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국제학석사학위논문

**A Comparative Analysis of  
Official Development Assistance(ODA) and  
Corporate Social Responsibility(CSR)**

공적 개발원조(ODA)와  
기업의 사회적공헌(CSR) 간의 비교분석

2016년 8월

서울대학교 국제대학원  
국제학과 국제지역학전공  
마 지 선

Master's Thesis

**A Comparative Analysis of  
Official Development Assistance(ODA) and  
Corporate Social Responsibility(CSR)**

**JeeSun Ma**

Graduate Program in International Areas Studies

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**Seoul National University**

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## **Abstract**

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The Official Development Assistance (ODA) and Corporate Social Responsibility (CSR) have many similarities and dissimilarities, and the biggest difference is that these two differ in managing the effectiveness of their projects. While there is international consensus on managing the effectiveness among the donors of ODA, there is no such discussion or consensus among corporations of CSR from the perspective of development cooperation. Thus, this paper aims to find out what makes this difference between the two by using three analysis standards: the main actor and international organization, international guidelines and effectiveness controlling mechanism. This study shows how type of actor is critical in creating the international organization, which in turn affects establishing the controlling mechanism..

**Keywords** : Official Development Assistance (ODA), Corporate Social Responsibility (CSR), OECD/DAC, International Organization, Effectiveness

**Student ID** : 2014-24309

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# Chapter 1: Introduction

## 1.1 Background

Entering millennium, as the United Nations established the Millennium Development Goals (MDGs) to tackle extreme poverty in many dimensions, social development started to gain more emphasis than it had since 1970s, when the focus of the aid shifted from economic development to poverty reduction<sup>1</sup>. However, both international organizations and donor countries realized that their financial resources such as Official Development Assistance (ODA) are not sufficient to achieve MDGs until 2015.

Consequentially, discussion about exploring the value of non-traditional and innovative financing started at the International Conference on Financing for Development in Monterrey in 2002<sup>2</sup>. Innovative financing actively invites private sector with enormous capital to challenge the global poverty. It includes sources of finance such as air-ticket solidarity levy and Private-Public Partnership (PPP). Additionally, at the World Summit of 2005, international community recognized the important role of private sector in creating the finances for development<sup>3</sup>.

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<sup>1</sup> Sasaki, Ryoh. 2006. "A Review of the History and the Current Practice of Aid Evaluation". *Journal of MultiDisciplinary Evaluation*. September 2006. Number 5.p.66.

<sup>2</sup> European Center for Development Policy Management(ECDPM). 2012. "Reporting on Development: ODA and Financing for Development". ECDPM Final Report. April 2012. p.16.

<sup>3</sup> Ibid. p.17

Among various types of private participations, the PPP is a type of development projects that public sector invites private actors to take part in contributing to the world development. In the extension of PPP that requires joint projects between public and private, there is a voluntary participation of enterprises to fulfill their responsibility to society and that is the Corporate Social Responsibility (CSR). Having gained the modernity since 1950s in the United States, CSR was started to be recognized as one of possible contributing factor to the world development since 2000s<sup>4</sup>.

As a result, the perspectives on CSR have been divided into two sides: traditional business-driven perspective and non-traditional development-driven one. Despite of the fact that the latter one is rarely discussed either in literature or practice, there are many similarities between ODA and CSR in the development field. The first and foremost similarity is that both aim to help the others by conducting various projects in the developing countries. Yet, the follow-up actions of two are clearly different. While ODA has quality control mechanism to manage effectiveness, CSR does not have mechanism for quality control.

In other words, the practitioners of ODA put efforts to manage the effectiveness of the projects, whereas managers of CSR do not have much interest in managing and monitoring the results' of the projects due to lack of

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<sup>4</sup> Carroll, Archie B. 2015. "Corporate Social Responsibility: The Centerpiece of Competing and Complementary Frameworks". *Organizational Dynamics*. p.87-89.

system. For this reason, the effectiveness of the CSR activities in the development field has been questioned by the international community. Thus, this thesis will conduct a comparative analysis of ODA and CSR trying to analyze the reasons for this difference. Accordingly, the research question will be the following: **What makes the difference between the donor countries of the ODA and the corporations of the CSR on how they manage the effectiveness of their projects?**

To answer this question, this paper will be presented in following order. First of all, following the background, two main terminologies will be defined for clarification. Then, chapter two of the literature review part will demonstrate the similar and different natures of two by reviewing the structural relationship, motivations and evolutions of ODA and CSR. Afterwards, a comparative analysis on actor and international organization, international guidelines, and effectiveness control mechanism will be conducted to find what makes the difference between the ODA and CSR. Lastly, the conclusion section will present the summary of analysis, implication and limitation of this thesis.

## **1.2 Definition of Terms**

Although both ODA and CSR in development field aim to improve the welfare of the poor in the developing countries, how people in the field understand and define those two differs. While ODA has one internationally agreed definition, the meaning and the concept of CSR is very controversial among practitioners. Thus, before begins, it is quite important to clarify two most important terms that will be used throughout the paper.

### **1.2.1 Official Development Assistance (ODA)**

There is a key international institution named Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), and OECD/DAC's mission is to mandate international development cooperation affairs. Consequently, there is crystal clear definition and understanding of ODA among practitioners. The OECD/DAC defines ODA as following<sup>5</sup>:

ODA is “provided by official agencies, including state and local governments, or by their executive agencies; and each transaction of which: a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and b) is concessional in character and conveys a grant element of at least 45\* percent for LDCs and

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<sup>5</sup> OECD Website. “Official Development Assistance – Definition and Coverage”. OECD Website. Retrieved on 10 May 2016 from <http://www.oecd.org/dac/stats/officialdevelopmentassistancedefinitionandcoverage.htm>

other LICs, 15% for LMICs and 10% for UMICs<sup>6</sup> (calculated at a rate of “differentiated discount rates, consisting of a base factor, which will be the IMF discount rate (currently 5%\*\*), and an adjustment factor of 1% for UMICs, 2% for LMICs and 4% for LDCs and other LICs<sup>7</sup>”).”

*\*\* The DAC member countries agreed to redefine the definition of ODA at the high level meeting in 2014. Consequentially, the percentages of concessionality have been changed from 25% to 45%\* and 10% to 5%\*, and sub-concessionality accordingly.*

As it is shown in the definition, ODA composes of five elements which are (i) type of flow, (ii) the source, (iii) the recipients, (iv) the development purpose of the transactions, and (v) their concessional character<sup>8</sup>. Since the definition is determined by the OECD/DAC, there is no doubt that everyone who provides and discusses ODA understands it as above. This international agreement on the definition is possible because most of practitioners of ODA are the member of the OECD and because OECD/DAC is in charge of development cooperation affairs. It should be noted that the existence of powerful international organization is important factor for describing the characteristic of ODA.

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<sup>6</sup> DAC. 2014. “DAC High Level Meeting – Final Communiqué”. OECD Conference Centre, Paris. 15 December 2014. Retrieved on 30 June 2016 from <http://www.oecd.org/dac/dac-hlm.htm>

<sup>7</sup> Ibid.

<sup>8</sup> European Center for Development Policy Management(ECDPM). 2012. “Reporting on Development: ODA and Financing for Development”. ECDPM Final Report. April 2012. p.2.

## 1.2.2 Corporate Social Responsibility (CSR)

Without any leading international organization and with countless actors in CSR activities, however, there is no one agreed definition or one globally accepted term describing Corporate Social Responsibility<sup>9</sup>. Yet, there are two undeniable facts about CSR. Firstly, most of existing terms and definitions are originated from the business perspective. For examples, terms such as corporate citizenship, business ethics, and sustainable entrepreneurship reflect CSR's origin in the business. Secondly, the terms and concepts of CSR have evolved throughout time mirroring the changes of society and demands<sup>10</sup>. Thus, as the meanings of CSR change depending on the perspectives, it is very important to clearly define the CSR that will be discussed throughout the paper.

Unlike the definition of ODA, there are various well-known definitions of CSR derived from various international organizations, reflecting different interests. For instance, the World Bank (WB) said that CSR is “the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life, in ways that are both good for business and good for

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<sup>9</sup> Pesmatzoglou, Dimitrios et al. 2014. “Extractive Multinationals and Corporate Social Responsibility : A Commitment towards achieving the goals of sustainable development or only a management strategy?”. *Journal of international Development*. 26. p.189.

<sup>10</sup> Carroll, Archie B. 2015. “Corporate Social Responsibility: The Centerpiece of Competing and Complementary Frameworks”. *Organizational Dynamics*. 44.

development<sup>11</sup>”. This definition of the WB clearly reflects the identity of institution, focusing on the economic development.

On the other hands, the European Commission (EC) has more social- and environmental-oriented definition of CSR. The EC updated its definition of CSR as “the responsibility of enterprises for their impacts on society [, ... and argued that to] fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical and human rights concerns into their business operations and core strategy in close collaboration with their stakeholders<sup>12</sup>”. Functioning as the European Union (EU)’s executive body, the EC emphasizes more comprehensive responsibilities of corporations, not limited to economic responsibility.

In other words, while different definitions of CSR respectively recognize three main domains of responsibility, namely financial, environmental and social, the detailed descriptions differ depending on each viewpoint. Therefore, more precise definition is needed to fit into the development context. Responding to the issue, Visser specifically defines CSR in developing countries as “the formal and informal ways in which business makes a contribution to improving the governance, social, ethical, labor and

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<sup>11</sup> Petkoski, Djordjija and Twose, Nigel ed. 2003. “Public Policy for Corporate Social Responsibility”. WBI Series on Corporate Responsibility, Accountability, and Sustainable Competitiveness. P.1

<sup>12</sup> CSR Europe(The European Business Network for CSR). “New EU Definition on CSR Mirrors Enterprise 2020 aspirations”. Media Releases. CSR Europe Website. Retrieved on 30 June 2016 from <http://www.csreurope.org/new-eu-definition-csr-mirrors-enterprise-2020-aspirations>

environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts<sup>13</sup>”.

By putting more emphasis on multidimensional contribution of business, Visser’s definition not only specifically mentions developing countries but also offers far more comprehensive narrative than that of EC, and this definition is the one that will be used throughout the paper. However, compared to the definition of ODA, it should be noted that two factors lead to difference between ODA and CSR in providing the solid definition based on international consensus. One is a type of actors and the other is the role of international organization, and these will be one of analysis standards.

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<sup>13</sup> Visser, Wayne. 2007. “Revisiting Carroll’s CSR Pyramid: An African perspective”. In Crane, A., & Matten, D. (Eds.). *Corporate Social Responsibility*. London: Sage.

## **Chapter 2: Literature Review**

### **2.1 Theoretical Approaches**

This section is divided into two parts. Firstly, agency theory will be applied to explain the structural relationship within ODA and CSR. Then, different theories will be used to explain different motivations of providing ODA and CSR. By describing the relationships and motivations that ODA and CSR have, this section intends to lay a foundation for understanding how ODA and CSR operate in responding to different interests of various stakeholders.

#### **2.1.1 Principal-Agent Relationship**

Describing the relationship between an owner of the resources (principal) and a practitioner at the field (agent), the agency theory can best illustrate the structural relationship of ODA and CSR<sup>14,15</sup>. Both ODA and CSR have various stakeholders involved and the relationship between the people who actually finance the projects from the beginning and the recipients who actually benefit from the project in the ends is very distant and multi-layered. This distant and indirect relationship is what ODA and CSR have in common within its structural relationship. It is also what makes the two systematically inefficient because there inevitably is information asymmetry between the principal and

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<sup>14</sup> Radelet, Steven. 2006. "A Primer on Foreign Aid". Working Paper Number 92. Center for Global Development. P.12

<sup>15</sup> Ciliberti, Francesco and Haan, Job de et al. 2011. "CSR Codes and the Principal-Agent Problem in Supply Chains: Four Case Studies". Journal of Cleaner Production. 19.

the agent. Thus, it is important to review how this principal-agent relationship affects how both ODA and CSR are structured.

Started originally from the economics to explain the contractual relationship in insurance in 1970s, the agency theory has been not only used to explain the relationship of actors in the CSR<sup>16</sup>, but also applied to the field of development cooperation in order to better understand the relationships of stakeholders and to tackle the problemsarose within the system<sup>17</sup>. However, there has been no or little research done analyzing the relationships of all the stakeholders inclusively<sup>18</sup>. Most of studies are only limited in analyzing the relationship between the donor countries and the developing countries in case of ODA and the relationship between the shareholders and the manger in case of CSR.

Nonetheless, there are various stakeholders for both cases. For example, ODA have tax payers in donor countries, government agencies, recipient governments, international organizations and non-governmental organizations and beneficiaries in developing countries<sup>19</sup> as major players. Similarly, CSR

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<sup>16</sup> Salazar, Jose and Husted, Bryan W. 2008. "Principals and Agents: Further Thoughts on the Friedmanite Critique of Corporate Social Responsibility". In Crane, A. and McWilliams, A et al(Eds). The Oxford Handbook of Corporate Social Responsibility. The Oxford University Press. 2008.

<sup>17</sup> Lee, HwaYoung and Kang, MinAh. 2013. "Roles and Responsibilities of Actors in Development Aid: Applying the Principal-Agent Theory". Korea Society Policy Review. 20. P.80

<sup>18</sup> Ciliberti, Francesco and Haan, Job de et al. 2011. "CSR Codes and the Principal-Agent Problem in Supply Chains: Four Case Studies". Journal of Cleaner Production.19. p.83.

<sup>19</sup> Lee, HwaYoung and Kang, MinAh. 2013. "Roles and Responsibilities of Actors in Development Aid: Applying the Principal-Agent Theory". Korea Society Policy Review. 20. P.79

have shareholders of the corporations, managers, recipient community, non-governmental organizations and beneficiaries in developing countries as key participants.

These multi-layered structural relationships can be interpreted by the agency theory. In case of ODA, the primary principal is the citizen or the taxpayers of the donor countries and the primary agent is the government of the donor countries. Yet, the primary agent government turns into secondary principal when it comes to designing the policy and the international organizations become agents in case of multilateral aid. Then, in implementing the projects, international organizations once again change to become principals and the local organizations or people become agents.

Equivalent mechanism works for the structural relationship of CSR. The primary principal is the shareholders of corporation and the primary agent is the manager of the firm, which turn into principal when planning the activities. Then, non-governmental organizations become the agent to implement the activities. Lastly, the implementing organizations become principal and the beneficiaries become the agent. Likewise, this principal-agent relationship affects all phases of ODA and CSR delivery, which includes designing, implementing, evaluating and allocating<sup>20</sup>.

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<sup>20</sup> Radelet, Steven. 2006. "A Primer on Foreign Aid". Working Paper Number 92. Center for Global Development. P.12

Lately, importance of maintaining the effectiveness of ODA and CSR has been emphasized in the international dialogue. Accordingly, the principal-agent relationship within the ODA and CSR architectures has gained new attention because the physical distance and international dimension within the structural relationship make greater challenges for ODA projects and CSR activities. Mainly caused by information asymmetry and asymmetry in preference, ineffectiveness embedded in the relationship challenges the international community's effort to pursue effectiveness<sup>21</sup>.

Due to this principal-agent relationship, the governments and corporations' decisions change and are determined based on the public and shareholder's opinions. For example, when the citizens who prefer humanitarian aid do not trust the usage of their taxes, the government tends to choose multilateral aid, rather than bilateral aid because multilateral aid is less politicize<sup>22</sup>. Additionally, due to this relationship, it is hard for donor country and corporations to monitor the real implementations of the projects which will benefit the recipients in the developing countries. Thus, this relationship innately influences the structures of the ODA and CSR, thus inevitably affects the effectiveness of the two.

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<sup>21</sup> Lee, HwaYoung and Kang, MinAh. 2013. "Roles and Responsibilities of Actors in Development Aid: Applying the Principal-Agent Theory". Korea Society Policy Review. 20. P.81

<sup>22</sup> Milner, Helen. 2006. "Why Multilateralism? Foreign Aid and Domestic Principal-Agent Problems". Delegation and Agency in International Organizations. Hawkins, Darren and Lake, David et al(ed). P.7

## 2.1.2 Motivations of ODA and CSR

### Official Development Assistance

As the foreign aid is provided within the framework of international relations, motivations of the developed countries for providing ODA to the developing countries can be interpreted mainly by two theories of international relations: realism and idealism. As the main assumptions and arguments of two theories are completely opposite, they represent two contradicting motivations. *Realism*, according to Stupak and Leitner, is “founded on certain basic assumptions about the perpetual conflict among nation states and their national interest, the relative balance of power, and the relationships between intentions and capabilities -the ends and the means- in the making of foreign policy<sup>23</sup>”. In short, realism sees the nation state as a main actor and believes that a state behaves to maximize its self-interest.

Then, a famous realist scholar Hans Morgenthau initiated the discussion of international aid in terms of the international relations. Looking at from realism perspective to understand the motivation of ODA, he argued that foreign aid is a bribe in its nature<sup>24</sup>. One of four core propositions of realism which can explain the motivation of ODA is following: as the international political actors

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<sup>23</sup> Stupak, Ronal and Leitner, Peter. 2001. “Realism Revisited: Philosophical Assumptions, Power Patterns, and American Foreign Policy”. *Journal of Power and Ethics: An Interdisciplinary Review*. 2(1).p.90.

<sup>24</sup> Morgenthau, Hans. 1962. “A Political Theory of Foreign Aid”. *American Political Science Review* 56.02 quoted in Jayaraj, Spadika. 2015. “International Aid: A Critical Assessment of Official Development Assistance”. *The IUP Journal of International Relations*. Vol IX. No.2. p.52

are rational, their self-interests are to be maximized. Realism sees international aid as an instrument of power politics because countries determine their actions based on their interests. The political consideration is thought to be more important than a fight against poverty. Thus, when donor countries provide aid, it is understood that particular aid would benefit the donor and fulfill the national interest of donor countries.

In this regards, countries acting based on realist perspective tend to prefer bilateral aid over multilateral aid because using bilateral aid is much easier to impose its interest upon aid projects and the recipient government<sup>25</sup>. Sagasti argues that bilateral aid is a tool of donor countries' foreign policy and is usually associated with strategic interests and objectives of the donor<sup>26</sup>. Similarly, realism also favors tied aid over untied aid because tied aid can benefits the donor countries' private enterprises. For example, the United States strategically requires food aid to be purchased in the States rather than bought in the recipient's neighboring countries which is cheaper because it can benefit American companies<sup>27</sup>. Likewise, realist donor countries utilize foreign aid based on their national interests and strategies, rather than altruism.

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<sup>25</sup> Milner, Helen. 2006. "Why Multilateralism? Foreign Aid and Domestic Principal-Agent Problems". Delegation and Agency in International Organizations. Hawkins, Darren and Lake, David et al(ed).

<sup>26</sup> Sagasti, Francisco. 2005. "Official Development Assistance: Background, Context, Issues and Prospects". L20 (The G20 at the Leader's Level) Conference Background Materials. p.2

<sup>27</sup> Radelet, Steven. 2006. "A Primer on Foreign Aid". Working Paper Number 92. Center for Global Development. P.7

However, opposite to the realism, *idealism* is based on moral or ethics rather than national interest. The main difference between two theories is that while idealism has ethics as its core assumption, realism does not allow a gap for time, personal, and ethical factors<sup>28</sup>. One of assumptions of idealism that can explain the motivation of ODA is that ideational factors such as motivations, attitudes and the beliefs are the essential driving mechanisms in human behaviors<sup>29</sup>. A prominent idealist David Lumsdaine, according to Tomohisa Hattori, explicitly argued that “foreign aid cannot be explained on the basis of the economic and political interest of the donor countries alone, and any satisfactory explanation must give a central place to the influence of humanitarian and egalitarian convictions upon aid donors<sup>30</sup>”. In short, idealism believes that the international politics is based on morality and ethics.

Idealism believes that the donors’ motivation of providing aid to the developing country is a voluntary expression of altruism based on their ethical decisions. Ideational and ethical values to fight poverty are considered to be more important than political consideration to maximize self-interest. Thus, when idealist donor countries provide aid, it is understood that they are responding to the real needs of the poor. Compared to the realist donor, they

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<sup>28</sup> Stupak, Ronal and Leitner, Peter. 2001. “Realism Revisited: Philosophical Assumptions, Power Patterns, and American Foreign Policy”. *Journal of Power and Ethics: An Interdisciplinary Review*. 2(1).p.89.

<sup>29</sup> Nel, Philip. 1997. “Idealism Resurgent (and What Realist Should Do About It): Ideas and Foreign Aid”. *South African Journal of International Affairs*. 5:2. p.97.

<sup>30</sup> Lumsdaine, David. *Moral Vision in International Politics: The Foreign Aid Regime, 1949-1989*. P.43-5, 116-27, 151-79, 183-90. Quoted in Hattori, Tomohisa. 2003. “The Moral Politics of Foreign Aid”. *Review of International Studies*. 29. P.231.

prefer untied and multilateral aid over tied and bilateral aid in order to prioritize the real needs of the developing countries, rather than their interests.

Unlike bilateral aid that forces recipient government to have direct relationship with the donor, multilateral aid utilizes multilateral organization as an intermediary and thus the relationship between multilateral organization and recipient is less politicized than the relationship between the donor and the recipient. Multilateral aid can be said as a more needs-based aid in its orientation than bilateral aid<sup>31</sup>. Similarly, untied aid does not require any condition and allows recipient governments to freely procure goods and services<sup>32</sup>. Some European countries such as Norway and the United Kingdom do not have any tied aid to benefit their national companies<sup>33</sup> and this indicates that they place the interest of the recipient government before theirs.

**<Table 1. Theoretical Approaches to ODA>**

	<b>Realism</b>	<b>Idealism</b>
<b>Main Actor</b>	State	State
<b>Motivation</b>	Self-interest	Ethics & Moral
<b>Priority</b>	Self-interest	Recipients' Needs
<b>Aid Type</b>	Tied	Untied
<b>Channel</b>	Bilateral	Multilateral

*Source:* Produced by the author

<sup>31</sup> Milner, Helen. 2006. "Why Multilateralism? Foreign Aid and Domestic Principal-Agent Problems". Delegation and Agency in International Organizations. Hawkins, Darren and Lake, David et al(ed).P.5.

<sup>32</sup> OECD Website. "Untied Aid". Development Cooperation Directorate(DCD-DAC). The OECD Website. Retrieved on 20 July 2016 from <http://www.oecd.org/dac/untied-aid/>

<sup>33</sup> Radelet, Steven. 2006. "A Primer on Foreign Aid". Working Paper Number 92. Center for Global Development. P.7

Not surprisingly, realism and idealism are not the only theories to explain the motivations of donors. There are other theories such as constructivism or liberalism that offer different perspective, yet realism and idealism provide the most contradicting interpretations for donors' motivations. Comparing the two, an interesting fact is found. While there is one internationally agreed definition of ODA, there are various theoretical perspectives to interpret motivations of donor countries for assisting the developing countries. If put it differently, it is quite surprising that despite of the fact there are various motivations, practitioners of ODA could successfully agree on establishing one acknowledged definition, which is quite different from CSR case. Why and how could it be possible?

### Corporate Social Responsibility

As it is shown in the presence of numbers of definitions and as Votaw argued, CSR does not always mean same thing to everyone<sup>34</sup>. There are various theories and approaches to describe the motivations of corporations and those are controversial and complex. Thus, Garriga and Mele categorized various motivations of the corporations into four theories: instrumental, political, integrative and ethical theories<sup>35</sup>. Among them, maximization of shareholder approach in instrumental theory and the common good approach in ethical

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<sup>34</sup> Votaw, D. 1972. "Genius Became Rare: A Comment on the Doctrine of Social Responsibility pt 1". California Management Review.15(2).p.25. Quoted in Garriga, Elisabet and Mele, Domenec. 2004. "Corporate Social Responsibility Theories: Mapping the Territory". Journal of Business Ethics. 53. p.51-52.

<sup>35</sup> Garriga, Elisabet and Mele, Domenec. 2004. "Corporate Social Responsibility Theories: Mapping the Territory". Journal of Business Ethics. 53.

theory will be reviewed here as these two depict the most contradicting motivations for performing CSR.

First of all, *the instrumental theory* views corporation as a tool for profiting making and regard pursuing the economic gain as the only social responsibility<sup>36</sup>. Just like how realism sees the ODA, instrumental theory considers corporation's economic interest as a main motivation for practicing CSR activities. Although the correlation is difficult to measure, there are also number of studies that show positive correlations between the CSR and the financial performance<sup>37</sup>. These findings well support the arguments of the instrumental theory.

Within this theory, however, the most extreme case which leans toward the profit-making is the maximizing the shareholder value approach. In this approach, corporation views CSR activities as the investments in social demands to increase the profit to the shareholders rather than their responsibilities to society. In other words, if there is no expected profit or if there is any imposed cost, the company maintaining this approach as a core value would not conduct any CSR activities<sup>38</sup>. Everything is related to the economic gain and this approach considers economic interest as a primary motivation since pursuing the profit is the main reason why corporations exist.

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<sup>36</sup> Garriga, Elisabet and Mele, Domenec. 2004. "Corporate Social Responsibility Theories: Mapping the Territory". *Journal of Business Ethics*. 53. p.52.

<sup>37</sup> Ibid.

<sup>38</sup> Ibid. p.53.

However, *the ethical theory* argues that as ethical values are embedded within the relationship between the society and business, it is corporations' ethical obligation to accept social responsibility<sup>39</sup>. Ethical theory's vision of CSR is similar to how idealists think of ODA. This theory interprets CSR activities as corporations' way of doing the right thing to make society better. Thus, opposite to the instrumental theory, it sees ethical motivation as the primary motivation of corporation for doing CSR. Especially the common good approach within this theory expects the corporations to contribute to the common good of the society where the business is part of<sup>40</sup>. Standing from ethical stance, this approach demands the private enterprises to be the positive contributors.

<Table 2. Theoretical Approaches to CSR>

	<b>Instrumental Theory</b>	<b>Ethical Theory</b>
<b>Approach</b>	Maximization of Shareholder Value	The Common Good
<b>Main Actor</b>	Corporation	Corporation
<b>Motivation</b>	Profit-Making	Ethical Value
<b>Interest</b>	Economic Gain	Rightness

*Source:* Produced by the author

Similar to the ODA case, presenting two most contradicting motivations of corporations, instrumental and ethical theories were reviewed in detailed. However, there are other theories and approaches to understand the motivations

<sup>39</sup> Garriga, Elisabet and Mele, Domenech. 2004. "Corporate Social Responsibility Theories: Mapping the Territory". *Journal of Business Ethics*. 53. P.53

<sup>40</sup> *Ibid.* p.62.

for practicing the CSR. For example, political theory recognizes the power of corporations and emphasizes the responsible use of power. These consider the business as a social institution and stress the power of corporation in society. Since the responsible use of power is important, this theory includes political analysis in the CSR debates<sup>41</sup>.

Another example is an integrative theory which explains how the corporations need to integrate social demands in their business since they are dependent on society for their existences and the growth of firms. This theory focuses on achieving the social legitimacy by meeting the satisfaction of social demands<sup>42</sup>. In other words, just like various CSR definitions, it can be understood that there are various theoretical perspectives to interpret motivations of private enterprises for performing the CSR activities. Compared with the ODA case, another interesting fact can be found. While both ODA and CSR have various motivations, only ODA has one internationally agreed definition and CSR does not have one. Why does it happen? And what would make the difference?

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<sup>41</sup> Garriga, Elisabet and Mele, Domenec. 2004. "Corporate Social Responsibility Theories: Mapping the Territory". *Journal of Business Ethics*. 53. p.55-57.

<sup>42</sup> *Ibid.* p.57-60.

## **2.2 Evolution of ODA and CSR**

Reviewing the structural relationships and different motivations by using various theories is not enough to understand the current status of ODA and CSR. Thus exploring the history is the next step. By examining the historical developments and changes of ODA and CSR respectively, it will not only be able to show how the meaning and concept of the two have changed, but also be able to present difference and similarity within the framework of history. Thus, this section along with the previous one will help detecting some characteristics of both ODA and CSR to be used as analytical standard in the next chapter for further comparative analysis.

### **2.2.1 Evolution of ODA**

The development cooperation began after the World War II when the United States initiated the Marshall Plan to help reconstructing the war-torn Europe<sup>43</sup>. Since then, the international development cooperation quickly widespread to the poorer part of the world and started to invite more participants. In 1950s, while the United States and the Soviet Union competed due to ideological differences, the foreign aid competitively spread to the third world in the form of project-type aid and food aid<sup>44</sup>.

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<sup>43</sup> Sagasti, Francisco. 2005. "Official Development Assistance: Background, Context, Issues and Prospects". L20 (The G20 at the Leader's Level) Conference Background Materials. p.1

<sup>44</sup> Sasaki, Ryoh. 2006. "A Review of the History and the Current Practice of Aid Evaluation". Journal of MultiDisciplinary Evaluation. Number 5.P.62.

In 1960s, the bilateral aid organizations started to emerge rapidly. As a result, although there were only the World Bank and several UN agencies in 1940s, currently there are “more than 20 regional and sub-regional development banks, over 40 bilateral development agencies, the UN family of organizations and thousands of large and small NGOs, and private foundations<sup>45</sup>”. It was then since 1970s that the main focus of aid changed from economic development to poverty reduction. Agricultural development and basic human needs gained importance in the development project.

However, in 1980s, the market-based reform known as the Washington Consensus became dominant factor. This market mechanism brought the rise of non-governmental organizations (NGOs) possible <sup>46</sup> . In 1990s, as the effectiveness of aid was questioned, the OECD/DAC developed DAC five evaluation criteria to be adopted by leading donor countries. Additionally, as many developing countries struggled due to the economic crisis, the focus of aid shifted back to poverty reduction and social changes during this period<sup>47</sup>. Then, at the Millennium Summit in 2000, the world leaders decided to put their

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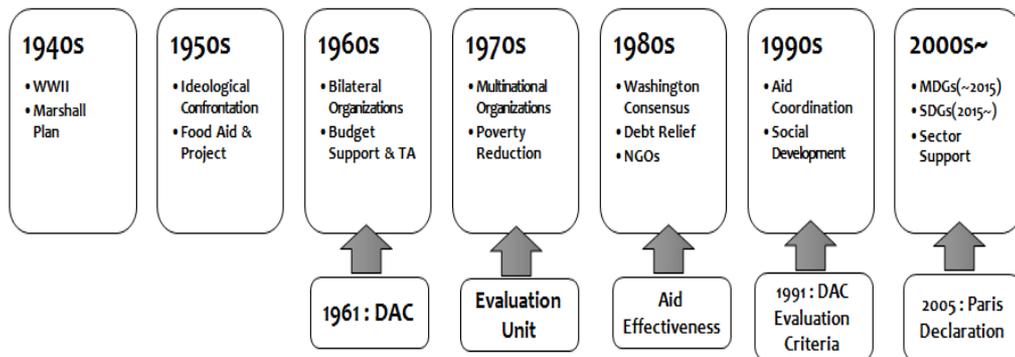
<sup>45</sup> Sagasti, Francisco. 2005. “Official Development Assistance: Background, Context, Issues and Prospects”. L20 (The G20 at the Leader’s Level) Conference Background Materials. p.1

<sup>46</sup> Sasaki, Ryoh. 2006. “A Review of the History and the Current Practice of Aid Evaluation”. Journal of MultiDisciplinary Evaluation. Number 5.P.67.

<sup>47</sup> Ibid. p.69

effort together to reduce extreme poverty known as the Millennium Development Goals (MDGs)<sup>48</sup>.

**<Figure 1. Evolution of ODA>**



*Source:* Produced by the author

The MDGs are the international commitments to address the extreme poverty in many dimensions with the achievement goal year of 2015. These goals have seven categories of indicators and outcomes for the developing countries and eighth category of objectives for the donors<sup>49</sup>. Since the establishment, the MDGs provided the main principles and guidelines for donors in practicing the ODA. Moreover, to better improve the effectiveness of the aid, more than 100 developed and developing countries agreed on the Paris Declaration on aid effectiveness at the second High Level Forum held by OECD in 2005.

<sup>48</sup> Millennium Project. "What they are". Millennium Project Website. Retrieved on 22 May 2016 from <http://www.unmillenniumproject.org/goals/>

<sup>49</sup> Sagasti, Francisco. 2005. "Official Development Assistance: Background, Context, Issues and Prospects". L20(The G20 at the Leader's Level) Conference Background Materials. p.2

The Paris Declaration is a “practical, action-orientated roadmap to improve the quality of aid and its impact on development”<sup>50</sup>. Having five principles of ownership, alignment, harmonization, managing for result and mutual accountability, it establishes international monitoring system to hold each other accountable. Nevertheless, the international community was not successful in meeting all the indicated targets by 2015 and it newly adopted the Sustainable Development Goals (SDGs) in 2015. It should be noted that it was more than 50 years later when the effectiveness of aid was began to be questioned and the effectiveness controlling mechanism was established. What would made it possible, other than its long history?

### **2.2.2 Evolution of CSR**

The root of Corporate Social Responsibility (CSR) could trace back hundreds of years in terms of its philanthropic characteristics. However, it has been only after 1950s that CSR started to capture its modern concept. The idea of modern CSR was firstly stimulated by an American economist named Howard Bowen. He made managers to think about their roles and responsibilities in society in 1953. As the modern CSR began in the United States and spread to other part of the world, the review of history of CSR should be started from the States.

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<sup>50</sup> OECD. 2005. “The Paris Declaration on Aid Effectiveness: Five Principles for Smart Aid”. OECD.

After its birth, the modern CSR was encouraged by various social movements including consumer and environmental movements in the States in 1960s<sup>51</sup>. As public awareness and expectation regarding firms' social responsibility increases, the business needs to take non-traditional stakeholders into consideration to fulfill their responsibility. It marked another beginning of the modern CSR movement. In 1970s, as the U.S. governments established the institutions and regulations, the business made its changes accordingly and responded to social and public issues.

Then, as a result of business ethics scandal in 1980s, public became more aware of illicit behaviors of corporations than of their philanthropic activities. Globalization, institutionalization and strategic reconciliation in 1990s further affected the spread and development of CSR. It was during this time that "CSR was exported abroad as global capitalism expanded rapidly<sup>52</sup>". It should be noted that while the concept and meaning of CSR gradually evolve throughout the time as the society itself and the demands from the society change, the essence of corporate having responsibility to society remains nevertheless.

For this reason, entering 21<sup>st</sup> century, CSR has caught attention as one of innovative financial resources to fight world poverty in the midst of achieving MDGs. International community began to expect business to contribute in targeting development challenges such as poverty alleviation and building

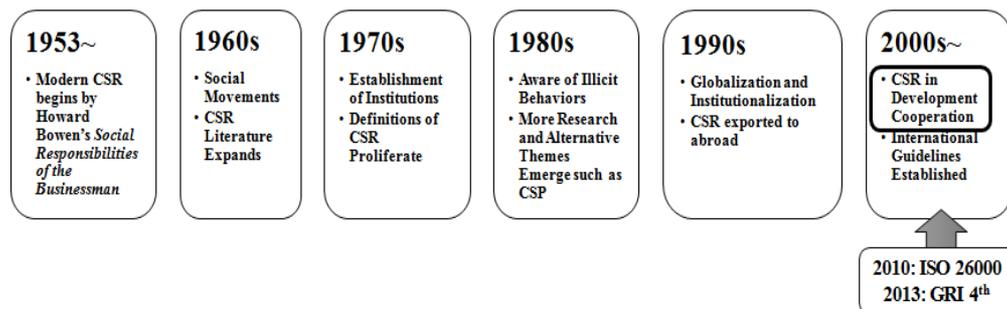
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<sup>51</sup> Carroll, Archie B. 2015. "Corporate Social Responsibility: The Centerpiece of Competing and Complementary Frameworks." *Organizational Dynamics*. 44. p.87-88.

<sup>52</sup> *Ibid.* p.88.

human capitals. Government, international organizations and civil society all encourage business to perform CSR activities in terms of development<sup>53</sup>. Those stakeholders expect firms to put more weight on social responsibility than economic responsibility when practicing CSR activities. This is when the focus of CSR was more tilted toward social and society-driven factors rather than traditional business-driven issues.

**<Figure 2. Evolution of CSR>**



*Source:* Produced by the author

Accordingly, there has been so much works of not only multinational enterprises (MNEs) but also local firms to participate in and to support making the world a better places, mostly and especially in developing country. In order to support the increasing participations of enterprises and to guide them, international community started to develop various codes and standards. According to the World Bank's website, there are about 28 standards, code and

<sup>53</sup> Blowfield, Michael and Frynas, Jedrzej G. 2005. "Setting New Agendas: Critical Perspectives on Corporate Social Responsibility in the Developing World". *International Affairs*.81(3). p.499

initiatives on corporate responsibility<sup>54</sup>. Most of them were established after late 1990s and the most well-known guidelines are established relatively more recently.

For example, International Organization for Standardization (ISO) 26000 was published in 2010 and Global Reporting Initiative (GRI) was first printed in 2000, while released its fourth edition of guideline (G4) in 2013. In other words, internationally agreed norms and principles are pretty recently established because it has been only around and after year of 2000 that transnational and multinational corporate began to conduct and perform their social responsibility in developing countries. Compared to ODA, the differences of CSR are that CSR in development has relatively short history and that CSR does not have any international organization to bring consensus among the actors.

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<sup>54</sup> The World Bank Website. “Key Corporate Responsibility Codes, Principles and Standards”. Business, Competitiveness, and Development. The World Bank Website. Retrieved on 1 May 2016 from <http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/CGCSRLP/0,,contentMDK:20719568~pagePK:64156158~piPK:64152884~theSitePK:460861,00.html>

## **2.3 Research Question**

It now becomes quite clear that there are similarities and dissimilarities between the ODA and CSR. Two are the inflows of financial resources from developed countries or the business in the developed countries to the developing countries, aiming to improve the economic and social welfare of the developing countries. However, one has solid mechanism for effectiveness control whereas the other does not have any mechanism. Thus, this thesis aims to answer following question:

**Q. What makes the difference between the donor countries of the ODA and the corporations of the CSR on how they control the effectiveness of the projects?**

To answer this question, this paper will use three analysis standards for a comparative analysis: Main Actor and International Organizations, International Guidelines and Standards, and Mechanism for Effectiveness Control. These are the standards that have been found by reviewing the structural relationship, motivations and history of the ODA and CSR in previous sections. With these standards, this paper will verify following hypothesis:

**H. A leading international organization to bring a consensus on establishing the overarching guidelines for all and to create mechanism for managing effectiveness is the key to making the donor countries of the ODA to manage the effectiveness of projects.**

However, in order to show the correlation between the analysis standards and the hypothesis, three sub-hypotheses will be also diagnosed throughout each sub-sector of chapter three.

H1. A type of actors is critical in establishing a responsible international organization which affects mechanism for managing effectiveness.

H2. A key international organization is essential not only in creating the international guidelines and standards but also in brining the consensus and promoting the implementation.

H3. Controlling and managing mechanism for effectiveness set by a key international organization and implemented by the major donor countries is crucial in triggering other donor countries to be responsible.

## **Chapter 3: Comparative Analysis**

### **3.1 Analysis Standards**

Reviewing the structural mechanism, motivations and evolution of ODA and CSR provides brief understanding of similarities and differences between the two. Thus, it is now time to derive the analysis standards from literature review to comprehend what makes difference between the donor of ODA and the corporations of CSR on how they manage the effectiveness of their projects. There are mainly three different factors: main actor and international organization, international guidelines and standards, and mechanism for effectiveness control.

First target for the further analysis is main actor and international organization. The ODA is managed nationally by the governments of the donor countries and internationally by the OECD/DAC, whereas the CSR is managed by each corporation without any international organization with the membership of the corporations. Second one is the international guidelines and standards. The ODA has standardized international guideline and evaluation criteria released by the OECD/DAC, while the CSR has at least 9 international standards and principles released by various international organizations or initiatives.

The last one is the mechanism for effectiveness control. The ODA has two well-known mechanisms named DAC criteria for evaluation and Paris

Declaration to control the effectiveness, yet the CSR does not have any internationally agreed mechanism. These differences will be able to explain the reason why the practitioners of CSR do not put much attention in the effectiveness of their projects whereas the donors of ODA do. Thus, starting from the next section, the comparative analysis will be conducted with the three suggested analysis standards and the three sub-hypotheses will be tested accordingly.

### **3.2 Main Actor and International Organization**

The first sub-hypothesis to be analyzed here is following: **a type of actor is critical in establishing a responsible international organization which affects mechanism for managing effectiveness.** The biggest difference between the ODA and the CSR depends on whether the provider of the resources is the government or the corporation. This is where the ultimate difference starts.

#### *ODA : Government and OECD/DAC*

As it is evident in its definition, the main actor of the ODA is the government agencies of the donor countries. For example, currently the main aid provider for the United States is the United States Agency for International Development (USAID) established originally as the U.S Economic Cooperation Agency in 1951. For the United Kingdom, it is the Department for International

Development (DFID) established originally as the UK Colonial Development Corporation in 1948<sup>55</sup>. These countries have been providing foreign aids to the developing countries as a form of national strategic mechanism long before the establishment of OECD/DAC in 1961.

Many other countries also established bilateral aid organizations like USAID or DFID around or after when the DAC was established. The DAC was formerly the Development Assistance Group (DAG), and the DAG was originally established by the OECD's forerunner in 1960 to cope with increasing need to coordinate international aid and to increase the effectiveness of the aid<sup>56</sup>. It was the very first international effort to increase the effectiveness. After the establishment, the leading donor countries such as the United States, the United Kingdom, France and Germany joined the OECD/DAC. The OECD/DAC is a "key forum in which the major bilateral donors work together to coordinate development cooperation and to increase the effectiveness of their efforts to support sustainable development<sup>57</sup>".

According to the OECD/DAC, there are currently 29 members in DAC<sup>58</sup>. By joining DAC, these countries promised to put DAC recommendations into

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<sup>55</sup> Sasaki, Ryoh. 2006. "A Review of the History and the Current Practice of Aid Evaluation". *Journal of MultiDisciplinary Evaluation*. September 2006. Number 5. p.63

<sup>56</sup> Blackwell, Michael. 1984. "Aid Flows: The Role of the DAC". *Finance and Development*. 12(1). P.42

<sup>57</sup> OECD. 2007. "The DAC at Work". 2006 Development Cooperation Report. Volume 8. No.1. p.108.

<sup>58</sup> Members are Australia, Austria, Belgium, Canada, Czech Republic, Denmark, European Union, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Japan, Korea, Luxembourg,

practice and agreed to utilize the DAC references and guidelines documents in creating development cooperation policies<sup>59</sup>. As member states, they are expected to present more commitments to the international norms and guidelines. In other words, showing intention to join the DAC means that the nation agrees to follow the norms and recommendations of the DAC. This is what makes the DAC a powerful organization that leads the international development cooperation affairs.

However, the DAC does not possess lawful authority over its members, nor mandatorily requires (non-)members of the OECD to join the DAC<sup>60</sup>. Nevertheless, the non-DAC countries eager to join the DAC because being a DAC member gives a remarkable prestige and many advantages. It not only offers a chance to extend influences and improve credibility in the international arena, but also provides an opportunity to benefit through the peer review system, which is an advisory mechanism on development cooperation system<sup>61</sup>. Thus, non-DAC donor countries like Republic of Korea which joined DAC in 2010 strive to join the DAC in order to gain international recognition in the field of international development.

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The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, United Kingdom, and United States.

<sup>59</sup> OECD. "DAC Members". Development Cooperation Directorate (DCD-DAC). The OECD Website. Retrieved on 26 May 2016 from <http://www.oecd.org/dac/dacmembers.htm>.

<sup>60</sup> There are currently 35 countries joined OECD, and DAC has 29 countries as members.

<sup>61</sup> OECD. "Joining the Development Assistance Committee(DAC)". DAC Global Relations. The OECD Website. Retrieved on 26 May 2016 from <http://www.oecd.org/dac/dac-global-relations/joining-the-development-assistance-committee.htm#Why>

Among others, the peer review is the first and foremost factor that makes the member of the DAC voluntarily binding to the norms and guidelines of the organization and that makes international community publicly aware about how other DAC members are practicing their development cooperation. Every member of the DAC is applicable for the peer review every four years and ‘peers’ can check if one is following the guidelines and recommendations of the DAC. The peer review has two main aims. One is to assist donor country understanding the way to improve its development cooperation structures and strategy in order to enhance the effectiveness. The other is to recognize and to share good practice of nation’s development policy and strategy<sup>62</sup>.

By implementing the system to review the effectiveness and strategy of the each member countries by the two other members, the DAC is creating voluntarily binding system. If it were not the OECD/DAC composed of world’s leading and biggest donor countries, the DAC would not be able to offer prestige and advantages. It is then the prestige of the organization that makes member countries to voluntarily implement the guidelines and regulation on effectiveness. Consequentially, it can be said that a type of actor (government) played critical role in establishing the responsible international organization (the DAC) which affects creating the mechanism for managing effectiveness.

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<sup>62</sup> OECD. “Peer Reviews of DAC Members”. Development Cooperation Directorate (DCD-DAC). The OECD Web site. Retrieved on 27 May 2016 from <http://www.oecd.org/dac/peer-reviews/>

### CSR : Corporations and Global Compact

Evident in the terminology, the main actor of the CSR is the corporations, mainly the multinationals or transnational corporations. However, the corporations have three distinctive characteristics different from the governments of the donor countries. Firstly, although there are only one official representative namely a government agency from one donor country, there are countless corporations that carry out the CSR activities and have origin in the same country. Similarly, while the ODA is usually provided by one representative aid organization from each donors, the CSR is provided by various corporations which differ in size and industrial sector from one country.

In other words, systematically corporations do not and cannot have one representative from one home country because all the private enterprises have different characteristics, interests and demands. For this reason, lastly, there is no one leading or representative organization of the corporations that have all participating corporations in the CSR activities as members. On the other hands, almost all of the donor countries of ODA, whether being a DAC member or not, are the members of the United Nations. Consequentially, it is inevitable that participating corporations in the CSR do not have internationally shared aims or goals like MDGs for the ODA practitioners.

These distinctions are mainly originated from the difference in the type of actor, and these lay foundations that later make difference between the ODA and the CSR regarding how they manage the effectiveness of their projects.

Affected by the unique characteristics of corporations, there is no one international organization that manages and provides guidelines and standards for the CSR activities. Instead, there are various international organizations or initiatives such as the United Nations Global Compact, International Organization for Standardization or Global Reporting Initiatives. These aim to support companies to do their business more responsibly aligned with universal principles and to offer international guidelines and standards for the corporations performing the social responsibility activities.

However, among more than dozens of organizations, only a few have influences over the corporations' strategies. One of a few is the UN Global Compact founded in 2000 by the UN General Secretary Kofi Annan. It initiated the invitation of multinational corporations into the field of social development. The Global Compact (GC) is “a voluntary initiative that seeks to advance universal principles on human rights, labor, environment and anti-corruption through the active engagement of corporate community, ...<sup>63</sup>”. A company that wants to join the GC only need to write a Letter of Commitment signed by the CEO to the Secretary-General of the UN, indicating their commitments to the ten principles of the GC and to take action in support of the UN goal<sup>64</sup>.

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<sup>63</sup> UN Global Compact. “Our Integrity Measure”. About the UN Global Compact. The UN Global Compact Website. Retrieved on 28 May 2016 from <https://www.unglobalcompact.org/about/integrity-measures>

<sup>64</sup> UN Global Compact. “Business Application”. Participation. The UN Global Compact Website. Retrieved on 28 May 2016 from <https://www.unglobalcompact.org/participation/join/application/business>

Although it is not exactly an organization, the GC is the most similar existing international effort for the CSR that is comparable with the OECD/DAC. Firstly because the GC is a voluntary-based initiative under the prominent international organization named the United Nations, and secondly because it provides certain prestige and moral legitimacy of the UN to the signatory corporations. In addition to the moral legitimacy, the GC also offers further benefits to the corporations such as access to partnership and network, best practice guidance, and tools and training<sup>65</sup>.

Since there are more than 8,000 business participations and 4,000 non-business participations, the flows of information within the GC is remarkable. Thus, some scholars argue that the GC is an opportunity for dialogue among various stakeholders and a learning platform for corporations<sup>66</sup>, just like the information sharing platform in the OECD/DAC. However, as a voluntary initiative, the GC is not intended nor does it have any mandate or mechanism to measure and/or monitor the performance of the participants<sup>67</sup>. Unlike the DAC's peer review system, the GC does not offer any mechanism to monitor or measure the performance or the implementation of the principles.

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<sup>65</sup> UN Global Compact. "Achieve More". Participation. The UN Global Compact Website. Retrieved on 28 May 2016 from <https://www.unglobalcompact.org/participation/join/benefits>

<sup>66</sup> Voegtlin, Christian and Pless, Nicola M. 2014. "Global Governance: CSR and the Role of the UN Global Compact". *Journal of Business Ethics*. 122. P.180.

<sup>67</sup> UN Global Compact. "Our Integrity Measure". About the UN Global Compact. The UN Global Compact Website. Retrieved on 28 May 2016 from <https://www.unglobalcompact.org/about/integrity-measures>

It is solely based on self-regulation and it only relies on the annual reports of corporations called ‘Communication on Progress (COP)’ report for assuring the implementation or the following of the principles. However, according to Voegtlin and Pless, current mechanism under the UN GC does not offer any standardized system or requirements for reporting and does not conduct thorough review of the reports<sup>68</sup>. As a voluntary initiative to encourage corporations to adopt CSR strategies lacking any mechanism or system to monitor their implementations, the GC lacks any binding power or authority over the signatory members. Consequentially, it can be understood that a type of actor (corporations) played important role in failing to establish the responsible international organization with the binding power to affect the effectiveness of the projects.

#### *A Comparative Analysis*

After reviewing the role of main actor and international organizations, it becomes evident that the difference between controlling mechanism for effectiveness of the ODA and the CSR derives from the type of actor and the international organization. With a few participants with strong commitment, it is easier to establish the international organization that has system to check and to improve the current mechanism. The comparative analysis between the two is shown on the next page.

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<sup>68</sup> Voegtlin, Christian and Pless, Nicola M. 2014. “Global Governance: CSR and the Role of the UN Global Compact”. *Journal of Business Ethics*. 122. P.181.

<Table 3. Comparative Analysis #1>

	<b>OECD/DAC(1961)</b>	<b>UN Global Compact(2000)</b>
<b>Actor</b>	Government Agencies	Corporations
<b>Entry Barrier</b>	High	Low
<b>Membership</b>	Voluntary(29)	Voluntary(8,000+)
<b>Role</b>	Coordinator	Platform
<b>Aim</b>	To coordinate the aid and to increase the effectiveness	To advance universal principles through the engagement of corporate community
<b>Benefit</b>	Prestige(influence) and international credibility	Moral legitimacy
<b>Monitoring Mechanism</b>	Peer Review; every 4 years	None; Self-Regulatory

*Source:* Produced by the author

### 3.3 International Guidelines and Standards

The next sub-hypothesis is that a **key international organization is essential not only in creating the international guidelines and standards but also in brining the consensus and promoting the implementation.** It will be analyzed through the comparison between the international guidelines and standards for the ODA and the CSR respectively. The biggest difference originate from whether the various guidelines are released through one international organization or not.

### ODA :23 Guidelines by the DAC

Aiming to inform aid agencies and to coordinate the aid flows, as a prominent and leading organization, the OECD/DAC has published 23 internationally agreed guidelines since 1992 and 17 reference documents since 2003<sup>69</sup>. These series cover various issues related to the international development cooperation such as environment, poverty reduction, governance, gender equality, evaluation and etc (See Figure 3; See Appendix 1 for the list of guidelines). Although the guidelines on environment seem to dominate the issues, if put 9 separate guidelines into one big ‘guidelines on environment and aid’, the proportion becomes relatively equals to the other issues.

Additionally, all the guidelines are based on the international consensus. For example, the Guidelines on Poverty Reduction published in 2001 was developed in consultation with the International Monetary Fund, the World Bank and the UN Development Program. Jointly developed by world’s renowned international organizations, the guidelines “represent an emerging international consensus and a shared commitment and understanding of how to work together more effectively to help developing country partners reduce

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<sup>69</sup> These data has been collected together from three different websites as following on 28 May 2016.

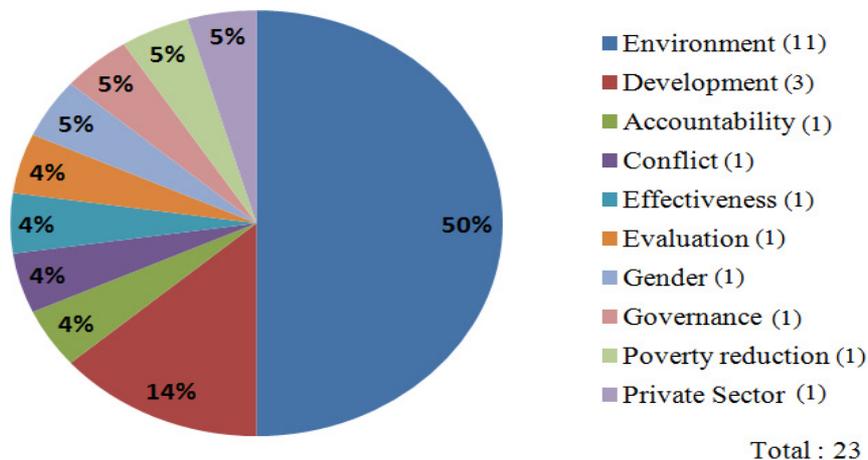
*First:* OECD Website - DAC Guidelines and Reference Series from <http://www.oecd.org/dac/dacguidelinesandreferenceseries.htm>

*Second:* OECD Library Website – DAC Guidelines and Reference Series from [http://www.oecd-ilibrary.org/development/dac-guidelines-and-reference-series\\_19900988](http://www.oecd-ilibrary.org/development/dac-guidelines-and-reference-series_19900988),

*Third:* Eldis Website – OECD DCD DAC Guidelines from [http://www.eldis.org/go/home&id=25708&type=Document#.V0pEQ\\_197IU](http://www.eldis.org/go/home&id=25708&type=Document#.V0pEQ_197IU)

poverty”<sup>70</sup>. Moreover, the guidelines define what the poverty is and provide information on the best practices and policies to reduce the poverty in the world.

**<Figure 3. Guidelines of the OECD/DAC by Issues>**



*Source:* Combined and produced by the author

The biggest characteristic of those guidelines and reference documents is that although they cover various issues, all are published by the OECD/DAC based on international consensus. These international guidelines on conducting the development cooperation projects are endorsed at the DAC High Level Meeting and released by the DAC. Therefore, as they have promised to commit to the DAC guidelines and recommendations when joining the DAC, member countries have obligation to follow the policy guidance of the DAC.

<sup>70</sup> OECD DAC. 2001. “The DAC Guidelines on Poverty Reduction”. OECD. P.10.

A good example of the member countries adopting the guidelines of the DAC is witness under the issue of conflict and fragility. The international community realizes that the state fragility and conflict are the most hindering factors against reducing poverty and the biggest challenges that the developing countries face. As a result, the DAC developed a series of Principles for Good International Engagement in Fragile States and Situations in 2007<sup>71</sup>. Responding to this, DFID published papers in line with the DAC principles on fragile states to help regional offices understanding the DAC principles and responding more effectively<sup>72</sup>. Throughout paper, DFID emphasizes its effort to align its practices with the DAC principles.

Additionally, the DAC has released the reference documents named *Supporting Statebuilding in Situations of Conflict and Fragility: Policy Guidance* in 2011. It contains internationally accepted conceptual framework for state building and recommendations for better international engagement. Then, simultaneously, the USAID also published a paper named *Statebuilding in Situations of Fragility and Conflict* in 2011. It strives to explore the approaches the United States can obtain in the context of OECD/DAC guidelines, and national strategies<sup>73</sup>. The USAID's paper brings case study of Southern Sudan

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<sup>71</sup> DFID. 2010. "Working Effectively in Conflict-affected and Fragile Situations: Summary Note". Governance in Developing Countries. Department for International Development(DFID). P.4

<sup>72</sup> Ibid. p.4, p. 6

<sup>73</sup> USAID. 2011. "Statebuilding in Situations of Fragility and Conflict: Relevance for US Policies and Programs". DAI with the Center for Strategic and International Studies and the NYU Center on International Cooperation. USAID. p.2.

to review its integration of the DAC guidance into the USAID strategy and utilizes the DAC paper to better understand the situations in South Sudan<sup>74</sup>.

Witnessed both in the USAID's and the DFID's case, although the donor countries have their domestic circumstances, national interests and international strategy to consider in forming their foreign aid policy, as the member of the DAC, the major donor countries endeavor to apply DAC principles into their strategy. As the DAC guidelines and standards are established based on the international consensus, the donor countries are more willing and more obliged to follow and to adopt those guidelines. This is the power and the legitimacy of the OECD/DAC that makes creating the international guidelines and promoting the implementation possible.

#### CSR : 27+ Guidelines by various actors

Without any powerful international organization to lead the dialogue about the CSR activities, there are at least 27 international guidelines, framework, standards, principles and code (hereafter guidelines) for the corporate responsibility, excluding the country specific set of standards<sup>75</sup>. The issues and themes vary depending on each organization's perspectives and these can be categorized into eight different issues. However, since the CSR was originally

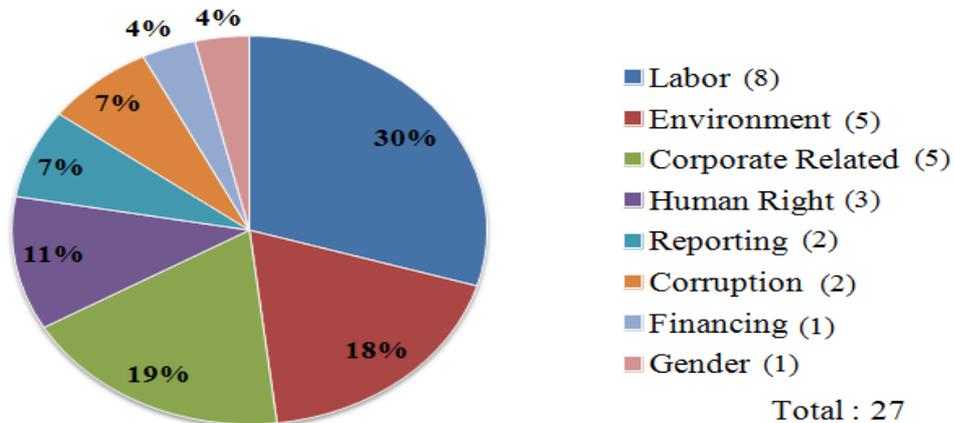
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<sup>74</sup> USAID. 2011. "Statebuilding in Situations of Fragility and Conflict: Relevance for US Policies and Programs". DAI with the Center for Strategic and International Studies and the NYU Center on International Cooperation. USAID. p.17, p.19.

<sup>75</sup> World Bank. "Key Corporate Responsibility Codes, Principles and Standards". Business, Competitiveness and Development. World Bank Website. Retrieved on 2 May 2016 from <http://web.worldbank.org/WBSITE/EXTERNAL/WBI/WBIPROGRAMS/CGCSRLP/0,,contentMDK:20719568~pagePK:64156158~piPK:64152884~theSitePK:460861,00.html>

derived from the business rather than social perspective, two biggest issues are traditional CSR issues (See Figure 4; See Appendix 2 for the list of guidelines).

<Figure 4. CSR Guidelines by Issues>



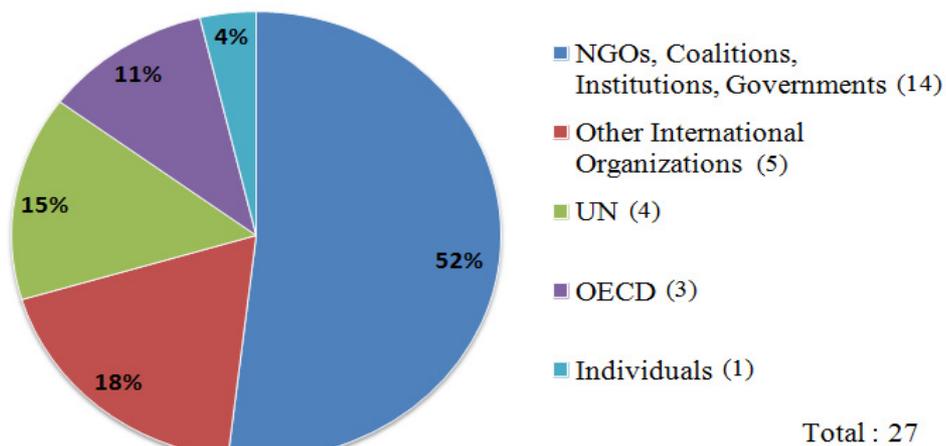
Source: Combined and produced by the author

For example, labor-related issues including labor right and working condition represent the biggest pie, composing 30%. Having five guidelines, environment issue composes 18%. Together, these two traditional CSR issues represent about half of the issues covered by various international guidelines. One noticeable fact is that there is a few issues related to either development cooperation or development perspective of the CSR.

Regardless of this disproportion, all CSR standards share a common objective of enhancing the ethical, environmental and social performances of

firms by codifying the organizational behaviors<sup>76</sup>. However, CSR guidelines are different from 23 guidelines published only by the OECD/DAC to assist donor countries for specific purpose of better aid practice. Despite of this common objective, these 27 guidelines were established by different international organizations, coalitions, Non-Governmental Organizations (NGOs) and private institute since 1948 (See Figure 4; See Appendix 2 for the list of guidelines).

**<Figure 5. CSR Guidelines by Organizations>**



*Source:* Combined and produced by the author

It is remarkable that international guidelines released by NGOs compose about 50% of guidelines and that there is no one outstanding organization. This not only indicates weak legitimacy of the existing guidelines to the international community and but also shows diversification or redundancy of the sub-issues

<sup>76</sup> Colle, Simone de et al. 2014. "The Paradox of Corporate Social Responsibility Standards". Journal of Business Ethics. 125. p.178.

under those eight categories. For example, although the Calvert Women's Principle established in 2010 is the first international code of conduct focusing exclusively on empowerment of, advancement of and investment in women worldwide<sup>77</sup>, it is not easy to find any corporations actively advocating the adoption of such principles.

However, there are nine guidelines out of 27 that are the most widely used internationally. Those are following: (i)ISO 26000, (ii)UN Global Compact, (iii)Global Reporting Initiative, (iv)OECD Guidelines for Multinational Enterprises, (v)ISO 14001, (vi)Social Accountability 8000, (vii)AccountAbility 1000, (viii)International Labor Organization (ILO) Conventions on Core Labor Criteria, (ix)Global Sullivan Principles<sup>78</sup>. However, except ILO convention, one biggest commonality among all the guidelines is that they are neither binding nor appropriate for certification.

In other words, all the guidelines are voluntary-based. Their function is limited to encouraging corporations to adopt the guidelines by providing certain level of moral legitimacy. Even ILO convention has this limitation. Although convention is binding to every member country of the ILO, it relies on self-enforcement due to lack of international labor court. In conclusion, CSR

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<sup>77</sup>Calvert Investment. "Calvert Women's Principles: A Decade of Progress". Women Investing. Calvert Investment. Retrieved on 29 May 2016 from <http://www.calvert.com/perspective/women-and-investing/calvert-womens-principles-a-decade-of-progress>

<sup>78</sup>Tsai, Sang Bing et al. 2011. "A Comparison Study on the Evaluation Criteria for Corporate Social Responsibility". 2011 International Conference on Management and Service Science(MASS). P.1-2.

guidelines and standards lack any mechanism for enforcement and implementation. This voluntary nature indicates a weak point that can lead to poor management of implementation and poor effectiveness<sup>79</sup>.

A Comparative Analysis

After analyzing the international guidelines and standards, it becomes clear that the existence of the international organization which was affected by the type of actor is important in creating the guidelines based on international consensus. With a leading organization, it is easier to enforce the implementation of international guidelines among the participants. The comparative analysis between the two is shown below.

<Table 4. Comparative Analysis #2>

	<b>23 Guidelines</b>	<b>27+ Guidelines</b>
<b>Publisher</b>	OECD/DAC	Various international actors
<b>Issues</b>	All aspects of development cooperation	Mainly focused on traditional business issue
<b>Binding Power</b>	Obligation	Voluntary

*Source:* Produced by the author

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<sup>79</sup> Colle, Simone de et al. 2014. “The Paradox of Corporate Social Responsibility Standards”. Journal of Business Ethics.125.p.181.

### **3.4 Mechanism for Effectiveness Control**

Thus far, the important role of the leading organization has been emphasized. The last sub-hypothesis to be analyzed is following: Controlling and managing mechanism for effectiveness set by a key international organization and implemented by the major donor countries is crucial in triggering other donor countries to be responsible.

#### ODA : Paris Declaration and DAC Criteria

With the long history of aid practices, entering the 21<sup>st</sup> century, the donor countries began to doubt about the effectiveness and efficiency of their foreign aids. Consequently, at the High Level Ministerial Forum in 2005, donors and recipients countries, international organizations, and CSOs agreed to adopt the Paris Declaration on Aid Effectiveness. Organized by the OECD/DAC, the Declaration was an unprecedented global consensus to improve aid effectiveness because it is the culmination of several discussion and initiatives started in 1990s.

The Paris Declaration is innovative because it emphasized the roles of participating countries both from donor and recipients side. The Declaration also established five principles to promote effective development and those are ownership, alignment, harmonization, managing for results, and mutual accountability. By emphasizing those elements, the DAC and participants of the ODA aim to increase the effectiveness of the aid. They intended to change the

operation method of the aid practices. Although the Paris Declaration also received criticisms such as being technical oriented<sup>80</sup>, it is evident that it offers a roadmap containing specific time-bound targets.

Certainly, implementing the Declaration is costly for the donors. However, the greater and better aid coordination based on harmonization and mutual accountability reduces the transaction costs of the aid<sup>81</sup>. The Paris Declaration lays foundation for international consensus and understanding on the importance of aid effectiveness in implementing the projects. Without a leading international organization and long history of discussion, it would not be possible to bring international consensus that has time-bound target.

On the other hands, DAC also had other evaluation criteria named DAC criteria for international development evaluations. The DAC criteria is intended for the projects rather than national strategies or policies, and it contains relevance, effectiveness, efficiency, impact and sustainability as criteria. Since the establishment, the criteria was considered as a great improvement towards the enhancing the quality of evaluations in the development assistance<sup>82</sup>.

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<sup>80</sup> Roberts, Rebecca. 2009. "Reflections on the Paris Declaration and Aid Effectiveness in Afghanistan". Afghanistan Research and Evaluation Unit.

<sup>81</sup> Samy, Yiagadeesen and Aksli, Marje. 2015. "An Examination of Bilateral Donor Performance and Progress under the Paris Declaration on Aid Effectiveness". Canadian Journal of Development Studies. 36:4. P.518

<sup>82</sup> Chianca, Thomaz. 2008. "The OECD/DAC Criteria for International Development Evaluations: An Assessment and Ideas for Improvement". Journal of MultiDisciplinary Evaluation. Volume 5, Number 9.

The DAC criteria also contributed in influencing the INGOs in following the international trends for effectiveness when assessing their projects. There are still a lot of academic discussion on whether the Paris Declaration and DAC criteria themselves have been effective enough. However, the most important thing to remember is that regardless of level of improvements and changes, there is an international agreement to recognize the importance of increasing the effectiveness and of evaluating the projects. This was possible because the discussion was led by leading international organization and major donor countries.

#### CSR : ISO 26000 and G4

In fact, there is no internationally agreed mechanism for either effectiveness control or impact evaluation for the CSR players. Aforementioned, there are various CSR principles and standards, yet the problem is that none of them are binding and all are only the recommendations. For example, ISO 26000 specifically mentions that it is not intended for certification purpose<sup>83</sup>. Those international guidelines and standards only provide reporting mechanisms and are often used as self-regulatory evaluation criteria to the enterprises. Corporation use these criteria or guidelines to report how well they are contributing to society.

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<sup>83</sup> ISO Website. "ISO 26000 – Social Responsibility". Standards. ISO Website. Retrieved on 4 May 2016 from <http://www.iso.org/iso/home/standards/iso26000.htm>

In other words, although these guidelines function somewhat as either self-evaluation criteria or criteria to be sued by the third party, the responsible organization does not issue the certification. Furthermore, despite the fact that implementing the guidelines to the corporations' strategies is internationally recommended, it is not mandatory for the private enterprises to adopt those principles and guidelines. However, the problem from the development perspective is that most of adopted principles and standards deal with human rights, labor rights, working condition and/or environment.

Out of nine most well-known principles and initiatives, only ISO 26000 and GRI the 4<sup>th</sup> (G4) have subjects related to international development. ISO 26000 has “community involvement and development” sector which covers from community involvement to education and to health<sup>84</sup>. These sub-sectors have descriptions that are very close to those of development. On the other hands, while the G4 has “social-society” section which deals with the community engagement<sup>85</sup>, it does not necessarily match with development descriptions. This is what should be managed in discussing the CSR in terms of development (See Table 6 for more detailed information). However, quite surprisingly, This is the rare case. There is no standard and/or guideline that specifically and explicitly demonstrates criteria for the CSR in terms of development.

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<sup>84</sup> ISO. 2010. “ISO 26000 – Guidance on Social Responsibility”. ISO 26000:2010(E)

<sup>85</sup> GRI. 2015. “G4 Sustainability Reporting Guidelines”. Global Reporting Initiative. 2015.

**<Table 5. Analysis of ISO 26000 and GRI 4<sup>th</sup> >**

<b>Criteria</b>	<b>ISO 26000</b>	<b>G4(Fourth Edition of Guideline)</b>
<b>Organization</b>	• International Organization for Standardization	• Global Reporting Initiative
<b>Year</b>	• 2010	• 2000 (Revised in 2013-G4)
<b>Purpose</b>	• To contribute to global sustainable development, by encouraging business to practice social responsibility to improve their impacts on their workers, environments and communities.	• To help reporters prepare sustainability reports that matter and to make robust and purposeful sustainability reporting standard practice
<b>Main Focus</b>	• Social Responsibility	• Sustainability Reporting on Environment
<b>Subjects</b>	<ul style="list-style-type: none"> <li>①. Organizational Governance</li> <li>②. Human Rights</li> <li>③. Labor Practices</li> <li>④. Environments</li> <li>⑤. Fair Operating Practice</li> <li>⑥. Consumer Issues</li> <li>⑦. Community Involvement and Development</li> </ul>	<ul style="list-style-type: none"> <li>①. Economic</li> <li>②. Environmental</li> <li>③. Social-Labor Practice and Decent Work</li> <li>④. Social-Human Rights</li> <li>⑤. Social-Society</li> <li>⑥. Social-Product Responsibility</li> </ul>
<b>Sectors Related to Development</b>	<p><b>Human Right(6.3)</b></p> <ul style="list-style-type: none"> <li>• Discrimination and Vulnerable Group(6.3.7)</li> </ul> <p><b>Consumer Issues(6.7)</b></p> <ul style="list-style-type: none"> <li>• Access to Essential Service(6.7.8)</li> </ul> <p><b>Community Involvement and Development(6.8)</b></p> <ul style="list-style-type: none"> <li>• Community Involvement(6.8.3)</li> <li>• Education and Culture(6.8.4)</li> <li>• Employment Creation and Skills Development(6.8.5)</li> <li>• Technology Development and Access(6.8.6)</li> <li>• Wealth and Income Creation(6.8.7)</li> <li>• Health(6.8.8)</li> <li>• Social Investment(6.8.9)</li> </ul>	<p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• G4-EC7 : Development and Impact of Infrastructure Investments and Services Supported</li> </ul> <p><i>**Although there are subjects covering human rights, labor practice and discrimination, <u>it seems better focusing on community and society to compare with development.</u></i></p> <p><b>Social-Society</b></p> <ul style="list-style-type: none"> <li>• G4-S01 : Percentage of Operations with Implemented Local Community Engagement, Impact Assessments, and Development Programs</li> <li>• G4-S02: Operations with Significant Actual and Potential Negative Impacts on Local Community</li> <li>• Or Anti-Corruption, Public Policy, Anti-Competitive Behavior, Compliance, Supplier Assessment for Impacts on Society, Grievance Mechanisms for Impacts on Society</li> </ul>

*Source: Produced by the author*

There certainly are some evaluation on CSR activities, yet most of them are conducted from the consumer perspective. The results explain how the CSR activities changed the consumer behaviors or how the activities successfully contributed to the image making of the companies and to the economic gain. Then, why there is no one agreed CSR evaluation criteria that considers the effectiveness of the projects in terms of development perspective while international community requires private sectors to participate in fighting the poverty? There is little or no academic works that have done to answer this question.

However, it should be noted that the lack of key international organization to create controlling mechanism for effectiveness implemented by the major participants is the one of main reasons. It certainly is necessary to appropriately evaluate the CSR activities because the level of control on effectiveness will inevitably affect the level of its impacts on the recipients society. In order to do so, it is necessary to learn from how the effectiveness management mechanism of the ODA has evolved since the ODA and CSR share many similarities and since the CSR in development cooperation is a toddler compared to the history of ODA.

#### *A Comparative Analysis*

After analyzing the managing mechanism for effectiveness, it becomes evident that existence of the international organization is crucial in creating the discussion and mechanism for effectiveness control. With a leading

organization, it is easier to create controlling mechanism for effectiveness to be implemented by the major players. The comparative analysis between the two is shown below.

**<Table 6. Comparative Analysis #3>**

	<b>Paris Declaration &amp; DAC Criteria</b>	<b>ISO 26000 &amp; G4</b>
<b>Publisher</b>	OECD/DAC	ISO & GRI
<b>International Consensus</b>	Yes	No
<b>Participations</b>	Led by major donors; Highly encouraged	Individually; Optional
<b>Binding Power</b>	Obligation	Voluntary

*Source:* Produced by the author

## **Chapter 4: Conclusion**

### **4.1 Summary of Analysis**

In the previous chapter, the analysis has been conducted to answer what makes the differences between the ODA and the CSR on how they manage the effectiveness of the projects. To answer the research question, firstly the literature review was done to distinguish the similarities and dissimilarities between the ODA and CSR. After reviewing the literatures, three analysis standards have been derived based on the distinctions. Those are actor and international organization, international guidelines and effectiveness controlling mechanism and analyzed respectively.

In case of ODA, as nation states with legitimacy and enforcement power, the participating actors could agree to establish a leading international organization named OECD/DAC. It was established to function as a platform to coordinate the aid and to raise the aid's effectiveness. Then, this international organization and the member countries worked together to make various systems for effectiveness control such as peer review system, the Declaration, and DAC criteria.

However, being a countless entities differed in size and sector without any legitimacy and enforcement power, CSR actors could not establish one international organization that can represent the interests of all players. As a result, instead of primary actors, the UN launched initiative named the Global

Compact to enhance universal principles through participation of corporations. The GC was the most comparable one to the OECD/DAC. However, unlike OECD/DAC, it lacks any regulatory system and binding mechanism for measuring or maintaining effectiveness.

As a leading organizations supported by the governments of donor countries, the DAC has published various guidelines based on international consensus. Those guidelines are actively adopted and implemented by the DAC member countries as it is their obligations to follow the DAC recommendations. On the other hands, lacking a leading organization, CSR participants, NGOs and international organizations randomly published various guidelines regarding CSR issues, focusing more on traditional business issues. This diversion indicates weak legitimacy of each guidelines and redundancy between them. It eventually leads to the poor adoptions of guidelines among the corporations.

By conducting the comparative analysis, this paper found that the role of main actor is critical in contributing to the whole structural system, and that the main actor influences the development of effectiveness mechanism and evaluation criteria. The brief summary of comparative analysis is that a leading international organization to bring a consensus on establishing the overarching guidelines for all and to create mechanism for managing effectiveness is the key to making the donor countries of the ODA to manage the effectiveness of the projects. So, the answer was the international organization consisted of the main actors.

## **4.2 Implication and Limitation**

The main difference between the ODA and CSR is the actor, and this is what creates further differences not only in working mechanism, but also in effectiveness managing mechanism. The nature of actor of ODA, which is limited in number and is controllable within international framework, contributes in creating the internationally binding mechanism. Whether there is a powerful international organization with binding power is very important in managing the quality of aid and effectiveness of the projects. In other words, a leading organization with prestige is essential to establish internationally agreed guidelines to increase level of implementation.

On the other hands, as the nature of CSR actor is different, it is difficult to establish any international organization with binding mechanism. As a leading organization is critical, just like how the CSR had been spread to the developing countries by the active participation of MNEs, it would be meaningful to create international organization principally led by major MNEs in order to contribute to increase in effectiveness. However, the creation of international organization by corporations will less likely to occur due to different interests and sectors. In this circumstance, other mechanism such as raising public and international awareness is needed to solve current issue and to save the waste of capitals.

In fact, the history of CSR in developing countries has persisted only after 2000. Considering the ODA's 60 years of history, it seems that there is high

possibility of CSR following the path of the ODA. For example, the CSR participants and international community gradually began to emphasize the importance of effectiveness management, evaluation and monitoring. The type of CSR projects has been changed from one-time charity to program or project based. Therefore, once the attempts to raise the international awareness regarding the effectiveness initiate, the speed of changes will boost up. In addition, raising the public awareness of principals (or shareholders) could be the other alternative method. By educating the public as well as the shareholders, it would be possible to utilize them as a watchdog to monitor and evaluate the effectiveness of CSR activities.

As this study aims to compare how two different subjects manage their effectiveness by analyzing the existing mechanism, the scope of this paper is quite wide. Consequently, this thesis certainly has a few limitations. First one is that the analysis derives only from the perspective of main actor and does not include secondary actor. Although the Civil Society Organizations (CSOs) also play important role in improving the effectiveness managing system by conducting advocacy for public awareness and monitoring, the role of CSOs is not dealt in the paper due to the limited scope. Thus, the following research could be done by analyzing the existing system from the CSO (or secondary actor) perspective.

The other limitation is that since there is no existing framework or academic research done comparing the ODA and CSR, this thesis simply relies on

primary dimensional analysis, rather than in-depth analysis. As a result, it does not have strong argument or evident-based result based on analytical framework. It only presents differences and similarities between the two. Since the comparison is very broad, more detailed research on each sector or analytical tool could be done by analyzing, for example, each guidelines, policies, and strategies. However, although the paper lays out simple comparison, it is worthy of recognizing because it is almost the first paper that acknowledge the similar, yet different mechanism between the ODA and the CSR in managing the effectiveness.

## Appendix 1 – DAC Guidelines

#	Year	Issues	Title
1	2010	Accountability	Streamlining Domestic Accountability through Aid
2	2008	Effectiveness	Donor Aid Spending, Effectiveness and the Way Forward
3	2002	Development	Integrating the Rio Conventions into Development Cooperation
4	2001	Poverty Reduction	DAC Guidelines on Poverty Reduction
5	2001	Development	Strategies for Sustainable Development: Practical Guidance for Development Cooperation
6	2001	Trade	Strengthening Trade Capacity for Development
7	2001	Conflict	Helping Prevent Violent Conflict
8	1999	Environment	Guidelines for Aid Agencies on Global and Regional Aspects of the Development and Protection of the Marine and Coastal Environment
9	1999	Evaluation	Short Guide of Managing an Evaluation
10	1998	Gender	DAC Guidelines on Gender Equality & Women's Empowerment in Development Cooperation
11	1996	Development	Shaping the 21st Century
12	1995	Environment	Donor Assistance to Capacity Development in Environment
13	1995	Private Sector	Orientations for Development Cooperation in Support of Private Sector Development
15-23	1992-1995	Environment	Guidelines on Environment and Aid (9 Guidelines)

#	Year	Issues	Title
15	1995	Environment	Guidelines for Aid Agencies for Improved Conservation and Sustainable Use of Tropical and Sub-Tropical Wetlands
16	1994	Environment	Guidelines for Aid Agencies on Global and Regional Aspects of the Development and Protection of the Marine and Coastal Environment
17	1994	Environment	Guidelines for Aid Agencies on Disaster Mitigation
18	1993	Environment	Guidelines for Aid Agencies on Pest and Pesticide Management
19	1993	Environment	Guidelines for Aid Agencies on Chemicals Management
20	1992	Environment	Guidelines for Aid Agencies on Global Environmental Problems
21	1992	Environment	Guidelines for Aid Agencies on Involuntary Displacement and Resettlement in Development Projects
22	1992	Environment	Good Practices for Country Environmental Surveys and Strategies
23	1992	Environment	Good Practices for Environmental Impact Assessment of Development Projects

## Appendix 2 – CSR Guidelines

#	Year	Issues	Title	Organization
1	2010	Labor	Verite Country Assessment Framework	Verite Research
2	2004	Gender	The Calvert Women's Principles	Calvert Investment
3	2004	Labor	Electronic Industry Code of Conduct	Coalition of Electronic Companies
4	2003	Corporate Responsibility	Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights	UN
5	2003	Financing	The Equator Principles	Financial Institutions
6	2002	Corruption	Business Principles for Countering Bribery	Transparency International
7	2001	Environment	Eco-Management and Audit Scheme	The European Parliament and the Council of the European Union
8	2001	Labor	Social Accountability 8000	Social Accountability International
9	2000	Corporate Sustainability	UN Global Compact	UN
10	2000	Reporting	Global Reporting Initiative	Global Reporting Initiative
11	2000	Human Right	Voluntary Principles on Security and Human Rights	Coalition of the governments and NGOs
12	1999	Accountability	AccountAbility 1000	Institute for Social and Ethical AccountAbility
13	1999	Labor	Fair Labor Association: Workplace Code of Conduct	Fair Labor Association

#	Year	Issues	Title	Organization
14	1999	Human Right	Global Sullivan Principles of Corporate Social Responsibility	Reverend Sullivan & Kofi Annan
15	1999	Corporate Governance	OECD Principles of Corporate Governance	OECD
16	1999	Corporate Sustainability	SIGMA: Sustainability: Integrated Guidelines for Management	Partnership of Tripartite
17	1998	Labor	Ethical Trading Initiative : Base Code	Ethical Trading Initiative
18	1998	Labor	Worldwide Responsible Apparel Production(WRAP) Principles	Worldwide Responsible Apparel Production
19	1997	Corruption	OECD Convention for Combating Bribery of Foreign Officials in International Business Transactions	OECD
20	1996	Environment	International Organization for Standardization (ISO) 14001	ISO
21	1992	Environment	Rio Declaration on Environment and Development	UN
22	1991	Environment	ICC Business Charter for Sustainable Development	International Chamber of Commerce
23	1989	Environment	The Coalition for Environmentally Responsible Economies(CERES) Principles	CERES
24	1989	Labor	Clean Clothes Campaign: Model Code	Clean Clothes Campaign
25	1977	Labor	Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy	International Labor Organization
26	1976	Corporate Responsibility	OECD Guidelines for Multinational Enterprises	OECD
27	1948	Human Right	Universal Declaration of Human Rights	UN
28+	Country Example: CSC 9000T (China Social Compliance 9000 for Textile & Apparel Industry)			

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## 국문초록

### 공적개발원조(ODA)와 기업의 사회적공헌(CSR) 간의 비교분석

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21세기에 들어서며 새천년 개발목표(MDGs)를 달성하기 위한 문제점 중 하나로 자원부족이 대두됨에 따라, 혁신적인 재원에 관심이 쏠리기 시작했다. 그 중 하나는 민관협력(PPP)으로 공적의 영역에 민간을 초대하여 협력하는것을 말한다. 이것의 일환으로 기업의 사회적공헌(CSR) 또한 새롭게 관심을 받기 시작했는데, 기존의 경제 관점이 아니라 개발협력의 관점에서 바라본 것이 특징이다.

공적개발원조(ODA)와 개발협력에서 바라본 기업의 사회적공헌(CSR) 간에는 많은 공통점과 차이점이 있다. 가장 기본적인 공통점은 ODA와 CSR 모두 결과적으로는 타인을 돕는 다는 것이며, 가장 큰 차이점은 그럼에도 불구하고 ODA와 CSR이 효과성을 관리하는 방법(혹은 정도)가 다르다는 것이다. ODA의 행위주체자인 공여국 간에는 효과성 관리를 해야한다는 국제적 합의가 있는 반면에, CSR의 행위주체자인 기업들

간에는 그러한 합의가 존재하지 않고, 다양한 주체가 내놓은 의견(가이드라인)만이 존재한다.

따라서, 본 연구는 무엇이 ODA와 CSR 간의 효과성 관리에 대한 극명한 차이를 유발하는지를 확인하기 위하여, 세 가지 분석기준(주행위주체자 및 국제기구, 국제 가이드라인, 그리고 효과성 관리 메커니즘)을 이용한 비교분석을 수행하고자 한다. 이러한 과정을 통해 본 연구는 주행위주체자의 종류가 국제기구 설립에 영향을 미치며, 이것은 다시 효과성 관리 메커니즘 수립에 영향을 미친다는 것을 주장하고자 하였다.

**Keywords** : Official Development Assistance (ODA), Corporate Social Responsibility (CSR), OECD/DAC, International Organization, Effectiveness

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