

**Philippines Development Forum**  
**March 26-27, 2008**  
**Statement of the Embassy of the Republic of Korea**  
**Clark Field, Angeles City, Pampanga**

The Republic of Korea is pleased to participate in the 2008 Philippines Development Forum and commends the Government of the Republic of the Philippines (GRP) and the World Bank for this year's meeting preparations and arrangements. It lauds the organizers for providing various stakeholders with an invaluable opportunity and forum to thresh out policy issues.

**Building Meaningful Partnerships**

1. As Korea prepares for the 60<sup>th</sup> Anniversary of its diplomatic relations with the Republic of the Philippines in 2009, it looks forward to becoming a more involved partner in achieving the Philippines' goals in the future. Korea remains sincere in its efforts to participate in the country development plan of the Philippines through various ODA programs such as grant aid and technical assistance from the Korea International Cooperation Agency (KOICA) and concessional loan from the Economic Development Cooperation Fund (EDCF). As the fifth largest destination for Korean investors and one of Korea's major trading counterparts, the Government of the Republic of Korea has prioritized the Philippines for its ODA program.

*Official Development Assistance*

2. In support of the GRP's efforts in reducing poverty, promoting sustainable socio-economic development and achieving the Millennium Development Goals (MDGs), Korea significantly enhanced and expanded its ODA grant and loan programs in the Philippines. Korea continues to align its ODA activities with the Philippine Government's Medium Term Philippine Development Plan, particularly in the areas of rural development, infrastructure, human resources development, health and Mindanao peace and development.
3. Furthermore, Korea is fully committed to the Paris Declaration's agenda of ownership, harmonization, alignment and managing for development results. It has formulated the Mid-term Country Program for the Philippines to ensure strategic and recipient-aligned ODA programs. It is also strengthening its bilateral policy dialogues with the GRP and

exploring opportunities to increase cooperation and partnership with other donors.

4. Pursuant to the Korean Government's plan to join the Development Assistance Committee of the OECD by 2010, Korea strives to improve the effectiveness of its aid efforts. In line with this, it looks forward to increasing its ODA volume in the Philippines while enhancing the linkages between grant and loan programs, instituting sectoral programming approaches, and gradually untying both grant and loan assistance.

*Implementing long-term projects and to find a way to implement LGU projects*

5. Korea has continuously supported development activities of Local Government Units (LGU) in the Philippines. It emphasizes that LGUs serve as the primary catalyst of development at the local and grass-root levels. Inasmuch as the government is constrained to directly allocate its limited budget resources to LGU projects and programs, Korea supports efforts to develop innovative financing models which would enable broader LGU access to ODA resources and private sector-led funding.

**Economic and fiscal policy**

*Infrastructure development and monitoring*

6. Korea declares its support to the GRP in its ongoing effort to provide an interconnected infrastructure system appropriate to the Philippine archipelago. Korea firmly believes that an express highway which connects Mindanao to Luzon and Visayas is a key factor towards a more inclusive and united Philippines. Furthermore, the transportation infrastructure is one of the biggest constraints to doing business in the Philippines. Businesses may opt to limit themselves to mere distribution of finished products, because, paradoxically, the poor transportation infrastructure enables the distribution industry high margins. Korea believes that an efficient transportation infrastructure system would encourage the flourishing of the second industry including manufacturing industry here, thus reducing the margin of the distribution industry. Thus, it would induce local capital to be invested in the second industry.
7. Korea recognizes the importance of private sector investments in addressing development gaps in the Philippines. It enjoins the GRP to intensify its efforts in attracting and promoting wider private sector

investments and creating favorable policy environment for it. Opportunities for Public-Private Partnership (PPP) on major infrastructure projects should be actively pursued to ease the financing burden from the government, notwithstanding existing bottlenecks in the implementation of several on-going projects.

8. While Korea continues to assure the GRP of its support for major infrastructure projects, it emphasizes the benefits of a strong project monitoring and evaluation system. Thus, it encourages the GRP to establish a post-project appraisal system which reports on project outcomes and societal impacts. An independent evaluation of infrastructure projects may be undertaken by the GRP to ensure that its development objectives are indeed achieved.
9. In the Philippines, major local conglomerates are mainly focused on the distribution industry and real estate. However, in order to transform the country into a more value-added competitive economy, it is essential that these local capitals are converted into industrial capitals. It would be desirable if the overall government policies are designed to induce and promote this trend.

#### *OFW remittances for development purposes*

10. Korea lauds the GRP for the continued growth of the Philippine economy. It recognizes that this is due in large part to the remittances by Overseas Filipino Workers, which reached \$14 Billion US in 2007. Korea however urges the GRP to initiate programs which would entice OFWs to funnel their remittances into public sector investments. The current discussion on the OFW bond is a good case in point. This will ensure that the individual contribution of an OFW would redound to the nation's progress.

#### *Tourism*

11. Korea congratulates the GRP for attracting three million tourists in 2007 alone. Korea agrees with the GRP's policy of recognizing that the tourism sector can be an area of economic growth. With this in mind, Korea urges the GRP to continue developing a more tourist friendly environment, focusing its efforts on ensuring the safety and well being of international visitors. These measures may include the abolition of the double pricing system for foreign tourists and the introduction of a customer complaints desk which allows protection and an immediate feedback mechanism for

foreign tourists. Korea also affirms its support to programs focused on the development and preservation of the Philippines' cultural heritage sites.

### **Mindanao**

12. Korea is concerned with the continuing poverty situation in Mindanao. The region is encountering not only the highest poverty rate but also increasing poverty incidence. Given that the development gap is the one of the major causes of the conflicts between different groups, it is desirable to undertake responsive social and development policies regarding the Mindanao region which are not hinged on the conclusion of the peace process. Korea acknowledges that significant development initiatives in Mindanao are currently being done by the GRP and the donor community as a whole. For its part, Korea undertakes to make its presence is felt in the region through the development of a special support program for Mindanao.

### **Conclusion**

The Republic of Korea affirms its commitment to the Republic of the Philippines in the latter's endeavor to carve its way towards national development. Korea lauds the GRP for all its achievements for 2007 and assures that it shall continue to be a development partner of the Philippines in the coming years.