

SOUTH KOREAN ODA TO THE PHILIPPINES: REALITIES AND POSSIBILITIES

by Krista Kyla D. Seachon

In sixty years, South Korea has fast tracked its development from a loan dependent economy to an important donor country. This achievement has been globally recognized with the country's entry to the Organization for Economic Cooperation and Development (OECD). South Korea's economy greatly improved under authoritarian regimes, which allowed import substitution policies—favouring local companies, then subsequently undertaking an export-driven economy, paving the way for South Korea to catch up with other developed economies in the region in the 1980s. An agricultural country before the Korean War, South Korea is currently a technologically advanced economy that manufactures world-class products such as cars, cellphones, and home appliances to the world.

Lee Song-jong stated in his book “South Korea as New Middle Power Seeking Complex Diplomacy” that following its economic rise, South Korea has transformed itself from a passive regional player to a middle power. It has since utilized its soft power and public diplomacy to project its middle power stature in the international system by providing foreign aid or via the Overseas Development Assistance (ODA).

ODA Program

Currently, South Korea's ODA program involves the provision of loans, technical assistance, and grant aids. The provision of loans remains under the administration of the Export-Import Bank of Korea (Korea Eximbank). Meanwhile, the Korean International Cooperation Agency (KOICA), which was established in 1991 under the Ministry of Foreign Affairs and Trade (MOFAT), manages the technical assistance and grant aid aspects of Korea's ODA program overseas.

Current projects in the Philippines – Korean ODA in the Philippines

Through the years, South Korea's ODA to the Philippines has been increasing. This is because the Philippines is one of its midterm strategic partners in Asia. As of 2013, data from the National Economic and Development Authority (NEDA) reveal that South Korea is ranked seventh among the development partners of the Philippines with a total ODA of USD 608.72 million.

Technical cooperation is one of the key areas of partnership between the two countries. There are 518 Korean volunteers deployed in the Philippines, specifically those under the World Friends Korea-Korean Overseas Volunteer (WFK-KOV) program. These volunteers are assigned in priority areas identified in the Philippine Development Plan (PDP). The volunteers submit their report to the Philippine National Volunteer Service Coordinating Agency (PNVSCA) and in turn, PNVSCA counterchecks the outcomes achieved by the volunteers to the PDP.

Knowledge-sharing, infrastructure projects and grants are some of the other contributions of Korean ODA to the Philippines. For 2013 alone, 15 ODA grant projects were implemented (as opposed to 12 grant projects in 2012 and 13 projects in 2011) while 69 volunteers were in-service in the Philippines in the same period (the numbers went down in 2014, with only 43 volunteers) assigned in various sectors such as health, agriculture, education, industry & energy, and public administration. Some volunteers take on small scale projects while in-service to address the needs in their assigned communities.

Untying aid

The concept of tied aid is foreign aid that is provided by the donor country which must be used for goods (or services) produced in that country. OECD emphasized the importance of untying aid, and that the ODA could be better utilized if an ODA project passes

through a rigid bidding process.

Some projects, for instance the Busuanga Airport Development Project which was implemented from 2006 to 2008, were largely undertaken by South Korean companies from the design to the construction itself, based on information provided in the Ex-post Evaluation Report conducted by KOICA.

Design: Daewoo Engineering Co./Schema Konsult Corp.

Execution of Works: Seo Kwang Development Co., Ltd./ BCT Trading and Construction Company

Construction Management (CM): Sun Jin Engineering and Architecture Co.

Equipment and Materials Supply: Hi Net Trading Co., Ltd., Hyundai Motor Co

Despite being a signatory to the Accra Agenda for Action and the Paris Declaration for Aid Effectiveness, where South Korea promises to untie up to 75 percent of its aid, a huge percentage of the country's ODA remains tied. In an article by Pete Troilo in 2013, figures show that South Korea has failed to meet its goal, which even lessened its target from 37 percent untied aid in 2009 to 27 percent in 2010.

Seeking complementarity with development needs

To make an impact in the Philippines, South Korea's ODA must continuously complement the development needs of the country using the Philippine Development Plan as the take-off point of projects. Thus far, the Korean government is on the right track as its overseas development strategy focuses on its comparative advantages based on KOICA Philippines report, and assistance focuses on education, infrastructure, health, and environment.

However, South Korea has also a comparative advantage in terms of innovation, and further cooperation in research and development (R&D) can boost productivity in the Philippines. This could be achieved through increased technical cooperation and technological transfer through the World Friends Korea program.

In addition, the sluggish pace of rural development in the country remains an issue. KOICA Philippines is currently pilot testing the application of the *Saemaul Undong* (New Village Movement) in the country. *Saemaul Undong* in South Korea proved to be a successful program. It developed village leaders and increased the pace of rural development.

It is important to have effective monitoring and evaluation mechanisms on the part of the Philippine government in order to better assess the impact of aid programs of South Korea in the Philippines. This includes heightened interaction between KOICA Philippines and pertinent agencies under the National Economic and Development Authority (NEDA). Also, ODA reports prepared by NEDA are readily available to the public; however, these reports should be disseminated to stakeholders, particularly Local Government Units (LGUs), National Government Agencies, and Non-Government Organizations (NGOs) that are availing of South Korea's ODA programs.

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