
Country Partnership Strategy for the Republic of the Philippines

2012-2015

Republic of Korea

November 2012

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Executive Summary

The economy of the Philippines has been growing in recent years driven by macroeconomic stability and a strong performing services sector. Yet despite this, the country still faces significant development challenges. Development cooperation will continue to play an important role in the medium term to help the Philippines deal with these challenges.

This Country Partnership Strategy (CPS) details how Korea intends to assist the Philippines to achieve its development objectives. It outlines the volume of assistance and the sectors supported. Korea's ODA has expanded in recent years, supporting projects in economic and social sectors such as transport, energy and education and in agriculture and fisheries sector. Building on these efforts, Korea will focus 70% of its budget on three priority areas for the years 2012-2015: i) promoting sustainable economic growth through transport infrastructure development, ii) supporting food security and rural poverty alleviation through agriculture and water resources development, and iii) strengthening national health systems and local health services.

The strategy is guided by aid effectiveness principles and anchored in strong planning procedures. Support is aligned around the priorities of the Philippine government, and coordinated with the approaches of other donors. To ensure this, the strategy has a strong accountability dimension, with actions monitored and outcomes evaluated.

On that basis, the strategy will evolve over the period of its implementation (2012-2015) to take into account new priorities and lessons of evaluation findings. In short the strategy provides a concise account of Korea's overall policy direction for its development cooperation with the Philippines.

I. Introduction

1. The economy of the Philippines has been growing in recent years driven by macroeconomic stability and a strong performing services sector. Yet despite this, the country still faces significant development challenges. Development cooperation will continue to play an important role in the medium term to help the Philippines deal with these challenges and implement its 5-year National Development Plan (Philippine Development Plan, 2011-2016) to make a meaningful contribution to poverty reduction and sustainable development.
2. This Country Partnership Strategy (CPS) details how Korea intends to assist the Philippines to achieve its development objectives. The partnership is based on mutual understanding and respect, and aims to improve development effectiveness by linking Korea's development experience and comparative strengths in development cooperation to the Philippine development plan.
3. Korea, as a member of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD/DAC), strives to comply with international norms and standards in shaping its development partnership. Thus, the strategy is guided by aid effectiveness principles and anchored in strong planning procedures. Support is aligned around the priorities of the Philippine government, and coordinated with the approaches of other donors. To ensure this, the strategy has a strong accountability dimension, with actions monitored and outcomes evaluated.
4. The strategy will be continuously revised and updated through dialogue with the government and will take into account changing circumstances in the Philippines. Furthermore, the strategy will evolve over the period of its implementation (2012-2015) to take into account new priorities and lessons of evaluation findings. It therefore lays out a framework for further enhancing partnership and cooperation.
5. The remainder of this strategy is organized as follows. Section II presents Philippine's development status and challenges. Section III discusses Korea's development cooperation with the Philippines. Section IV identifies how programs will be implemented to maximize results.

II. Philippine's Development Status and Challenges

6. The Philippines is the fastest urbanizing country in East Asia and its economy has been growing gradually at an average of 5 percent during 2000-2011. Stable macroeconomic policies and a strong performing services sector have contributed to the recent economic developments. The Philippines is on track to achieve the Millennium Development Goals (MDGs) related to poverty reduction, nutrition, gender equality, and reducing child and maternal mortality rates among others. Catalyzing these achievements, the Philippines aims to further eradicate poverty by adopting a framework of inclusive and sustainable growth. Good governance and anticorruption will act as the overarching theme of its National Development Plan (2011-2016) to improve the enabling environment for investors as well as social service delivery, reducing inequality through more accountable governance.

7. Despite its significant progress however, the country has not seen much progress in poverty reduction and a key challenge has been to tackle inequality through better infrastructure, equal access to social services, more job opportunities and good governance.

8. The core principle of this CPS, therefore, will be to assist the Philippines in achieving inclusive and sustainable growth through the expansion of transport infrastructure, agriculture development and better access and quality health services. For this overarching goal, in line with the national development plan of the Philippines, Korea will target efforts towards rapid and equitable growth with an emphasis on the proposed strategic priorities.

III. Korea's ODA to the Philippines

A. Overview 2007~2011

9. Korea disbursed USD 147.4 million to the Philippines between 2007 and 2011, of which - USD 72.6 million was provided in concessional loans and USD 74.8 million in grants. Korea's ODA to the Philippines increased from USD 28.0 million to USD 33.5 million in this period, as detailed in Table 1 highlighting the strengthening bilateral relationship between the two countries. These resources financed twenty one projects, which were approved or implemented by EDCF and KOICA. Korea funded projects in economic and social sectors such as transport, energy and education and in agriculture and fisheries sector. Indeed the transport and energy sectors account for the bulk of ODA at 58.9% of total ODA (Table 2). Korea invested in projects across the country with a particular focus on Manila and Mindanao.

Table 1. Korea's ODA to the Philippines 2007-2011

(Unit: USD millions)

<i>Year (disbursements)</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>	<i>Total</i>
<i>Total</i>	28.0	25.0	21.8	28.9	33.5	137.2

Source: EDCF and KOICA statistics (grants only include contributions from KOICA).

Table 2. Korea's ODA to the Philippines by sector 2007-2011

(Unit: USD millions, disbursements)

<i>Category</i>	<i>Transport/ Energy</i>	<i>Agriculture and Fisheries</i>	<i>Education</i>	<i>Health</i>	<i>Public Administr -ation</i>	<i>Emergency Aid</i>	<i>Other</i>	<i>Total</i>
<i>Amount</i>	80.93	12.61	27.04	6.29	3.61	4.69	2.06	137.23
<i>Share (%)</i>	58.9	9.2	19.7	4.6	2.6	3.4	1.5	100

Source: EDCF and KOICA statistics (grants only include contributions from KOICA).

10. This strategy aims to build on these existing efforts and contribute to the implementation of Philippine's midterm development plan. This will be accomplished through predictable financing, technical assistance and knowledge and technology transfer for the years 2012 to 2015. With these measures, Korea will help unlock the economic potential of the Philippines and contribute to poverty reduction and social integration - strengthening bilateral relations and promoting mutual growth.

11. The CPS and its priority areas were established through close collaboration between the governments of Korea and the Philippines with regular consultations and policy dialogue. A wide range of factors such as Philippine's development strategy, Korea's ongoing development projects in the country and Korea's comparative advantage were reflected in the process of establishing the CPS.

12. Korea will focus 70% of its budget for development cooperation in the Philippines on the three priority areas described below, as agreed for the years 2012-2015:

- Promoting sustainable economic growth through transport infrastructure development.
- Supporting food security and rural poverty alleviation through agriculture and water resources development.
- Strengthening national health systems and local health services.

13. The delivery of the strategy will be guided by aid effectiveness principles and reflect international norms and standards including the MDGs, Busan Partnership Agreement and DAC recommendations. Korea will pursue three values - efficiency, sustainability, and harmonization - to enhance effective implementation.

B. Priority Areas 2012~2015

B.1 Transport Infrastructure Development

Improving transport environment and connectivity between regions through transport infrastructure development for sustainable and balanced economic growth

14. In line with Philippine's Development Plan, this program will focus on improving transportation in the capital area by providing the necessary transport infrastructure (roads, railways), along with policy recommendations on logistics, transport systems and transport security. Moreover, master plans, feasibility studies, environmental assessments and other relevant support will be provided to ensure that the projects contribute to regional connectivity and benefit the whole community. The details of Korea's contribution are as follows:

- Improvement of transportation in the capital area: An efficient transport network is a prerequisite for sustained economic development. In order to improve the quality and efficiency of the public transport system, Korea will provide roads and railways construction analysis, support planning of Manila's logistics systems and establish efficient transport traffic management solutions by linking the different modes of transport and adopting Intelligent Transport Systems (ITS).
- Transport infrastructure development: Korea's support will be geared towards enhancing regional connectivity by providing diagnosis and analysis on transport infrastructure. Taking into account Philippine's development needs, the focus will be on the establishment of an integrated public transportation network through careful analysis and master plans to promote production, competitiveness and regional trade. Recognizing the important role of the private sector in development cooperation, Korea will also explore the possibility of Public and Private Partnerships (PPP) to use aid as a catalyst and create synergies among the public and private sector.
- Capacity building: Korea will establish transport research institute and information systems, provide traineeships and policy recommendations in order to share Korea's experience and enhance the overall capacity in the transport sector.

B.2 Agriculture and Water Resources Development

Increasing agricultural productivity and value added through the development of technologies, infrastructure and water resources with the aim to contribute to food security and rural poverty alleviation

15. This program aims to increase agricultural productivity and value added through irrigation facilities, water resources management, organic farming, provision of improved seeds,

development of livestock farming and support for technical assistance. The specific details of Korea's contribution are as follows:

- **Agriculture Development:** In order to tackle the constraints that hamper agriculture development, Korea will seek to improve the productivity and competitiveness of the agriculture sector by providing support for the acquisition of agricultural inputs, improved seeds, high output husking equipment, transfer of technology, as well as structuring and professionalizing producers. Competitiveness will be enhanced by focusing on processing and marketing, logistics systems and post-harvest handling systems.
- **Water Resources development:** Recognizing the importance of adequate water supply and improved sanitation in promoting economic growth and reducing poverty, Korea's intervention will be geared towards power generation, improved supply of drinking and industrial water, flood prevention, and promotion of ecotourism. Equally important will be the construction of multipurpose dams and irrigation facilities in Iloilo Province, which is anticipated to significantly improve agricultural productivity in the region and contribute to increasing the country's food self-sufficiency. As part of integrating grants and concessional to support this strategy, Korea envisages to conduct master plans for agriculture development. Moreover, Korea will help enhance research capacity to improve technology for quality seeds and provide capacity building, including policy recommendations, to cope with climate change and natural disasters.

B.3 Health Sector Development

Contributing to the MDGs and quality of life through the establishment of national health system and better health services
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16. Korea's support in the health sector seeks to reduce medical costs and expand health services through the improvement of health insurance systems and contribute to quality public health management through the establishment of health information system. Korea will also put a strong emphasis on the rehabilitation of hospitals along with maternal and child health and measles prevention programs in order to improve local health services. The details of Korea's contribution are as follows:

- **Improvement of national health system:** In line with PhilHealth strategy, Korea will seek to support the development of health insurance system and capacity building by conducting joint analysis and policy consultations. Moreover, Korea will help strengthen the health information system to provide the opportunity for more efficient information sharing between the hospitals and the Ministry of Health, also in line with Philippine's e-Health programs.
- **Improvement of local health services:** Korea will contribute to inclusive growth and resolving inequality by increasing access to health services in the rural areas. Korea's efforts will be geared towards strengthening health infrastructure by constructing

hospitals and improving medical facilities. While particular focus will be given to maternal and child health and measles programs, Korea will also help develop health policies by training medical professionals in Korea and dispatching Korean medical volunteers to work in the Philippines.

C. Other Modalities

C.1 Training programs

17. As a measure of capacity building in our cooperation on the priority areas, various types of training programs will be included in program implementation modalities. In order to improve the quality of trainings, multi-year programs will be supported and a short-term training as a one-off event will be refrained.

18. In line with the development needs of the Philippines, comprehensive and long-term training strategy will be designed to build capacity of each different target at individual, organizational and institutional levels. In addition, the issues of sustainable environment and gender equity will be integrated in certain training courses as cross-cutting filters.

19. In order to ensure the quality of training programs, monitoring and evaluation system will be enhanced, with full utilization of the data base system of the training institutions and professionals in each sector. Linkages and coherence between training programs provided by each relevant authority in Korea will be also strengthened to maximize the effectiveness and impact of each program.

C.2 Dispatch of experts & volunteers

20. Sector experts will be dispatched to provide technical assistance in the priority areas of our cooperation, as well as to strengthen technical dialogue with the government of the Philippines and other relevant stakeholders. The number of experts to be dispatched will be decided through mutual discussions and agreement between the two governments. The period of dispatch will be extended to over six months in order to provide technical assistance in a more systematic and sustainable manner.

21. Through the World Friends Korea program, volunteers will be mobilized to support program implementation in each priority area of cooperation and to ensure the sustainability of completed projects.

C.3 Development of research and policy advisory services

22. Technical cooperation in the form of consultancy services, such as development research and policy advisory services will be gradually extended by 2015. To ensure the development research outcomes are put into practical uses and that the research projects do not overlap, the information provided by Korea's ODA agencies will be shared with the relevant authorities and other development partners in the Philippines.

23. Based on needs analysis, experts will be dispatched to explore potential development projects in the priority areas and to map out development research that could have a practical impact in the Philippines. Institutions in the Philippines will jointly take part in these research activities for capacity building and knowledge sharing purposes.

D. Cross-Cutting Issues

24. Environmental sustainability, gender equality are all cross-cutting challenges in the Philippines, limiting the government's capacity to design and implement its programs. The achievement of each priority area will require some strengthening of environmental management and woman empowerment, which make the core and unifying themes of this strategy.

25. Changing climatic conditions and increasing pressure on resources leads to environmental degradation. As part of identifying ways to develop environmentally friendly strategies leading to sustainable development, Korea will conduct strategic environment assessments and environment impact assessments and focus on climate-resilient projects that improve adaptation to climate change.

26. Disparities between men and women adversely affect the quality of life for society as a whole, hindering development and poverty reduction. Korea will adopt a two-track approach to enhance gender equality as both a cross-cutting issue and development objective in its own right. Mainstreaming gender equality in the priority areas of the CPS will provide opportunities to enhance synergies between them and gender equality will be considered in the monitoring and evaluation processes.

IV. Program Implementation

A. Aid allocation

27. At least 70% of Korea's ODA will be allocated to priority areas of bilateral cooperation, while some flexibility will be allowed to respond to urgent humanitarian demands and socio-economic changes in the Philippines. Through dialogue between the two countries and midterm review in 2014 (to be defined), the proportion of budget allocation to priority areas can be discussed and adapted accordingly.

28. Synergies can be created when project linkages between concessional loans and grants are strengthened, as well as linkages between feasibility studies, projects and technical assistance. Starting from the initial stage of policy dialogue and project selection, possibilities will be explored for such linkages with the Government of the Philippines.

B. Coordination among Development Partners

29. The main areas of cooperation with development partners in the Philippines will be aligned with the country's development strategies and priorities of the CPS. Korea is committed to improving aid effectiveness and supports the use of country systems wherever possible.

30. For better aid coordination, Korea will consider participating in the thematic working group particularly in priority areas of the CPS i.e., transport, water supply/sanitation, agriculture and rural development, and public health. Additionally, Korea intends to increase local staff numbers in field offices to enhance aid harmonization with other donors as well as the government of the Philippines. If necessary, sector experts in CPS priority areas will be dispatched to assist the field office to improve project management and enhance technical dialogue with other donors.

C. Monitoring and Evaluation

31. A comprehensive monitoring system to manage ODA activities in the Philippines will be established by designing a risk matrix for each of the main areas to effectively respond in case of internal or external emergency. If necessary, strategies will be revised accordingly. Korea will consult with the Philippines and participate in consultative group meetings to help anticipate and respond to potential risks.

32. To strengthen post project monitoring and evaluation, the outcome will be jointly reviewed between Korea and the Philippines. The joint evaluation will enable participation of the Philippine government and institutions, while facilitating alignment of evaluations with national needs and ownership of the evaluation process and its results. This will result in effective and comprehensive follow-up measures which will enable the Philippines to fully utilize the assistance provided under the development program.

C.1 ODA Integrated Monitoring System and Risk Management

33. An integrated monitoring system for ODA was established by the Korean government to manage Korea's overall ODA activities and will be used to monitor Korea's ODA projects in the Philippines. The monitoring system utilizes a risk matrix to analyze internal and external risks related to the management of projects. This ensures that the implementation strategy can be adapted to respond to emerging risks. Korea will also hold consultations with the Philippines to prevent and detect any possible risks involved in the implementation and management of projects through policy dialogue, field office dialogue with relevant ministries and project executing agencies, and Consultative Group Meetings.

C.2 Evaluation of Projects/Programs and CPS

34. Korea's evaluation of development projects and programs will be divided into three main categories— performance evaluation including mid-term assessment, ex-post evaluation, and thematic evaluation- to reflect the extent to which activities and outputs contributed to reaching the desired outcomes and impacts. Joint evaluation with the Philippines will also be conducted to reinforce its participation and ensure ownership.

35. Conducting evaluation of the CPS will allow assessing the achievements and serve as a basis to validate the findings and reflect them in the next strategy. A joint mid-term review with the government of the Philippines is proposed in 2014 (to be defined) to increase its participation in the evaluation process and share the results. This will enable both the Korean and the Philippine governments to assess the effectiveness of Korea's ODA programs under CPS. The final CPS review will be carried out in 2015, six months prior to the expiration of the current CPS by Korea's relevant authorities in consultation with the Philippines.

APPENDIX 1. Summary of Korea's Partnership Strategy with the Philippines

Philippines Development Plan (2011-2016)			
Vision	Address poverty, create massive employment opportunities and achieve inclusive growth		
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Korea's Country Partnership Strategy (CPS) for the Philippines (2012-2015)			
Goal	Promote inclusive growth, sustainable development and poverty reduction		
Objectives	Promote sustainable economic growth through transport infrastructure development	Support food security and rural poverty alleviation through agriculture and water resources development	Strengthen national health systems and local health services
Priority Areas	Economic infrastructure	Agriculture development	Health
↑ ↑ ↑			
Programs	- Rehabilitation of transport infrastructure - Capacity building programs	- Technical assistance to increase productivity and value added - Construction of dams and irrigation systems - Capacity building programs	- Development of national health systems - Increase access to local health services - Capacity building programs
↑			
Action plan to improve aid effectiveness	Efficiency	Sustainability	Alignment and Harmonization
	<ul style="list-style-type: none"> • Predictability • Selection and concentration • Connection to existing projects 	<ul style="list-style-type: none"> • Reinforcing performance evaluation • Reinforcing follow-up management • Reinforcing monitoring 	<ul style="list-style-type: none"> • Coordinating aid efforts among donor countries • Aligning with the recipient country's development strategies
↑			
Basic principles for the CPS	MDGs, Busan Partnership Agreement, DAC recommendations, and other measures to improve Korean ODA		