF, including KRW 2.7 billion for paving roads in the Kumgang tourist area, KRW 2.2 billion for fire station, and support for tourist expenses.
Appendix K  Number of tourists visiting Mt Kumgang

Figure 17. Number of tourists visiting the Mt Kumgang tourist resort (Unification White Paper 2023)

From 2001 to 2003, the number of tourists went from less than 100,000 to 270,000 in 2004. Up until the Mt Kumgang Tourism Project was halted in July 2008, nearly 2 million ROK tourists had visited the site.

Appendix L  Supporting the Private Business Sector in inter-Korean Economic Cooperation

In October 1999, the Kim Dae-jung government enacted the "Guidelines for Supporting the Inter-Korean Cooperation Fund for Private Sector Economic Cooperation" so as to promote private sector economic cooperation between the two Koreas. This was supported through the offer of loans to South Korean companies (MOU, 2008a). From 2000 through 2022, the total amount of IKCF support to enterprises in the KIC, inter-Korean trading companies, and inter-Korean economic cooperation entrepreneurs in the form of loans or insurance was KRW 1024.4 billion ($1024.4 million).

From 2000 to 2022, IKCF assistance in the form of loans totalled KRW 538.1 billion ($538.1 million) for 471 enterprises. In 2010, the IKCF began providing funding for companies with insurance
schemes; by 2022, 177 companies had received a total of KRW 486.3 billion ($486.3 million) in insurance benefits.

In 2010, KRW 5 billion ($5.24 million) was provided to five companies through the IKCF due to ‘May 24 Measures’; in 2013, KRW 176.1 billion ($176.1 million) was provided to 59 companies due to the suspension of the KIC; and in 2016, KRW 304.8 billion ($304.8 million) was provided to 110 companies due to the shutdown of the KIC.

Appendix M  Inter-Korean Socio-Cultural Cooperative Projects

Between 1991 and 2022, the IKCF allocated a total of KRW 124.6 billion for inter-Korean socio-cultural cooperation. Out of this allocation, KRW 81.7 billion was utilized for various projects related to inter-Korean socio-cultural cooperation. Additionally, a sum of KRW 43 billion was allocated specifically for facilitating human transport between the two Koreas. This allocation was
utilized to support the movement of individuals across the border, allowing for increased interaction and engagement between people on both sides.

Although inter-Korean sports initiatives have experienced ups and downs due to the political and military situation between the two Koreas, they have performed relatively well in comparison to other fields. As of October 2018, there had been 76 cooperative projects. There were two categories of sports cooperation between the two Koreas: "sports friendly competitions" like the inter-Korean unification football tournament and basketball tournament, and "participation in international games" like single team and joined entries.

Since 2005, as inter-Korean exchange cooperation has progressed, the proportion of funding for socio-cultural cooperation, which might lead to sustained cooperative exchange, had increased to more than that allocated for travel (MOU, 2008). As the DPRK and ROK were able to meet regularly, the range of programmes expanded to include culture, art, religion, academia, education, and the media (MOU, 2008). Projects such as the joint compilation of the Encyclopaedia of Korean Folklore in 2004; the joint North-South compilation of the Big Korean Dictionary in 2005; the support for the excavation of the remains of Patriot Ahn Jung-geun in 2006; and the joint North-South excavation of the Kaesong Manwoldae in 2007 were all supported by the IKCF.

Appendix N  Number of people travelling between the DPRK and the ROK

Between 1989 and 2002, the cumulative number of people travelling between the two Koreas, excluding tourism to Mt Kumgang, totalled 1,479,858. Of these, 1,407,695 254 people visited DPRK from ROK, and 9,163 people visited ROK from DPRK, a significant difference.

254 A total of 3,522,980 people travelled between the two Koreas, including tourists from Mt Kumgang, Kaesong, and Pyongyang.
As shown in Figure 19 shows, inter-Korean travel began in 1989, but whilst overall the numbers were small, from 1997 onwards, the number of visitors to DPRK increased, reaching 3,000 in 1999 and exceeding 100,000 in 2006. By 2008, the number of people travelling between the two Koreas reached a peak of 186,775. North Korean visits to ROK, however, peaked at 1,323 in 2005. That said, inter-Korean contacts and exchanges took place in a variety of fields, including economics, sports, religion, culture, and academia (MOU, 2008).

Figure 19 indicates that the number of people travelling between the two Koreas decreased to 76,543 in 2013, because of the temporary suspension of the Kaesong Industrial Complex. This increased again but fell sharply following the closure of the Kaesong Industrial Complex in 2016.
## Appendix O  Expenditure of the IKCF (1991 – 2022)

<table>
<thead>
<tr>
<th>President</th>
<th>Rho Tae-woo (1991~1992)</th>
<th>Kim Young-sam (93~97)</th>
<th>Kim Dae-jung (98~02)</th>
<th>Roh Moo-hyun (03~07)</th>
<th>Lee myung-bak (08~12)</th>
<th>Park Gun-hye (13~17.4)</th>
<th>Moon Jae-in (17.5~22.4)</th>
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<tr>
<td><strong>Total (①~⑦)</strong></td>
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<td>2,131</td>
<td>21,286</td>
<td>57,009</td>
<td>23,662</td>
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<td>-</td>
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<tr>
<td>Etc.</td>
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<td>799</td>
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<td>④ Inter-Korean Economic cooperation</td>
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<td>Railway and Road</td>
<td>-</td>
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<td>1713</td>
<td>5,737</td>
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<td>63</td>
<td>8,212</td>
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<td>KIC</td>
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<td>Tourism project</td>
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<td>279</td>
<td>135</td>
<td>103</td>
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<td>Light industry</td>
<td>-</td>
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<td>694</td>
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<td>-</td>
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<td>Etc.</td>
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<td>723</td>
<td>1,083</td>
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<td>⑤ LWR</td>
<td>9,271</td>
<td>4,473</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>13,744</td>
</tr>
<tr>
<td>⑥ Operating Cost</td>
<td>5</td>
<td>12</td>
<td>18</td>
<td>74</td>
<td>143</td>
<td>128</td>
<td>117</td>
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<td>⑦ Redemption of loans and of the principal and interest of the deposits received from the PCMF</td>
<td>-</td>
<td>-</td>
<td>2,705</td>
<td>25,813</td>
<td>17,491</td>
<td>17,392</td>
<td>20,602</td>
<td>84,003</td>
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Source: Ministry of Unification
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