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Transformation from Conflict to Collaboration through Multistakeholder Process: Shihwa Sustainable Development Committee in Korea

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Abstract

Multi-Stakeholder Process (MSP) is a very sophisticated and complex process where many diverse stakeholder representatives deliberate and negotiate to solve public problems together. While MSPs have been suggested as good governance mechanism in both developed and developing countries, its ideals still obscure than clarify. It is not clear how a MSP can be initiated given power imbalance and lack of trust in a society. It is more challenging for the members of the process to manage complex, volatile, and conflicting situations that are inherent in multiparty negotiations.

The Si-Hwa case in Korea provides many interesting implications as a relatively successful multi-stakeholder process aimed at balancing development and environment around regional development plans. A long-term multi-stakeholder forum (2003-current) involving the government bodies (central and local), state-owned corporations, local politicians, non-governmental organizations has made collective decisions regarding environmental management and regional development projects, and transformed the almost dead Si-Hwa Lake into a lively lake.

The process could be successful mainly because people could transform conflicting countervailing powers into collaborative countervailing ones before and during the process. The sources of collaborative powers are 1) the will of the government to incorporate stakeholder participation due to its poor BATNA (Best Alternative to a Negotiated Agreement), 2) bottom-up initiative from local NGOs, detaching themselves from central NGOs. They have built trust by making the process transparent through its own webpage, establishing consensus-based decision rule, and conducted joint fact-finding process. More interestingly, the members managed the complex process without any help of professional neutrals.

Keywords: Multi-stakeholder process, participatory governance, sustainable development

JEL Code: Z00

Introduction

The Shihwa Sustainable Development Committee (henceforce, the Shihwa Committee) stands apart as a successful experiment in participatory governance from many other similar efforts to engage stakeholders in balancing development and environment in Korea. First, actors around the regional development projects were successful in transforming almost ten-year adversarial conflict into a collaborating process. Given the lack of trust among actors, they could build trust through the process. Second, the breadth and scope of the process distinguish it from other efforts. More than thirty representatives including central government agencies, public corporations, local governments, politicians, environmental NGOs, scientific experts, have dealt with several regional development projects covering multiple local jurisdictions and various environmental pollution issues without any help of professional neutrals. Third, the process that started as an ad-hoc voluntary experiment has been institutionalized by the government as a permanent and legitimate process with a legal mandate due to its success.

Multi-Stakeholder processes (MSPs) as participatory governance tools to resolve conflicts and solve public problems have gained its popularity in some developed countries (Susskind et al., 1999, O' Leary and Bingham, 2003). Also MSPs have been promoted by many international organizations as good governance mechanisms in the field of sustainable development and natural resource management (Grimble and Wellard, 1997; Hemmati, 2002; Steins and Edwards, 1999; Vallejo and Hauselmann, 2004; World Commission on Dam (WCD), 2000).

The ideals of multi-stakeholder process, however, obscures than clarify due to its difficulty in initiating and managing complex processes in reality. Some scholars argue that in many developing countries, in particular, where there are imbalance of power among actors, lack of social capital (or trust) and tradition of collaboration, MSPs that often seek to neutralize differences among stakeholders, have negative consequences for disadvantaged groups due to their limited social status and capacities (Edmunds and Wollenberg, 2001). They are concerned about the potential situations where powerful stakeholders might dominate inside deliberation and negotiation process. Also, MSPs could be utilized just as a forum shopping strategies by powerful participants to manipulate or by weak parties to delay the process.

In this breadth, the case of the Shihwa Committee in Korea provokes some inquiries regarding its initiation and management. The first question is how actors could transform adversarial relationships with no trust into collaborative ones. Fung and Wright (2003) contend that ‘in nearly all contexts significant countervailing power¹ is necessary for participatory governance to yield the benefits for democratic governance,’ because the absence of mobilized power of the weak parties may generate captured sub-government by powerful interest groups (Stewart, 1990) or at best co-opted, participatory window dressing. However, the existence of countervailing power in the forms of adversarial struggle does not translate automatically into successful collaborative governance, because the organizations with adversarial countervailing powers, such as environmental movement groups, ‘are likely to oppose the change from adversarial to collaborative forms of governance.’ (Fung and Wright, 2003: 263). ‘Their capacities and approaches are well adapted to adversarialism, and

¹ Countervailing power is defined as a variety of mechanisms that reduce, and even neutralize, the power-advantages of ordinary powerful actors (Fung and Wright, 2003).

the shift to collaboration may be seen as risky and demobilizing.’ (Fung and Wirght, 2003: 263). In short, the two road varieties of countervailing power – adversarial and collaborative – are not easily converted from one to the other (Fung and Wright, 2003: 266). Thus, this paper intends to answer how actors who are accustomed to adversarial power struggles could transform their game into collaborative ones. And related to the first question, how actors could build trust through the process needs to be explored. Then, this paper deals with the process opportunism of the Shihwa Committee in managing complex issues and fact-finding in multiparty process. Apart from the process management, I try to evaluate in this paper the tangible and intangible outcomes from the Shihwa process. Finally I discuss the implications of the Shihwa case for similar future experiments in Korea and other countries. To introduce the case further, the next section explains the Korean context in terms of development and environment as a backdrop.

The Background

Korean Context

In order to better understand why this specific institution came into being at specific time period and how social actors formulated and carried out collective decision-making, a clear understanding of the context (culture, rules, and history) that governs bureaucracy, as well as a sense of the willingness of citizens to utilize a specific institution is necessary.

South Korea has achieved rapid economic development since 1970s. Korean economic success is based on the development paradigm, propagandized by repressive military regimes since the mid-1960s (Moon and Lim, 2003). It was a dominant concern in policy making that priority should be given to national economic development. Those governments were largely

hands-off regarding issues of the environment (Kim S, 1998). Social fatigue stemming from this “growth first, other values later” principle triggered a painstaking and dramatic transition to democracy in 1987 after 25 years of iron-fisted authoritarian rule (Cotton, 1998) as other values, such as environment, economic justice, labor, and anti-corruption, began to compete against the development paradigm.

During the military regimes of the 1960s through the 1980s, Korean bureaucratic elites played a substantial role in formulating national development strategies (Park 2000; Evans 1995), and the policy process in Korea was not at all participatory. Usually one elite bureaucrat participated in making decisions which were politically endorsed afterward. Business people and professionals were consulted, but they had no direct influence on the articulation of policy.

South Korea has been also quite successful in democratizing its political system and has developed a relatively vibrant civil society in a remarkably short period of time, to the extent that the previous administration (2003-2007) called itself the “participatory government.” However, it has recently been experiencing a drastic increase in public disputes due to enhanced political freedom. The society has not been ready to handle public disputes in sophisticated ways.

For these reasons, South Korea offers a sort of “natural experiment” through which to analyze how to resolve public disputes among many conflicting interests within the capacities of a newly established democracy, and to compare theory to practice. A case study of an multi-stakeholder process at consensus building in resolving a public dispute in a fledgling democracy (whether the attempt succeeds or fails) could be very useful for decision makers in nascent democracies all over the world.

Another context of decision making in Korea is about the time taken to make a decision.

Many public decisions have been made without adequate consideration of its broader societal implications or whether the existing infrastructure can effectively accommodate additional burdens. Strong parties are tempted to proceed without consultation of weak parties.

Lake Shihwa and regional development plans

Lake Shi-Hwa is an artificial lake on the west coast of Republic of Korea, forty km south of Seoul. The 12.6 km seawall (or tidal embankment), built between December 1986 and January 1994 sealed off the mouths of the bay (Figure 1). Sealing off the bay was aimed at reclaiming 133.7 km² lands for farmlands and industrial complexes and creating 42.3 km² of



Figure 1. Lake Shi-Hwa and surrounding region.

a freshwater lake for irrigation in the Shi-Hwa² region of Gyeonggi Province. The watershed area of Lake Shi-Hwa is 294.5 km² where over 0.9 million people lived in the lake watershed in 2005 with 1.2 million more projected by 2020.³

² The bay is surrounded by three local cities in Gyeonggi Province: Shi-Heung, An-San, and Hwa-Sung from northeast to southeast. ‘Shi-Hwa’ was named after the first syllables of the names of the two cities, Shi-Heung and Hwa-Sung.

³ Lake Shi-Hwa has a reservoir volume of 332 million tons with a management water level at -1.0m, a maximum depth of 18 m, and a total seawater flux of 380 million tons per year. The lake has total

Such an ambitious reclaiming project was the byproduct of rapidly developing economy during 1970s and 1980s in Korea. During 1960s and early 1970s, the authoritarian Korean government gave the utmost priority to national economic development and emphasized exports and labor-intensive industries, leading to rapid industrial expansion. Then so-called “Big Push” for heavy and chemical industries since 1973 as the part of the third five-year national economic development plan became the driving force to achieve rapid economic growth rate, but caused the concentration of population and factories in the capital area.

In 1977, the government designated the area adjacent to the bay surrounded by Shi-Heung, An-San and Hwa-Sung as the Special Development Area in order to alleviate the population concentration in the capital area by moving small and mid-size factories from Seoul to that area, and to secure more lands for new factories and residential areas for its workers. According to the Special Development Area, construction of An-San New Residential Town and Pan-Wol industrial complex began in 1977. And, to reclaim more lands for farming and industrial complex, the bay was sealed off with the tidal embankment during 1986 and 1994, creating artificial Lake Shi-Hwa.

Environmental disaster in Lake Shihwa

After the closing of the lake in 1994, its water quality had been rapidly degraded due to insufficient water supply for the lake, the lack of wastewater treatment capacity, and increasing pollution load from the upper watershed, especially waste waters from residential areas, Shihwa and Pan-Wol industrial complexes.⁴ In 1996, daily waste load from Shihwa watershed was 490,000 tons but the capacity of waste treatment facilities in the region fell

water flux of 30 million tons per day with a net rate of seawater inflow of 1 million tons, and the residence time of water in the lake is 300 days.

⁴ In 2006, about 7,200 factories were operating in Shi-Hwa industrial complex.

very short of that amount. Large-scale seawall construction project removed mudflat, reducing the natural pollution-absorption capabilities while blocking seawater inflow. The brackish lake suffered from severe eutrophication, e.g., 17.4 mg/l of annual mean Chemical Oxygen Demand (COD) in 1997, so that even treated water from the lake could not be used for irrigation of agricultural lands (Figure 2).

At that time, Lake Shihwa was literally sentenced to death and was a symbol of environmental disaster in Korea. Water pollution of the lake brought up social and environmental concerns, which led to conflict between the government and angry residents later. Apart from water pollution, air pollution from factory stacks and noisome odor was serious problem to the residents near the lake.

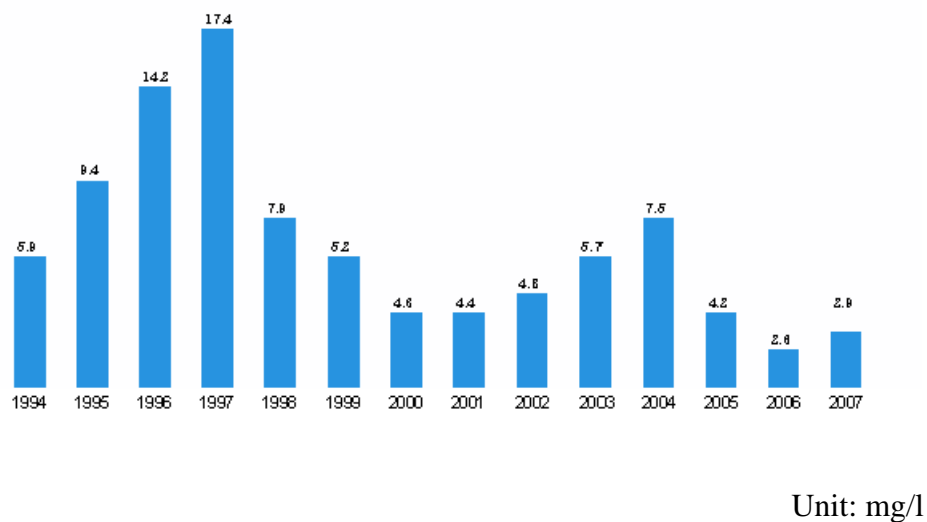


Figure 2. Change of annual mean COD change in Lake Shihwa⁵

Faced with such a serious environmental problem in that region, the government decided to discharge severely polluted water in Lake Shihwa through seawall into the sea in 1996,

⁵ The water quality of Lake Shihwa was improved since the opening of the sluices in January 1999. In order to reduce land-based pollution, the capacity of existing wastewater treatment plants was expanded and a new wastewater treatment plant was constructed.

leading to death of tens of thousands fishes around the bay and fierce resistance from fishermen and environmental groups in that region.

Development of the Conflict

Governemnt response and countervailing power from civil society

In 1997, the Ministry of Environment (MOE) in Korea urgently established and announced a water quality improvement plan to control land-based pollution sources with an investment of 377 million US dollars until the year 2006. The new plan was to revoke the original plan of making the lake an artificial fresh water lake and to change it into a sea water lake by circulating fresh water with sea water through the seawall. Also, the new plan included the establishment of more waste water treatment facilities. And in 1997, seawall was opened to bring a large but steady influx of sea water into the lake.

While the MOE made efforts to deal with environmental crisis in that region, another part of government did not overlook the possibility of development on reclaimed land areas in Lake Shihwa and started to announce its plans consecutively. In 1998, the Ministry of Construction and Transportation (MOCT) revealed its plan to develop additionally reclaimed areas for another large industrial complex and cities. The Ministry of Agriculture (MOA) announced that it wanted to create farmlands on reclaimed areas. In 1999, the Ministry of Marytime Affairs and Fisheries (MOMAF) considered constructing a tidal plant upon the seawall and a new seaport in order to improve water quality and create renewable energy. To maintain at least a moderate water quality of the lake, seawater has been in circulation since January 1999.

The Marine Pollution Prevention Act designated Lake Shihwa as a Special Management

Area in February 2000. However, the high levels of nutrients in the water enhanced phytoplankton growth, thus depleting dissolved oxygen in the bottom water. The water quality of the freshwater reservoir could not be controlled through any countermeasures, due to increasing levels of nutrients entering the waters. On 30 December 2000, the government declared that Lake Shihwa would be managed as a seawater lake rather than fresh water resources for the farmlands.

In the mean time, twelve civil organizations in that region organized a civic coalition called 'Lake Shihwa Civil Coalition of Shi-Heung, An-Sun, and Hwa-Sung region to make Lake Shihwa lively' (henceforth, the Lake Shi-Hwa Coalition) in 1999 and started a systematic campaign against government decisions. For example, they convened a civil forum on Lake Shihwa, where 500 people participated to celebrate 'World Day for Water' on March 22, 1999. Also, they organized a workshop, aimed at formulating their own proposal to construct an eco-park around Lake Shihwa. They explored the area and incidentally found the site for fossils of dinosaurs' eggs in southern reclaimed areas. In 2000, they intentionally derailed official public hearings on farmland development plan by the MOA and organized a mass rally in front of the central government complex in Seoul, Korea.

Facing hostile environmental movement by the Lake Shihwa Coalition, the government tried to involve non-governmental stakeholders in its decision-making processes. Following the decision to manage Lake Shi-Hwa as a seawater body in December 2000, the MOMAF organized local forums where 24 local stakeholders participated in order to establish a comprehensive management plan for the region. The strategic goal of the plan was to establish a management system that encourages participation of local people in the management of the lake. Although the government tried to involve civil societies in its decision making process, it did not include the Coalition members but only experts and

people who had no relationships with the Coalition.

Conflict between development projects and environmental concerns

In September 2000, the MOCT also made an effort to create a comprehensive management plan on Lake Shihwa and reclaimed lands by establishing the Shihwa Region Policy Council (SRPC) that involve central government agencies, local governments, and public corporations. The SRPC commissioned six national think tank institutes to establish a comprehensive management plan for Lake Shihwa region. Its proposal included the Shihwa MTV (Multi-Techno Valley) project to develop 1,048 km² reclaimed area into an industrial complex for cutting-edge technology industries and venture companies, as well as tourism and leisure sites.

The Lake Shihwa Coalition, however, criticized the proposal as another deadly governmental blunder to pollute Lake Shihwa again. The Coalition blocked every step of government decision making processes. The public hearing on the proposal by the MOCT was not implemented due to the protest by the Coalition.

There was no trust between the Coalition and the government. Basically, the Coalition believed that any development plans proposed by the government would exacerbate existing pollution problems around Lake Shihwa and destroy its ecosystem. The Coalition proposed 'water quality improvement first and then regional development later' but the government argued, 'water quality improvement and regional development at the same time.' The unitary and preemptive actions of the government to finalize or implement its plans were delayed due to the resistance from the Coalition. They showed that they had enough countervailing power to fight with the government. While the government even promised that the some portion of the revenues from regional development would be earmarked for environmental management

projects in Lake Shihwa area, the Coalition suspected that the government would show itself as environment friendly at the beginning to kick off the project and then later become passive in environmental management.

The size of the Shihwa MTV project was also controversial. The proposed area for development was 1,048 km² but the Coalition argued that the size was too big. The issue of changing Lake Shihwa from a fresh water body to sea water body was also controversial. The government posited that sea water policy was much more efficient due to enormous costs of purifying polluted water. But, the Coalition argued that, even though they agreed to sea water policy, the polluted water in Lake Shihwa should be purified first before it would be discharged to the sea so that discharged water would not do damage to marine ecosystem and adjacent coastal areas. In 1996, the government discharged the polluted water into the sea and caused fish and shellfish being farmed near the bay to die en masse.

Shihwa Multi-Stakeholder Process

Initiation

One of the main themes of this paper centers on the question of how the multi-stakeholder process could start despite strong culture or norm of unitary decision making inside the government, long adversarial relationships and lack of trust among actors. The question can be divided into two related questions about the change of assumptions and strategies of government agencies who pursued development projects and those of the Shihwa Coalition who mainly relied on adversarial countervailing forces to fight with the government.

First, strong countervailing power against the government existed as an important condition that pressured the government to consider other options to solve the problem than

unitary, preemptive action. Strong resistance from environmental groups through protest and petitions, criticism from politicians and media coverage on the government failure to manage water quality in the Lake Shihwa, and even interrogation of the Board of Audit and Inspection cornered the central government agencies that were responsible for development projects and environmental management. Even the government proposals to improve water quality were not welcomed by the Coalition and the media.

Also, the Coalition realized that the water quality had not been improved at all despite their almost ten year effort to tackle the problem through anti-government campaigns and struggle. But, they did not find any other options but to maintain their adversarial strategies to change the course of the government decision.

Second, while the existence of the countervailing power does not explain how the government and/or environmental groups changed their stance suddenly, there was a meaningful political change in 2003 when a new administration with President Noh, Moo-Hyun launched so-called a 'participatory government' by emphasizing participatory decision-making. Politically the new administration based its resources for power on civil society with more progressive agenda. People affiliated with civil organizations could connect with the senior positions of many government agencies. Countervailing power penetrated into the government organizations too. This overall atmosphere lowered a threshold for government officials to go toward and experiment more inclusive decision-making process much easier than they did in the previous administrations. The fact that government officials of the MOCT first suggested to the Coalition that they should establish a committee to discuss the problems showed new atmosphere inside the government.

Third, however the Coalition did not accept the offer from the MOCT right away, because they did not trust the government and their acceptance could be regarded as their

weakness. Instead, the Coalition proposed a few premises to begin any dialogue. First, any fierce opponents of the government proposals should be included as members of the new committee. Although the government tried to invite civilian members in some efforts in decision making process, the members of the Coalition had always been ignored due to their adversarial attitude and strategies. Second, any decision should be made by consensus rather than a majority rule. Third, the dialogue should be transparent and open to the public through a webpage to update all relevant information on meeting, relevant data, and even recorded voices within meetings. Fourth, experts recommended by the Coalition should be involved to conduct joint fact-findings. Fifth, any talk should start from the scratch. In other words, what the government already decided should be discarded for the talk. Six, all the information about the government project should be shared with participants of the committee. According to the interview with the leader of the Coalition, he did not expect at all that the MOCT would accept such whopping conditions from the Coalition and then, the decline of the MOCT could be utilized to mobilize the Coalition and criticize the government.

However, to his surprise, the most critical moment of the case happened when the government official from the MOCT just accepted all six terms in order to start the discussion. Even if the government took this counteroffer seriously, the Coalition members could not trust the government's decision. They suspected the unusual move of the government. With suspicion, the Coalition decided to establish a new multi-stakeholder process, called 'Shihwa Sustainable Development Committee' on January 16, 2004.

The structure of the process

As important stakeholders, various central government agencies and public corporations were involved in the Committee according to their relevant missions and functions related to the

projects. For example, the MOCT and K-Water (a public corporation under the jurisdiction of the MOCT) took a responsibility of creating Shihwa industrial complex, managing reclamation process, and formulating development plans. The MOA and Korea Rural Community Corporation (a public corporation) had a mission to create farmlands on reclaimed land areas. The Ministry of Commerce, Industries and Energy (MOCIE) and its public corporation parceled out lands for incoming companies. The MOMAF was assigned a task to manage water quality.⁶ In general, the central government agencies posited that the government could develop reclaimed areas and implement water quality improvement projects at that same time. Also, the central government intended to facilitate development projects.

As to local governments, their roles were limited because the projects were designed, financed, and implemented by the central government. They did not play a facilitating role among government agencies and the Coalition. But, they wanted to be involved in any process to make sure that their own interests could be taken into consideration. Their main interests were to improve their environmental quality and increase the opportunity to develop their own jurisdiction economically.

On the first meeting of the Shihwa Committee, they set up a ground rule for the process. Also they specified the purpose of the Committee, which was to make consensual decisions based on information from relevant stakeholders on air and water pollution problem and long-term regional development proposals. The chairman of the Committee was the senior government official from the MOCT for the first couple of meetings. But, since March, 2005, government suggested that the Committee should have two joint Chairpersons from the

⁶ Originally, the MOCT and K-Water had responsibility to manage water quality. But after the government decided to make Lake Shihwa as a sea water body, the Coalition argued that the MOMAF should take a responsibility rather than the MOCT.

government side and civil society respectively. The basic structure of the 1st term of the Shihwa Committee which operated between January, 2004 to April, 2008 is shown in Figure 3 below.

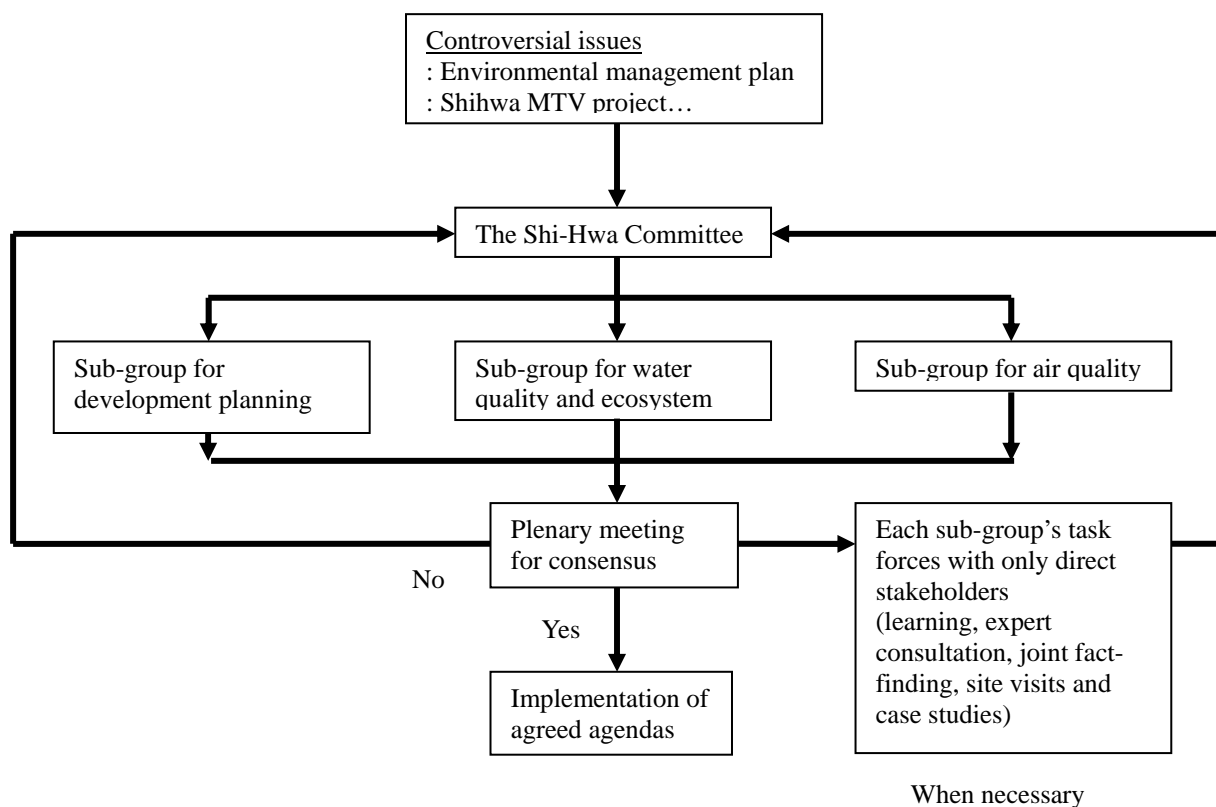


Figure 3. Operational structure of the 1st Shihwa Committee (2004.1 – 2008.4)

A total of 38 members participated in the Committee, including 4 local politicians as board members, 2 joint chairs, 12 government officials from central and local governments, 4 officials from public corporations, and 16 coalition members. Interestingly, participants did not use any professional neutrals such as facilitator or mediator.

The Committee established three sub-groups for air quality, water and ecosystem, and regional development planning. The chairperson for each sub-groups was selected by recommendation of civil organizations, while government officials from the MOCT or K-

Water played as facilitators for each sub-group.

The sub-group for air quality discussed comprehensive policies as to air quality improvements. Those policies include enhanced management of industrial waste incinerator, retrofit of odor-emitting factories, auto emission reduction plans, continuous planting trees, monitoring polluting factories, air quality monitoring, establishment of air quality management funds for the region and so forth.

The sub-group for water quality and ecosystem established the special action plan roadmap for water quality improvement, monitoring waste emission from all factories, operation of roundtable with companies' managers, and restoration of major streams in industrial complex.

The sub-group for development planning continuously deliberated on the land use policies around Lake Shihwa, including Shihwa MTV project, Song-San Green City project, as well as policies to establish ecosystem network, guideline for creation of environment friendly golf courses, conservation plan for fossil sites of dinosaurs' eggs. They also reviewed public transportation system appropriate for southern reclaimed area development, high-voltage transmission line routes, and inspection of local cultural heritage.

Procedural characteristic of the Committee

At the early stage of the Shihwa Committee the Alliance members could not fully trust the government, even if the MOCT surprisingly accepted all the requests from the Alliances as pre-conditions for talk, ranging from representation issue to decision-making rule. According to the interview with the leader of the Coalition, trust between the government and the Coalition members could be built little by little when the Coalition members perceived that the government kept their small promises. For example, when the Coalition requested the

technical and administrative documents about development projects from the MOCT, the government officials responded the request quickly by sending all the relevant documents to the Coalition. This kind of small behavior of the government contributed to building trust among the member of the Committee. One of the agreements at the early meeting of the Shihwa Committee was that the members should not delay implementing the agreements that were implementable. As the members implemented small agreements through the process, they could increase trust level among each other. For example, when they initiated the process, both the government and the Coalition had their own ideas and proposals to begin with. But, they agreed to start discussion from the scratch as if there had been any proposal or discussion before. Then, for about five years during 2004 and 2008, the Shihwa Committee had more than 180 official meetings and hundreds of informal meetings (Table 1).

Table 1. The number of Shi-Hwa Committee meeting (2004-2008)

	Plenary meeting	Sub-group meetings			Task Force
		Urban planning	Air	Water/Ecosystem	
2004	12	8	9	9	
2005	6	16	11	10	8
2006	4	16	7	11	19
2007	4	15	10	11	15
2008	4	13	12	12	17

The Shihwa multi-stakeholder processe is distinct from previous conventional multi-stakeholder processes in Korea in several aspects. First, the Coalition whose memberships are

based on local and regional civil organizations wanted to exclude from the Shihwa Committee the members of relatively large, major environmental NGOs whose headquarters are located in Seoul, the Capital city of Korea. This was a very strange behavior from the perspective of adversarial NGO, because usually NGOs as weak parties need to build more power by making a coalition with strong power outside.

Why then did the Coalition members want to go alone without networking with stronger environmental NGOs? The leader of the Coalition revealed in the interview that he was concerned about the situation when the involvement of large, major environmental NGOs from Seoul might lead the process into deep-value rooted and principle-based conflict rather than problem-solving deliberation. While he did not mention in the interview, I believe that the Coalition members did not have any motivation to stretch out toward other major NGOs because they perceived that they were so empowered already. Also, local members of the Coalition are better positioned to discuss their own local issues with more appropriate information. This local and practical frame rather than national and ideological one provided a source of collaborative countervailing power. However, this practical strategy of the Coalition caused the conflict between NGO communities later.

Second, the organizers of the Shihwa Committee structured deliberation very flexibly into plenary meetings, sub-group meetings, and task force meetings. As in the Figure 3, all members of the Shihwa Committee participated one of the sub-groups or task forces according to their expertises and interests. All the proposals and decisions were discussed for consensus in plenary meetings. This process opportunism contributed to making multi-stakeholder process very efficient and effective. They held six 2-day intensive workshops for the first five years.

Third, when they faced impasse between the members during deliberation, they

extended the meeting time until they finally reached at any conclusion. They called this kind of deliberation as ‘talk it out without deadline until the end’ so that they could have enough debate or discussion to clarify or hammer out any decision. This type of process was also agreed at the first meeting by participants as a ground rule for the process. Consensus as a decision making rule lowered threshold for adversarial members of the Coalition so that they could participate voluntarily in the process. And that could transform adversarial countervailing powers to more collaborative forms of power.

Fourth, the Shihwa Committee decided to have special sessions for learning, so-called ‘Learning without criticism,’ because they acknowledged that conventional deliberation processes prevented them from learning from each other. Usually conflicting parties do not try to acknowledge other parties’ concerns but try to attack other parties. Such criticism begets very defensive strategies. The ground rules for specific learning sessions on controversial issues were that, when experts with conflicting views should be given a full air time for the whole session, audience should not criticize experts but just listen and ask clarifying questions. For example, regarding the issue of whether the reclaimed land should be developed for golf courses, all participants listened to explanation from pro-side experts during a whole day session without any criticism so that they could understand certain design and technologies could minimize environmental damage from building golf courses. And the next day, all participants listened and learned about potential risks and impacts from such golf courses on the region’s ecosystem. In doing so, they learned a lot without undermining other’s ideas and derailing learning process. For the first five years of the process, the Shihwa Committee had 35 learning sessions.

Fifth, the Shihwa Committee established a website as they agreed from the beginning. On the website, they put all kinds of information about all the meetings in the Committee,

including even recorded transcript during the meeting. If the public wanted to know what was happening in the Committee, they could know who participated in which meeting and what they said about which issues. The high degree of transparency could contribute to building trust among the sarcastic Coalition members.

Sixth, even if there was no neutral facilitator or mediator during the process, they managed to conduct complex joint fact-finding. For example, the MOCT originally proposed to develop reclaimed land for the new industrial complex, called 'the Shihwa Multi Techno-Valley (MTV) Project.' Their proposal was to develop the size of 10.46 km². However, the Coalition strongly opposed the new development plan and suggested that the MOCT should reduce the size of the development area to only 3 km². They could not reduce the gap due to conflicting data and adversarial expert's opinions until they decided to commission the joint research where experts from each side participated from the beginning that was funded by the K-Water, a public corporation who was responsible for the construction. The joint research team after long-term study recommended that the government could establish the Shihwa MTV on the size of the land of 9.26 km². The size that they proposed was slightly smaller than that of the original plan of the government, but was much larger than that of the Coalition. But, interestingly, the Coalition members accepted the recommendation from the joint fact-finding team because their own experts also participated in the joint study process from designing research questions to collecting data.

Seventh, the Shihwa Committee was self-governing, adaptive institution. After four year operation of the process, the members realized that any agreement from the Shihwa Committee might not satisfy the general public living in the region because the participants in the Committee might not represent diverse interests of the region. Therefore, the Shihwa Committee reorganized the structure of the Committee since 2008, when the government

acknowledged the contribution from the Committee and promoted its status from an ad-hoc, voluntary process to permanent, legitimate, official decision-making body, which is called the 2nd Shihwa Committee. The Shi-Hwa Committee reorganized its structure as shown in Figure 4 below. They created an advisory board composed of local parliament leaders, changed the name of the subgroup for development planning to urban planning, and merged air and water/ecosystem subgroups into one sub-group and divided the group into small group for each topic. They created the Special Committee for Public Consultation as another sub-group. The main task of the specific subgroup was to consult the general public about any agreement that was formulated by the Shihwa Committee. For example, the Committee for Public Consultation conducted a public poll about their comprehensive proposal on the development of reclaimed area, urban planning, and environmental management and the proposal recorded 87% approval rate from the general public.

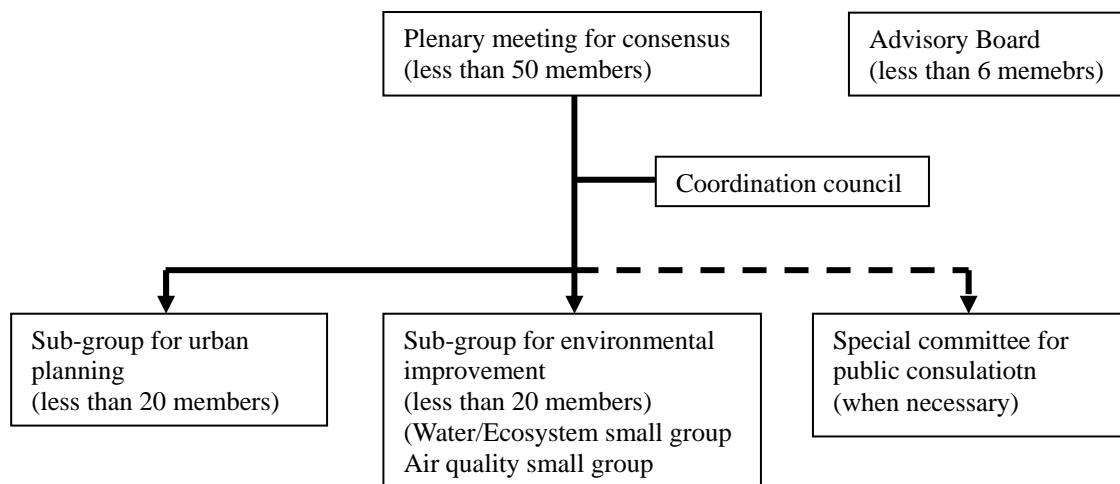


Figure 4. Operational structure of the 2nd Shihwa Committee (2008.4 – current)

Consensus proposals from the process

Through many plenary and sub-group meetings, they deliberated, negotiated and hammered out consensus on many issues. They agreed to the details of environmental improvement plans including water and air quality improvement roadmaps. Also, they discussed how to make development plan the most environmentally friendly. One of the ideas they made consensus was to establish and conserve the ecosystem or habitat (429,000 m²) for migratory birds in reclaimed lands. They agreed to use all revenues from the regional development for environmental management plans for air and water quality improvement in that region.

They revised the original development plan so that incoming industries in the Shihwa Multi-Valley Project should not be general manufacturing ones but cutting-edge, venture companies that would emit less air pollutants. They increased the share of green space out of total development area from 20.3 % (original plan) to 27.5% (the highest percentage in Korea). Also the agreement included the monitoring mechanisms where resident representatives and civil organizations participate to monitor whether the agreement is implemented or not.

The agreement proposal from the Shihwa Committee included many creative ideas to develop the area more sustainably. For example, they agreed to establish the eco-network in Song-San Green City on reclaimed land, through which wild animals could move freely. They formulated stringent guidelines for constructing environment-friendly golf courses around the new city. Also, they decided to conserve the site of dinosaur eggs fossil for eco-tourism and conserve the habitat of narrow-mouth frogs by moving the habitat into another appropriate region.

Evaluation of the Process

Tangible benefits

Formulating consensus on many issues is one thing, and implementing as they agreed is another. Unless they are successful in implementing the agreement and produce tangible benefits, the process cannot be evaluated as successful one.

One of the major purposes and thus evaluating criteria is environmental improvement in the region caused by haphazard government development projects without appropriate environmental control measures. Due to many agreements to utilize financial resources as much as 696 million USD and implementation of the measures, annual mean COD (Chemical Oxygen Demand) concentration in the streams flowing through the industrial complex near Lake Shihwa decreased from 1970 ppm in 2004 to 17 ppm in 2006. And the COD of Lake Shihwa was improved significantly to 2 ppm. As the water quality improved, ecosystem in the region was also revived with more migratory birds and fishes. Accordingly, the image of Shihwa region as environmental disaster has changed gradually as the areas for ecosystem management, leisure, and environmental friendly city. Consequently, US Universal Studio, a large theme park, decided to invest huge amount of money to build a Universal studio in Song-San Green City area, which would be the largest Studio in the world with hotel, outlets, convention center, golf course, Water Park and so on. If the area had still struggled with pollutions, their investment would never be made.

Apart from water quality, the number of complaints on mal odors decreased from 630 cases in 2004 to 190 in 2008. They expected to reduce the air pollution by 50% in Shihwa industrial complex area by 2012.

Intangible benefits

Other benefits from the process are intangible ones that could not be measured with concrete numbers. But, such intangible outcomes are also very important in evaluating multi-stakeholder processes. One of the important intangible benefits is that the Shihwa multi-stakeholder process may become an exemplary case for the government to emulate in their effort to balance environment and development by minimizing public disputes.

It is usually very difficult to change deep-rooted assumptions of the government officials toward a new routine of their decision-making, especially when it is from external sources. A successful precedent of doing something alternative could encourage government officials to follow with more confidence.

Regarding the concept of efficiency, the government officials who participated in the process might have realized that their conventional concept would not work in Korea. Since 1994 for almost ten years, the government could not go further to implement their own decisions due to fierce resistance from the civil society who garnered countervailing power outside the government. They made decisions quickly but could not implement. Although they established the multi-stakeholder process and took four years to make major decisions, however, they could implement quickly without much conflict after that. The government officials in the process finally realized the maxim, 'Go slow to go fast' for themselves. For example, the senior government official who was the chairman of the process became an evangelist to spread the case of the Shihwa Committee to other Ministries and departments by ways of special lectures. He became a strong believer of a multi-stakeholder process.

Challenges during and after the process

The Shihwa multi-stakeholder process was not without difficulty and challenges. First, the

government officials who initiated the process and accepted all the request from the Coalition members regarding the pre-conditions for the process were criticized inside the government by other government officials who were concerned that the government might be regarded as a weak party and that the government gave up their own decision making power mandated by the law. The Coalition leaders who decided to participate in the process were under pressure by their members in the Coalition who were afraid that they might be co-opted by the government strategies.

As the coalition members who actively participated in the process with more practical framework became deeply involved in the self-governance of the process. They sensed that they owned the process, tried to maintain the momentum of the process, and finally supported the outcome from their deliberation. However, some of the coalition members who kept more ideological angles were not satisfied with the outcome that allowed the government to establish another industrial complex on the reclaimed area, because they felt that collaboration meant that they sacrificed what they really believed as good and right. Those members finally walked out from the process and built a coalition with other sympathetic environmental groups to criticize the Shihwa Committee of being captured by the government. But, the fact that all major stakeholders participated and agreed on the decisions gave power for the remaining members to defend their decisions.

Another challenge to the process was due to the lack of experience of the participants in managing multi-party. They were not accustomed to this kind of new processes which might take longer time than they expected. Therefore, the government officials and public corporations became nervous and anxious when the process was too slow and showed no process at all. They felt the urge to be out of the process and went on preemptive action. But they overcame the temptation.

Conclusion

The Shihwa multi-stakeholder process in balancing environment and development in Korea is significant because it set the precedent as the first successful case of consensus based multi-stakeholder decision making process in Korea. The government officials were successful in building trust by accepting the stringent requests from the adversarial coalition members to initiate the process and by implementing small ‘yesses.’ The political environment during the ‘Participatory Government’ contributed to creating atmosphere among the government officials who wanted to experiment with new ways to solve the problems.

The coalition members were also very effective in transforming adversarial countervailing power into collaborative countervailing powers by suggesting many creative mechanisms in the process. In particular, their effort to focus on local and practical problem solving was a critical factor to harness the source of collaborating countervailing power.

This case also suggests that without any laws for conflict resolution that regulate the behaviors of the actors, stakeholders may establish evolving, self-governing institutions to solve their own problems. Also, the case suggests that actors in Korea have capacity to collaborate as long as certain conditions for building trust exist.

However, it took almost ten years for the actors to realize the costs of the ineffective, conventional power struggle and to try a different approach in this case. It took so much time for the situation to be ripe for the multi-stakeholder process. How to shorten the riping period is still a important question. In the same way, we need to understand what prevents actors from experimenting such an alternative process even if they knew about the Shihwa case. Professional neutrals as a resource might be utilized to persuade actors to endorse the multi-

stakeholder process without incurring unnecessary costs from long-term conflicts. Or the certain regulations or laws need to be revised so that the power of the actors should be distributed more evenly to level the playing field.

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