

PERSPECTIVES IN DEVELOPMENT FINANCE AND ODA IN THE PHILIPPINES

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Presentation Outline

- I. Introduction
- II. Evolving Trends in Development Finance
- III. Historical Flows of ODF/ODA to the Philippines
- IV. What's in the Philippine ODF/ODA Horizon?
- V. Concluding Notes

Introduction

- Role of ODA in capacitating developing countries is vital.
- ODA helps these countries address development challenges.
- However, ODA may also be a source of corruption or misuse by errant recipients.

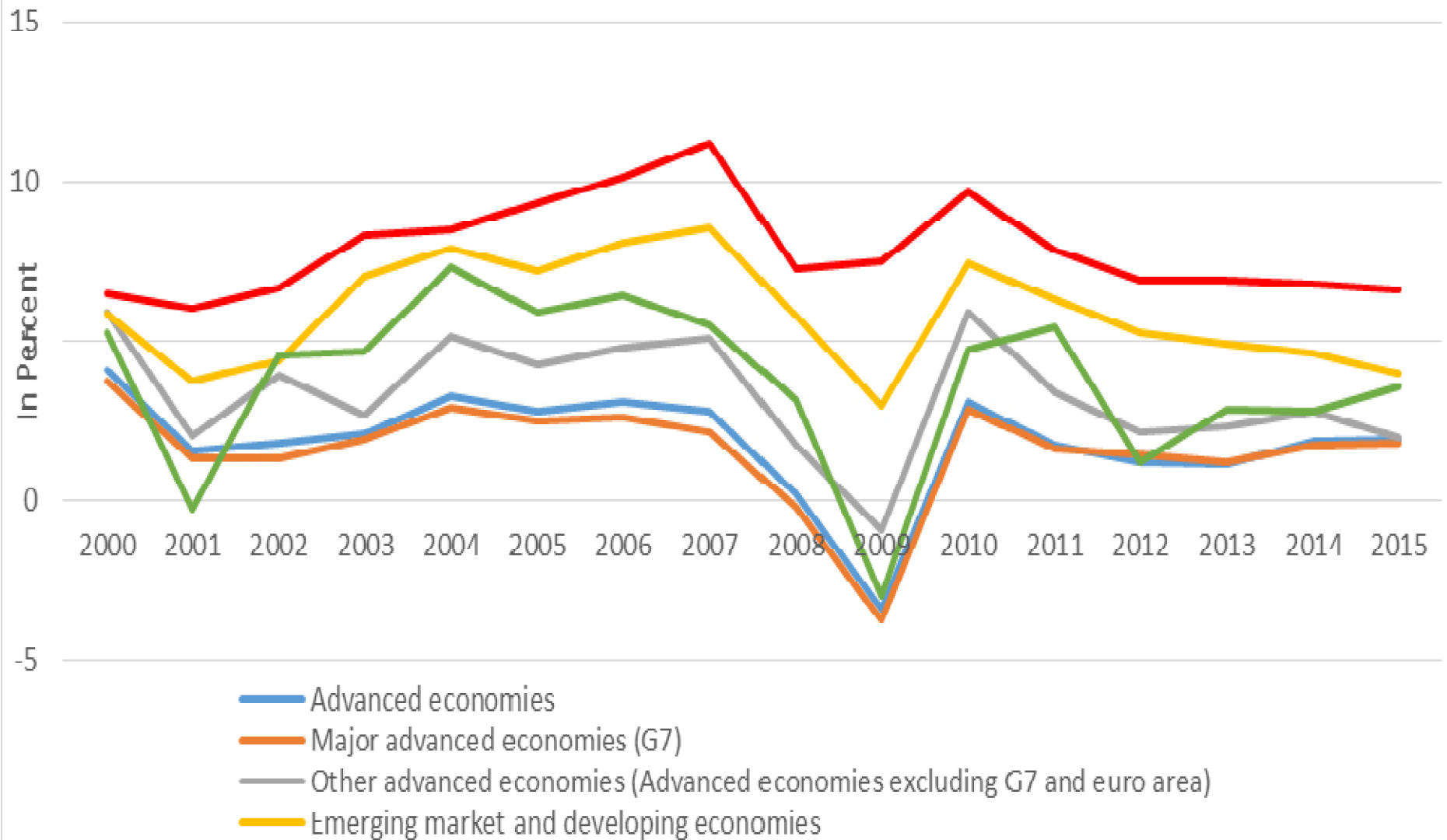
Introduction

- This paper reviews development finance and ODA in the Philippines amidst current trends and historical flows.
- Such a review is in order to provide a glimpse of what the future of Philippine development finance and ODA may hold.

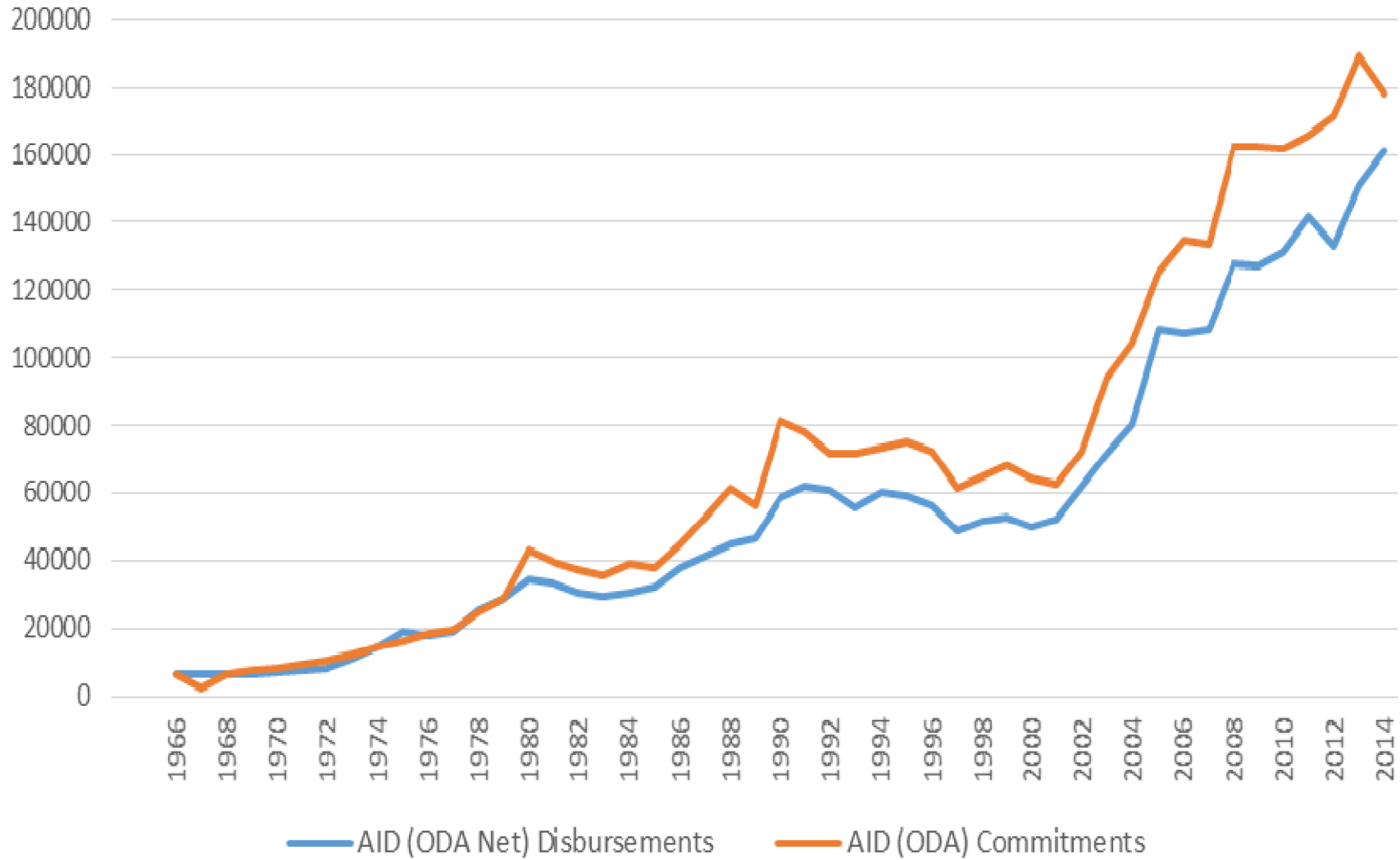
Evolving Trends in Development Finance

- ODA has grown steadily, providing a source of external capital for economic growth and development of less developed countries (Amerasinghe & Espejo, 2006)
- Annual GDP growth of advanced economies at 1.80% vs. that of emerging market and developing economies at 5.9% (from 2000-2015) – Figure 1 (GDP, constant prices) in the next slide.

GDP, constant prices
Y-O-Y growth rates



Total ODA - Donors to Developing Countries
(1966 - 2014)
In Million US\$



Evolving Trends in Development Finance

- Figure 2 (Historical Total ODA – Donors to Developing Countries) in the previous slide shows the marked growth of ODA over the past 50 years which indicated a sharp rise around 2007 (due to high levels of debt relief).

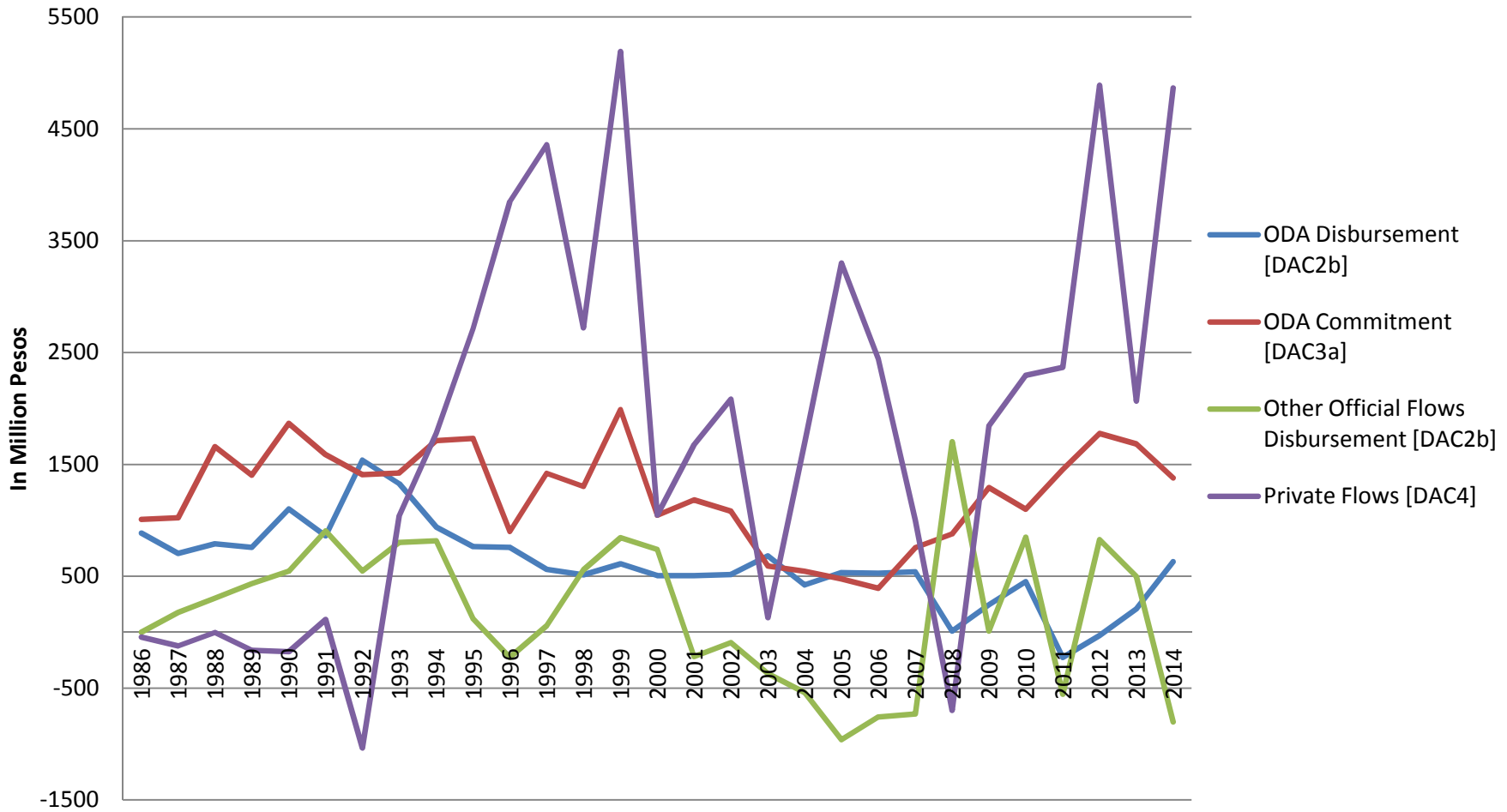
Evolving Trends in Development Finance

- The global community has made impressive progress in achieving some of the Millennium Development Goals (MDG) through a developmental agenda but in Sept 2015, a new global agenda was introduced in the UN.
- 3 paradigm shifts:
 - a) from halving poverty to ending poverty
 - b) from an ODA-led agenda to an all resources agenda
 - c) from the sustainability and development agendas to a unified and universal post-2015 sustainable development agenda

Historical Flows of ODF/ODA to the Philippines

- In Figure 3 (Development Capital Inflows to the Philippines) in the next slide, private flows via sharp jumps and drops dominate the Philippine ODA landscape.
- Such private flows were more distinct during the presidencies of Fidel Ramos (mid-1990s), Gloria Macapagal-Arroyo (early 2000s) and Benigno Aquino III (2010-2016).

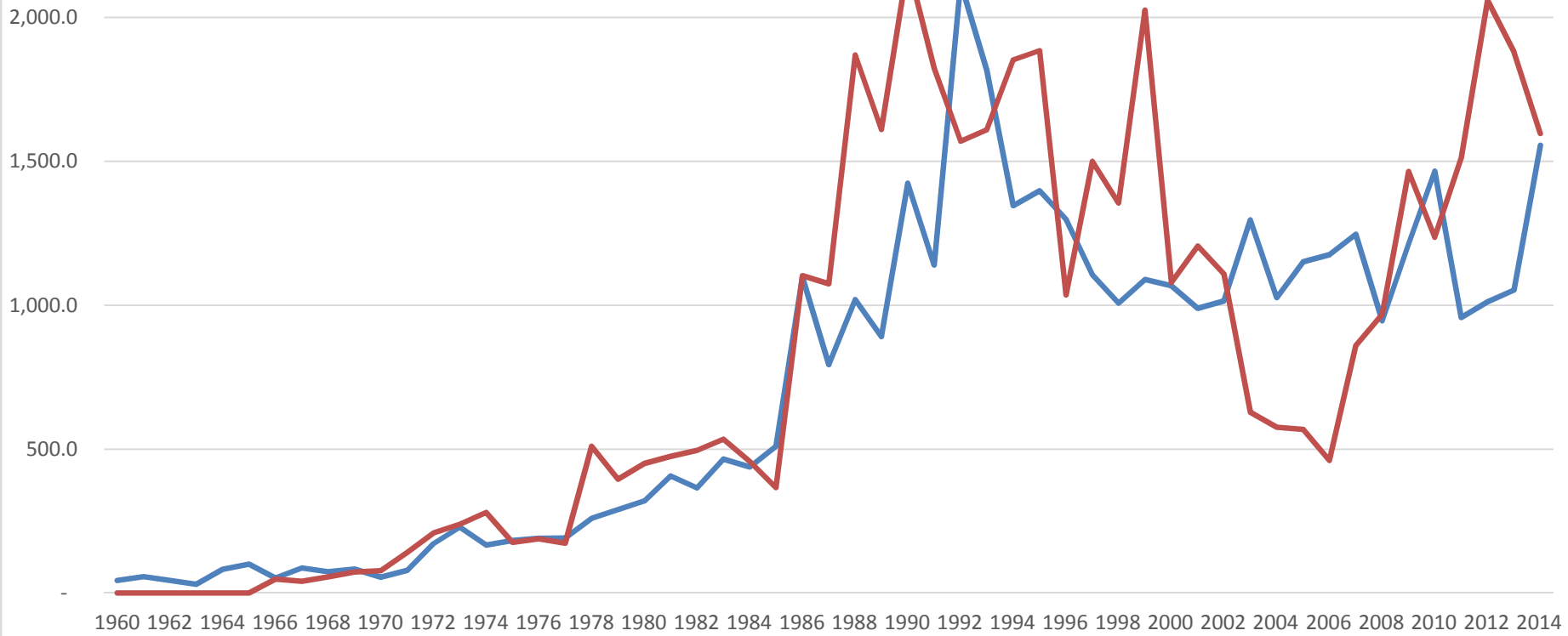
Development Capital Inflows to the Philippines (1985 to 2014)



Historical Flows of ODF/ODA to the Philippines

- In Figure 4 (Total ODA vs. ODA Commitments) in the next slide, the line graphs for total ODA and ODA commitments appear to converge.

Total ODA vs ODA Commitments
(1960 - 2014)
In Million US\$

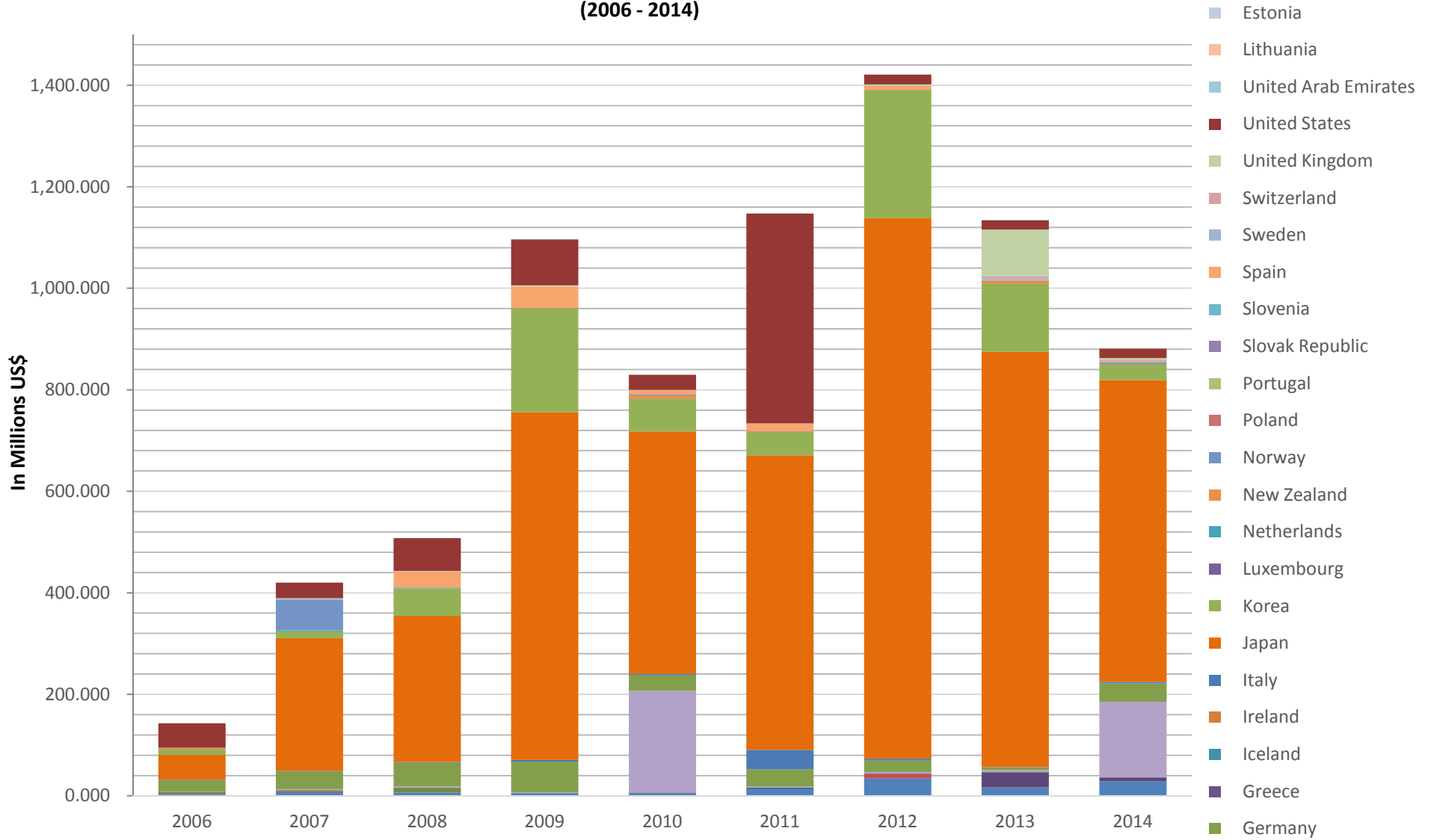


— Total ODA (Loans Gross + Grants) — Total ODA Commitments (Grant + Loans)

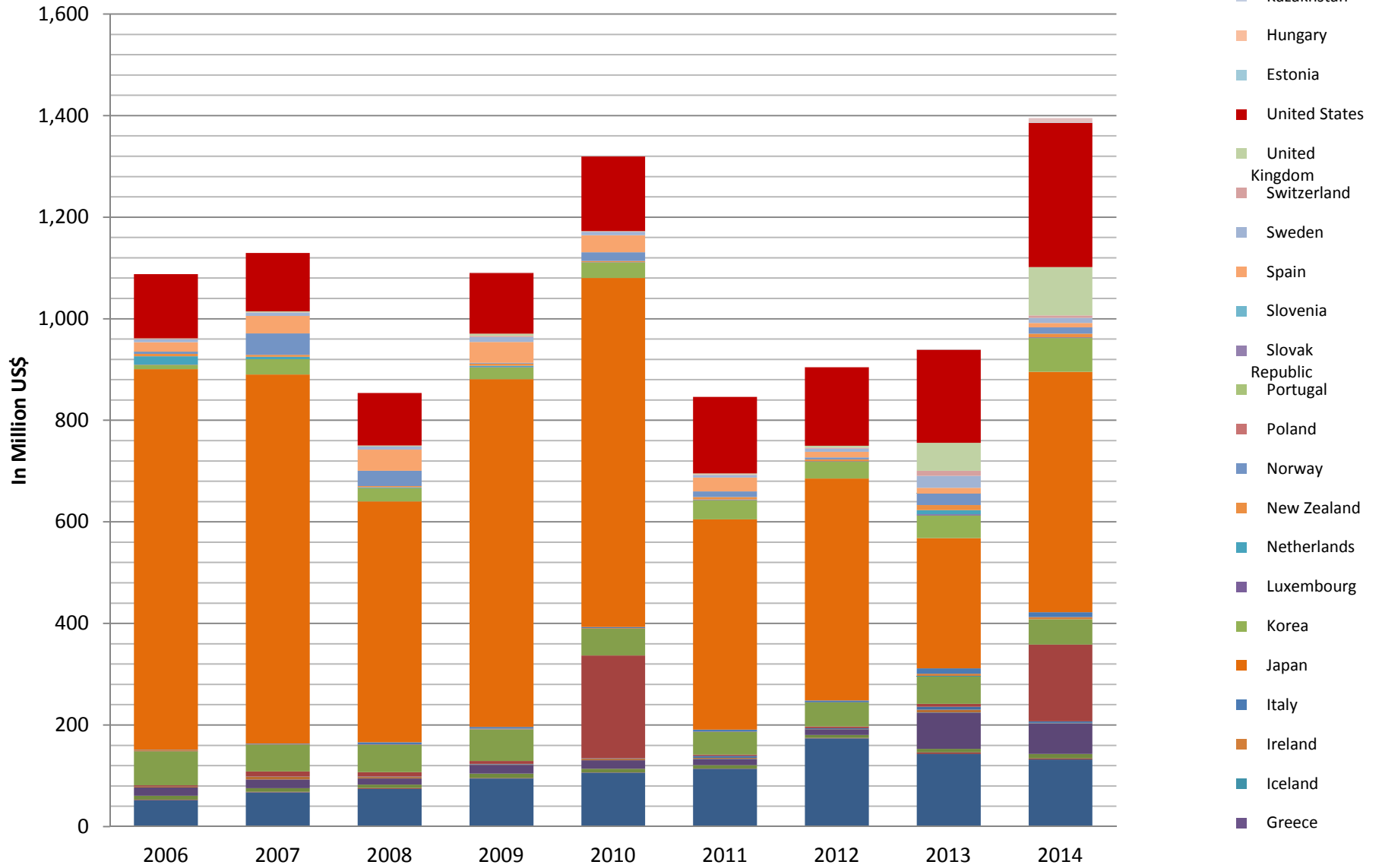
Historical Flows of ODF/ODA to the Philippines

- The main channel of Philippine ODA continues to be the public sector.
- Bilateral ODA commitments saw a peak in 2012 with Japan emerging as the top donor since 2007 up to the present time (Figures 5 and 6 – next 2 slides).

**Bilateral ODA Commitments by Donor Country
(2006 - 2014)**



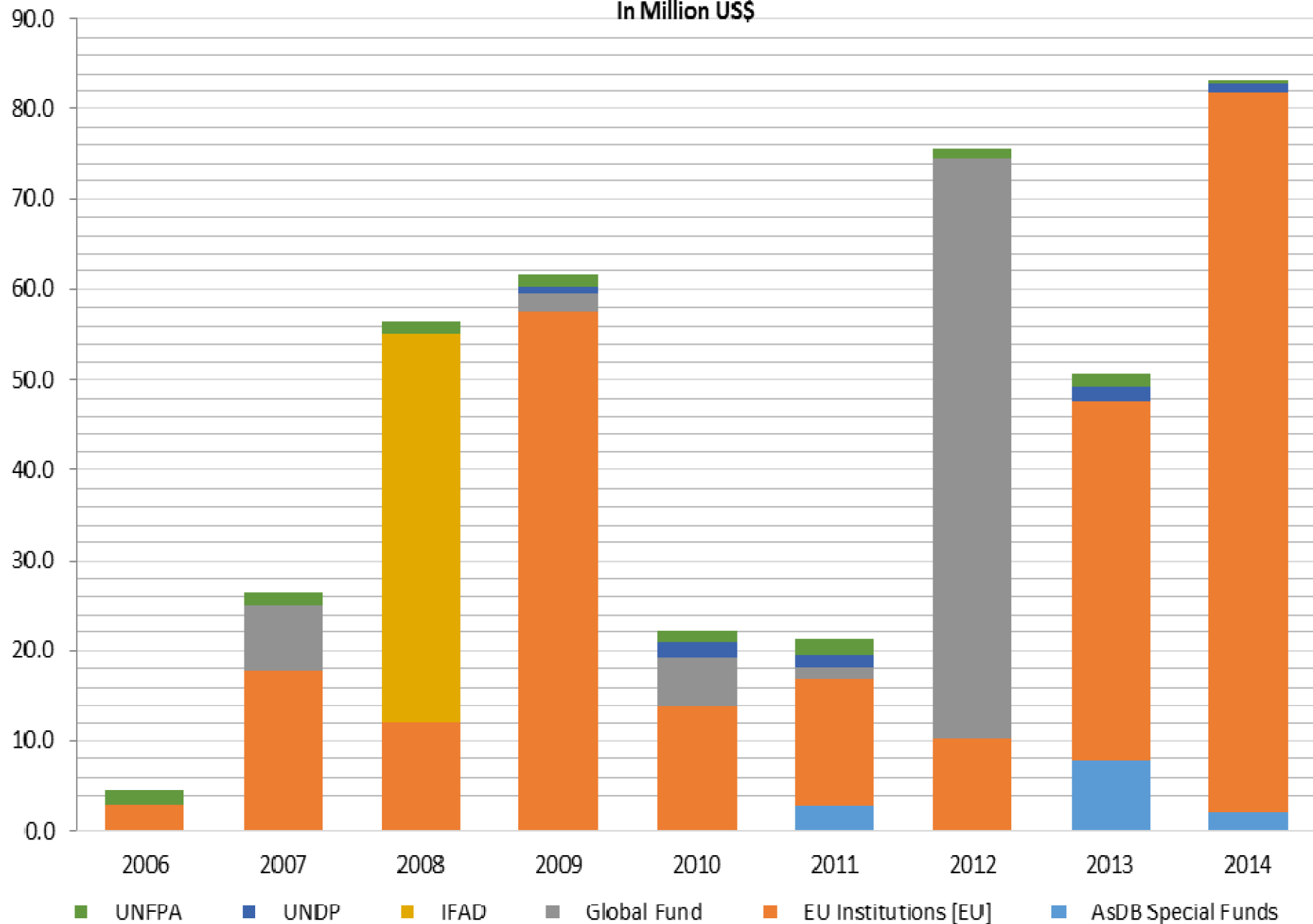
**Bilateral ODA Disbursement by Donor
(2006 - 2014)**



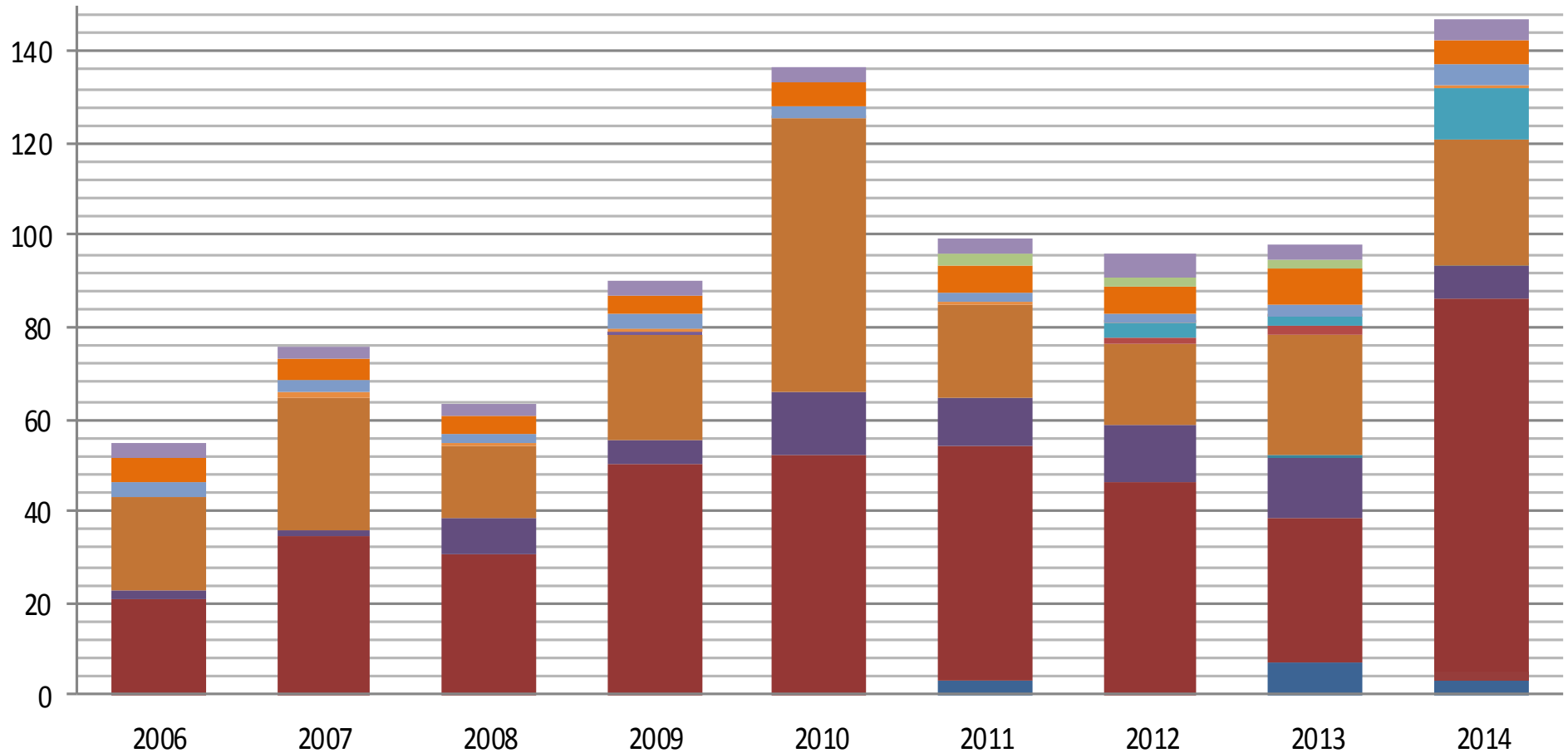
Historical Flows of ODF/ODA to the Philippines

- The top multilateral ODA provider is the EU.
(Figures 7 and 8 – next 2 slides)

**Multilateral ODA Commitment by Donor
(2006 - 2014)
In Million US\$**



**Multilateral ODA Disbursement by Donor
(2006 - 2014)
In Million US\$**



- UNICEF
- UNFPA
- UNAIDS
- Nordic Development Fund [NDF]
- International Labour Organisation [ILO]
- Global Fund
- Global Environment Facility [GEF]
- UNHCR
- UNDP
- OPEC Fund for International Development [OFID]
- Montreal Protocol
- International Atomic Energy Agency [IAEA]
- Global Green Growth Institute [GGGI]
- EU Institutions [EU]

Historical Flows of ODF/ODA to the Philippines

- In terms of total aggregate ODA commitments and disbursements, the following donor countries make up the top 10 (Figures 9 and 10 –next slide):

1. Japan

2. U.S.

3. Australia

4. Germany

5. France

6. Korea

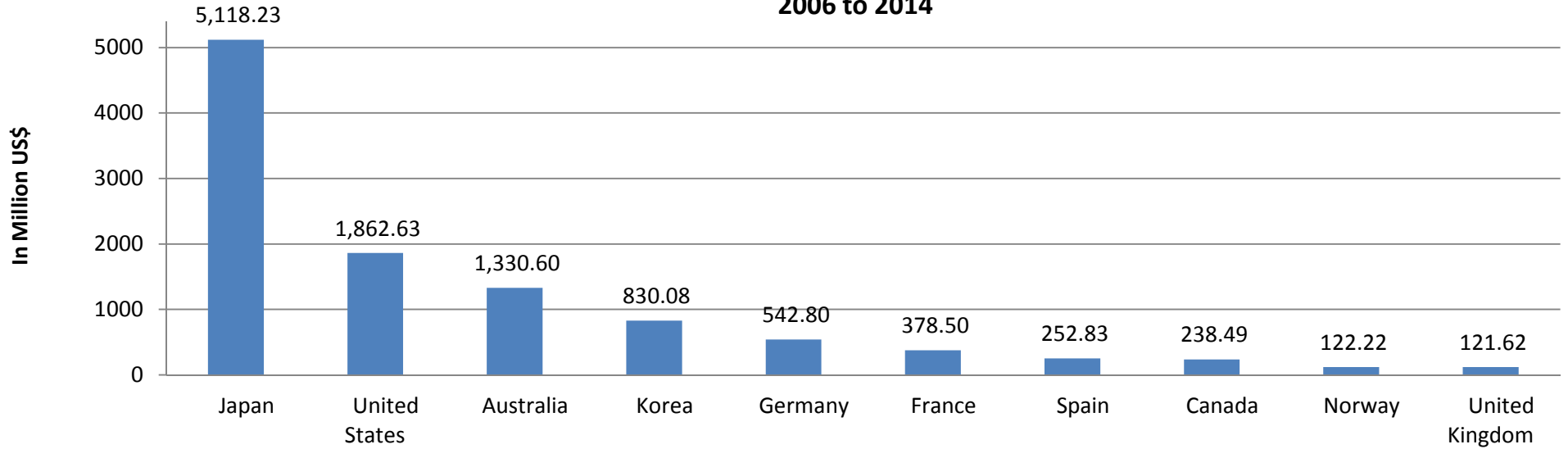
7. Canada

8. Spain

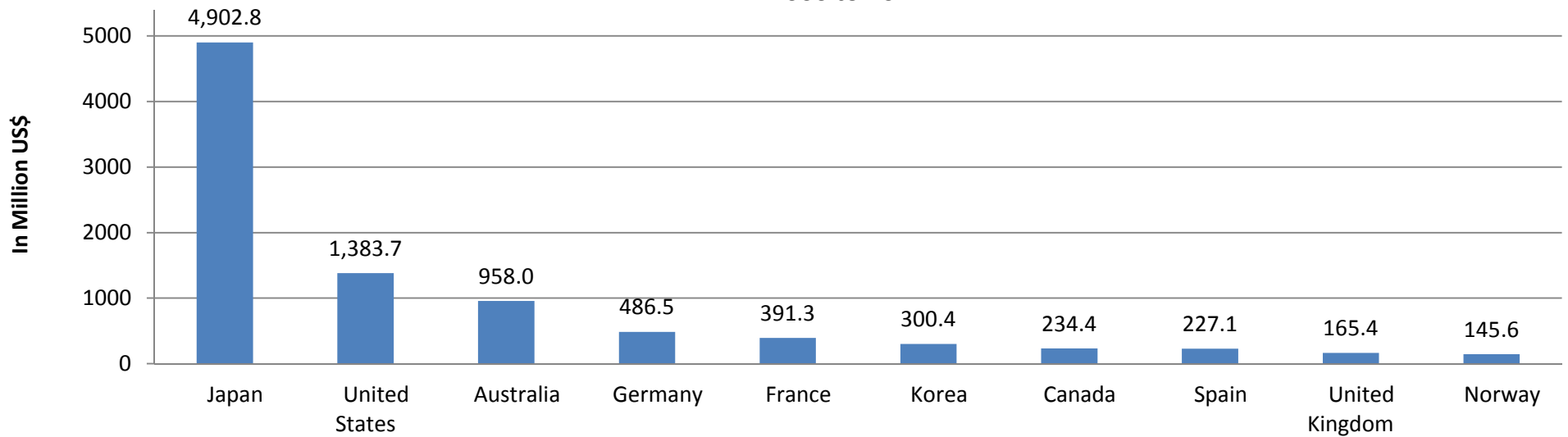
9. United Kingdom

10. Norway

**Total Aggregate ODA Commitment by Top 10 Donor
2006 to 2014**



**Total Aggregate ODA Disbursement by Top 10 Donor
2006 to 2014**



Historical Flows of ODF/ODA to the Philippines

- National Economic and Development Authority (NEDA)
 - It is the Philippine government agency tasked with formulating and implementing development plans in line with national development goals.
 - Among the tasks which NEDA performs is program and project appraisal (including the review of ODA and other forms of development assistance).

Historical Flows of ODF/ODA to the Philippines

Philippine ODA Portfolio Review

- ODA portfolio increased by 19% from USD 12.05 billion in 2013 to USD 14.37 billion in 2014 probably due to aid sent after Typhoon Haiyan struck Central Philippines in late 2013.
- Top ODA loan providers: JICA, World Bank, ADB
- Top ODA grant providers: Australia, U.S., UN System

Historical Flows of ODF/ODA to the Philippines

Philippine ODA Portfolio Review

- The infrastructure sector cornered the largest share of ODA loans (comprising 59% in 2013 and 39% in 2014).
- The social reform and community sector was the main recipient of ODA grants (accounting for 51.8% in 2013 and 37% in 2014).

What's in the Philippine ODF/ODA Horizon?

- A new administration with divergent views and practice of international relations took over the stewardship of the country on June 30, 2016.
- Will the U.S., UN and the EU continue sending ODA to the Philippines? What might be the implication of a possible major pullout by these top donors? Would the move attract new ODA players such as China and Russia?

What's in the Philippine ODF/ODA Horizon?

- Under a worse scenario, the Philippines stands to lose around USD 1837.04 million in ODA should there be a total pullout of ODA from the U.S., UN System and the EU (NEDA, 2014).
- The implications are daunting due to the possible long-term political, economic and social repercussions.

Concluding Notes

- It will be interesting to see how the next few months and even the next year will be in terms of development finance and ODA in the Philippines.
- It is evident that at this point given its strong economic performance, the Philippines cannot afford the consequences of a total pullout in international aid.

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Abstract

The vital role of ODA in capacitating developing countries to address development challenges has been evident in past successes but may have also been a source of corruption and misuse by errant recipients. This paper reviews development finance and ODA in the Philippines amidst current trends and historical flows. The Philippines has been on a growth streak the past five years, outpacing its East Asian neighbors, growing by 6.9% in the first six months of 2016. Its history in receiving ODA is traced back to its past and current relationships with countries which have established economic ties with it like Japan, the United States and Spain among others. Findings revealed that global ODA has been on an uptrend. Moreover, the trends in Philippine ODA and other overseas capital flows also appear to mimic what is happening in the world economy with downward ODA trends evident during international financial shocks and distinct as well during presidencies marked by corruption. Other findings are as follows: a) The type of development capital flows as well as the extent of such flows over the Philippines' history of receiving ODA depend on the thrusts and development policies of the incumbent administration; b) Total ODA vs. total ODA commitments exhibited a converging trend with the public sector as the main ODA channel; c) Bilateral ODA commitments surged in 2012 with Japan emerging as the top donor since 2007. On the other hand, the EU was the Philippines' major multilateral ODA donor; d) In terms of total aggregate ODA, major donor countries included Japan, the U.S., Australia, Korea, Germany, France, Spain, Canada, Norway and the UK; e) The Philippines' ODA portfolio increased by 19 % from USD 12.05 billion in 2013 to USD 14.37 billion in 2014 which appears to be due to the international response in the wake of Typhoon Yolanda (Haiyan) which wrought havoc on Central Philippines in late 2013; f) JICA, the World Bank and ADB were the top ODA loans providers while Australia, USA and the UN System were the biggest providers of ODA grants; g) In both years (2013 and 2014), the infrastructure sector cornered the largest share of ODA loans (comprising 59% in 2013 and 39% in 2014) while the social reform and community sector was the main recipient of ODA grants (accounting for 51.8% in 2013 and 37% in 2014). The future and sustainability of Philippine ODA remains to be seen under the new administration given its divergent and at times confusing views on foreign policy.

Key words: development finance, ODA, capital flows, Philippines

I. INTRODUCTION

The role of ODA in enabling countries to respond to development challenges such as poverty alleviation, combatting inequality and enhancing food security cannot be discounted. Countries such as South Korea and Taiwan which used to be net recipients of ODA have progressed well to the point where they have become donor countries as well. How about the Philippines? Can it track the way of South Korea and Taiwan? What is the current state of development finance and ODA in the Philippines?

With sound fundamental economic indicators and a competitive workforce which is widely acknowledged internationally, the Philippines has been singled out as the strongest performer among the major East Asian countries including China, Indonesia, Thailand, Malaysia and Vietnam during the first half of 2016. The Philippines grew by 6.9% year-on-year during the first six months of 2016, thus effectively maintaining its robust growth streak for the past five years (The World Bank, 2016). Such past gains, however, have been tempered by catastrophic tropical typhoons such as Typhoon Yolanda (international code name: Haiyan) in 2013.

Over its political history, the Philippines has been one of the Asia-Pacific countries receiving official development assistance. It traces its long ODA history to its past and current relationships with countries which have established ties with it. Recently, a new administration has taken over the helm of the country which has been divergent in its views on foreign policy and international relations. Thus, a review of Philippine development finance and ODA is in order in an attempt to provide a glimpse of what the future of development finance and ODA in the Philippines may hold.

This paper is organized as follows. Section II tackles evolving trends in global development finance. Section III presents a historical overview of Philippine ODA while Section IV analyzes what could be in store for Philippine ODA. Section V presents concluding notes.

II. EVOLVING TRENDS IN DEVELOPMENT FINANCE

Since the Bretton Woods Institutions and the United Nations system were established, official development assistance (ODA) has grown steadily and played a lead role as a source of external capital for economic growth and development of less developed countries around the world (Amerasinghe & Espejo, 2006). Moreso, when the Millennium Declaration in 2000 was adopted, much of the economic growth of emerging market and developing countries outpaced those of countries categorized as advanced economies, although the past three years showed a narrowing of this gap (Figure 1). In addition, on the average, from 2000-2015 annual GDP constant growth in advanced economies was 1.80%, while emerging market and developing economies grew on the average by 5.9 %.

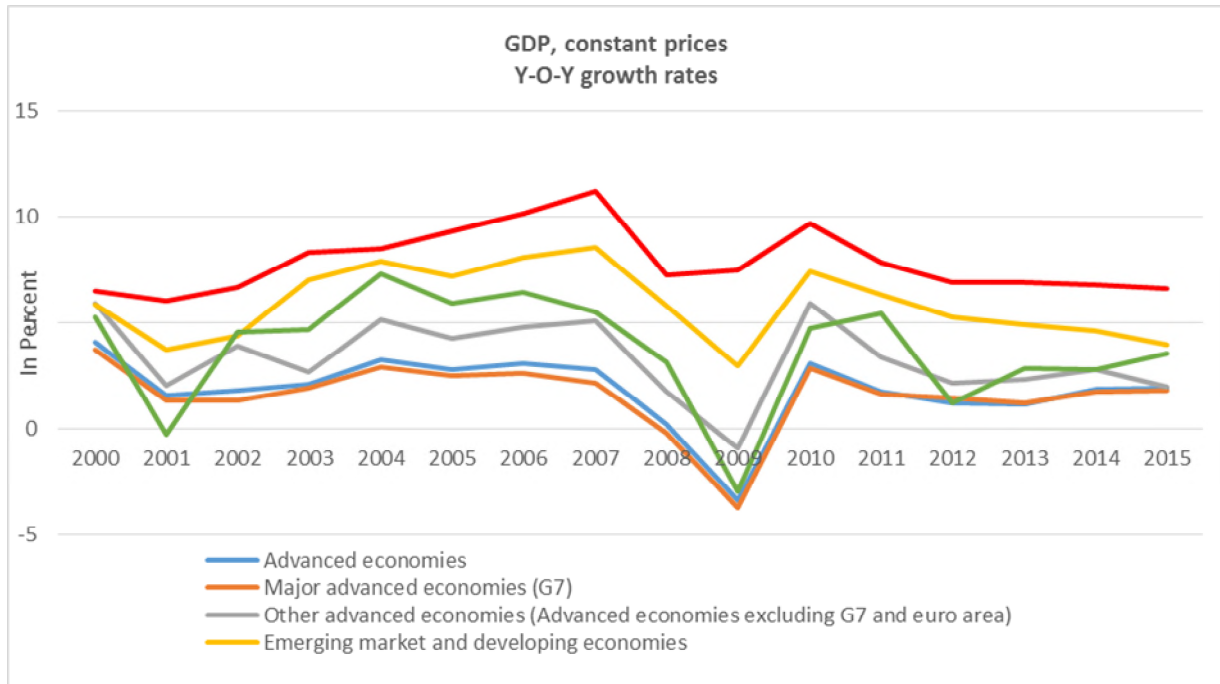


Figure 1. Annual Gross Domestic Product (current) – Growth Rates

Source of Basic Data: IMF World Economic Outlook, April 2016

The global community responding to the challenges in poverty, inequality, food security, conflict, and natural disasters has made impressive progress in achieving some of the Millennium Development Goals (MDGs). Moreover, in this context of growth gaps between the two group economies, global poverty decreased significantly and the poverty reduction target of MDG 1 was reached ahead of schedule. Evidence of meeting these social challenges is the marked growth of ODA for most of the last fifty years (Figure 2), which by 2006/2007 rapidly increased due to high levels of debt relief, while its decline in 2011-2012 was in the wake of the global financial crisis.

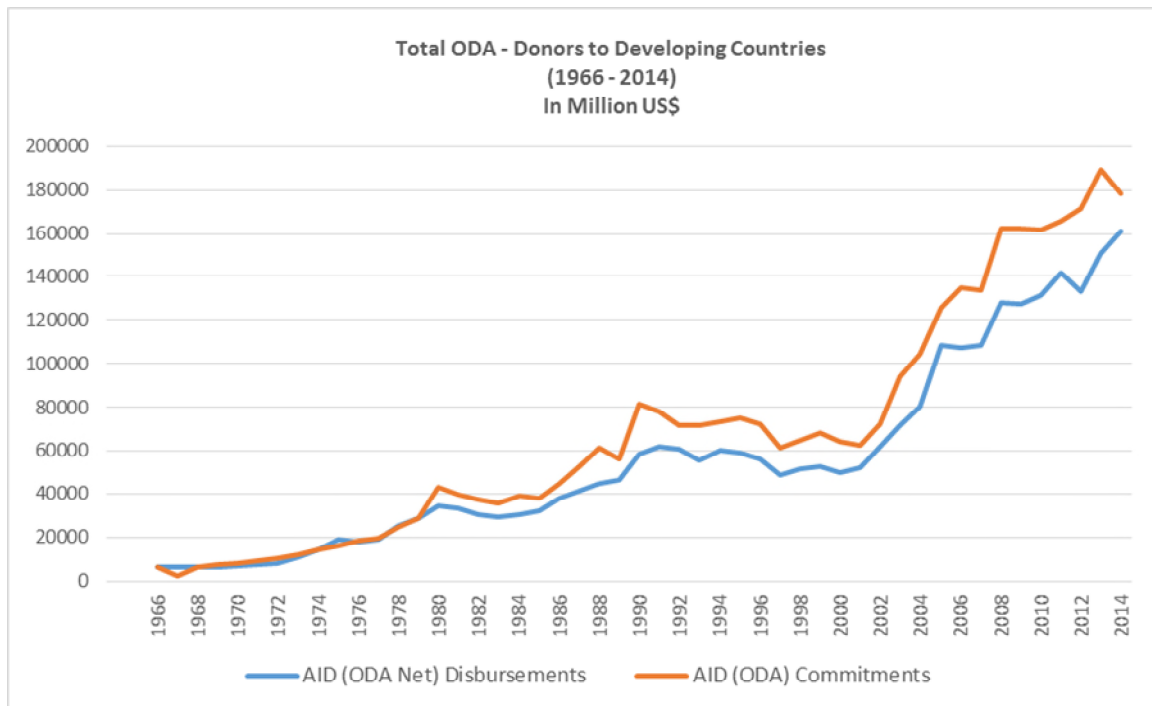


Figure 2. Historical Total ODA – Donors to Developing Countries

Source of Basic Data: OECD.stat

This unprecedented international agreement pursued global progress through a developmental agenda, and emerging from post-2015, a more holistic yet broader vision was developed. Furthermore, in September 2015, the United Nations member states were convened for a special General Assembly summit to introduce a new global agenda. The intention then was to mobilize a fully inclusive global partnership of both state and non-state actors to achieve a set of Sustainable Development Goals (SDGs) that will succeed the Millennium Development Goals (Tomlinson, 2014).

In the UN-led published report by Strawson et al. (n.d.) entitled, “Improving ODA allocation for a post-2015 world,” these three paradigm shifts from the MDGs to the emerging post-2015 development agenda are most relevant to the question of how to allocate ODA:

- 1.) From halving poverty to ending poverty in all its forms everywhere

Poverty reduction was achieved ahead of time in 2010. The Open Working Group on Sustainable Development Goals of the United Nations General Assembly has set an ambitious vision for ending poverty as the primary goal of the global agenda for the next 15 years. (See <https://sustainabledevelopment.un.org/owg.html>)

2. From an ODA-led agenda to an all resources agenda

Due to emphasis for basic social needs, external financing for the MDGs was focused around ODA. While ODA is critical in providing direct support to basic social services, many of its roles are evolving, from driving change, to mobilizing and establishing partnerships with other resources that can support implementation.

3. From the sustainability and development agendas to a unified and universal post-2015 sustainable development agenda.

The post-2015 development agenda aims to bridge together the sustainable and development agendas into a single vision, which to date has largely evolved separately from each other.

Other initiatives with regards to ODA involved its modernization and new measures (Tomlinson, 2014). Currently, there are three proposals for modernizing ODA developed by the Development Co-operation Directorate(DCD) for the DAC members, namely: 1.) Focused ODA – which is to streamline the reporting contributions by removing donor-centric costs (refugees, students, among others), and concentrating on actual expenditures incurred by a donor; 2.) New ODA – which will include only the “grant equivalent” of loans, to take into account the cost of borrowing and country risk.; and 3.) Updated ODA – A risk adjusted discount rate will be used to assess gross amounts of concessional loans, as well as flows mobilized by ODA. The new proposed measure is the “Total Official Support for Development”, which should be able to provide clear norms and standards for the transparent inclusion of finance, based on demonstrable outcomes for any future SDGs.

III. HISTORICAL FLOWS OF ODF/ODA TO THE PHILIPPINES

Overview of Datasets and Definitions

The large amount of raw data that is used in this study has been taken mostly from the Organization for Economic Co-operation and Development (OECD), particularly from OECD.stat, which is the statistical online platform of the OECD where users can search and access OECD’s statistical databases.

Data sets representing the developmental capital inflows to the Philippines used in this study are taken from statistical data of the Development Assistance Committee (DAC) of the OECD and are defined as follows:

1. DAC2a - Destination of Official Development Assistance Disbursements. Geographical breakdown by donor, recipient and for some types of aid (e.g. grant, loan, technical co-operation) on a disbursement basis (i.e., actual expenditures). The data cover flows from all bilateral and multilateral donors except for Tables DAC 1, DAC 4, DAC 5 and DAC 7b which focus on flows from DAC member countries and the EU Institutions.
2. DAC2b - Other official flows are official sector transactions which do not meet the ODA criteria, e.g.:
 - i.) Grants to developing countries for representational or essentially commercial purposes;
 - ii.) Official bilateral transactions intended to promote development but having a grant element of less than 25 per cent;
 - iii.) Official bilateral transactions, whatever their grant element, that are primarily export-facilitating in purpose. This category includes by definition export credits extended directly to an aid recipient by an official agency or institution ("official direct export credits");
 - iv.) The net acquisition by governments and central monetary institutions of securities issued by multilateral development banks at market terms;

v.) Subsidies (grants) to the private sector to soften its credits to developing countries ; and
vi.) Funds in support of private investment.

3. DAC3a - A commitment is a firm written obligation by a government or official agency, backed by the appropriation or availability of the necessary funds, to provide resources of a specified amount under specified financial terms and conditions and for specified purposes for the benefit of a recipient country or a multilateral agency. Members unable to comply with this definition should explain the definition that they use. Commitments are considered to be made at the date a loan or grant agreement is signed or the obligation is otherwise made known to the recipient (e.g. in the case of budgetary allocations to overseas territories, the final vote of the budget should be taken as the date of commitment). For certain special expenditures, e.g. emergency aid, the date of disbursement may be taken as the date of commitment.
4. DAC4 - Private sector, net is broken down, for DAC Members combined, into direct investment, portfolio investment and export credits (net). The transactions covered are those undertaken by residents of DAC Member countries. Portfolio investment corresponds to bonds and equities. Inflows into emerging countries' stock markets are, however, heavily understated. Accordingly, the coverage of portfolio investment differs in this regard from the coverage of bank claims, which include indistinguishably export credit lending by banks. The bank claims data represent the net change in banks' claims after adjustment to eliminate the effect of changes in exchange rates. They are therefore a proxy for net flow data, but are not themselves a net flow figure. They differ in two further instances from the other data in the report. First, they relate to loans by banks resident in countries which report quarterly to the Bank for International Settlements (BIS). Secondly, no adjustment has been made to exclude short-term claims.

Another database source from the OECD is the Creditor Reporting System (CSR), which was established in 1973 to collect more detailed information about individual aid loans and later on grants to complement the recording of aggregate flows.

Development Capital Inflows in the Philippines

A historical overview of development capital in the country shows that it continues to be dominated by private sector flows (Figure 3) which reflect sharp jumps and drops, particularly during specific presidencies. Private sector flows flourished during the Ramos administration (from June 30, 1992 to June 30, 1998), the Macapagal-Arroyo administration (from 2001 to 2008) and the Benigno Aquino III administration from June 30, 2010 to June 30, 2016 (though take note that Figure 3 only includes the period until 2014 based on available data). The marked decrease of flows during the period from 2000 – 2003 highlights international investor response to the Estrada administration's reaction to corruption allegations that could have very damaging effects on their investment, while 2008 outflows reflect the effects of the global financial crisis and 2012 Euro-Greek crisis.

Capital flows for ODA disbursements increased throughout 2011 to 2014, however, a proportional decrease seemed to pervade in terms of ODA commitments. This can be attributed mostly to government adoption of a combined strategy of pre-paying debts, reducing reliance on ODA, and

optimizing the foreign-domestic borrowing mix given the prevailing low interest rates in the financial market. (Llanto and Navarro, 2014)

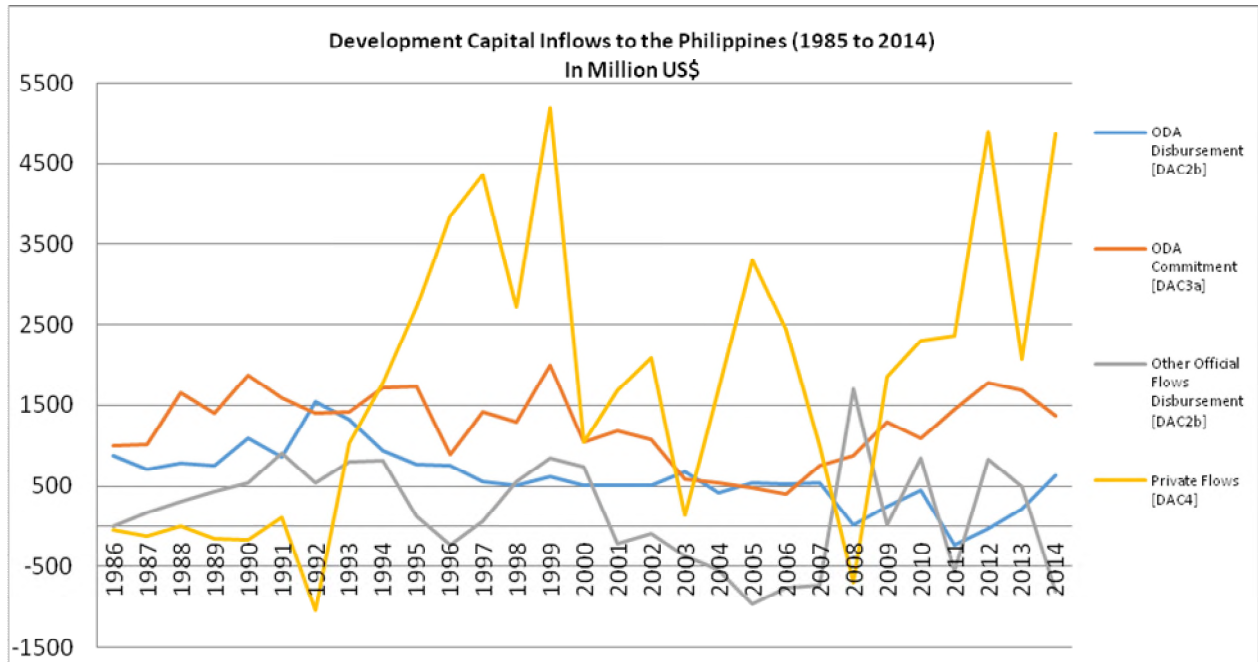


Figure 3. Development Capital Inflows to the Philippines (1985 to 2014)

Source of Basic Data: OECD.stat

A further review of this observation can further be seen through the comparative line graphs of Total Official Development Assistance vs. ODA commitments which by 2014 seem to be converging (Figure 4).

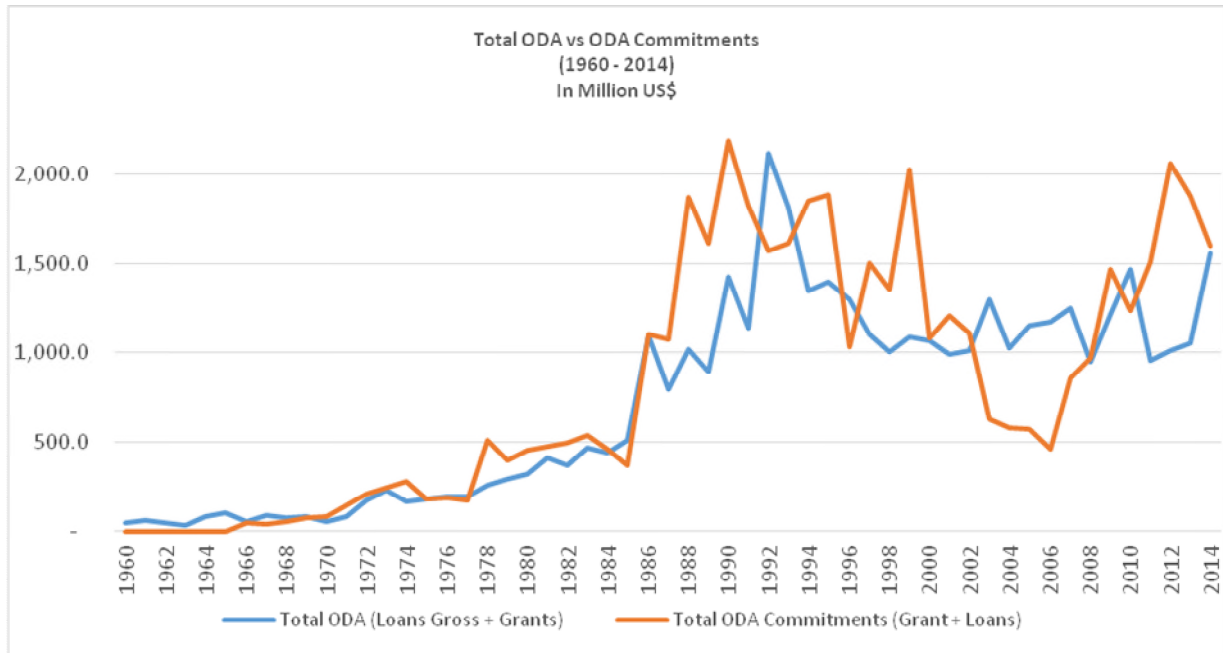


Figure 4. Total ODA vs. ODA Commitments (1960-2014)

Source of Basic Data: OECD.stat

Channels of Philippine ODA

The main channel of Philippine Official Development Assistance continues to be through the public sector, both for ODA Commitments and Disbursements (Figures 5 and 6). While Public-Private Partnerships (PPP) were launched in 2010 by the Aquino administration which aimed to focus on key strategies primarily on infrastructure investments, it has not provided much impact in shifting to such a channel considerably. However, data for 2015 may provide a slight increase since much of the flows were approved during the latter part of the past administration.

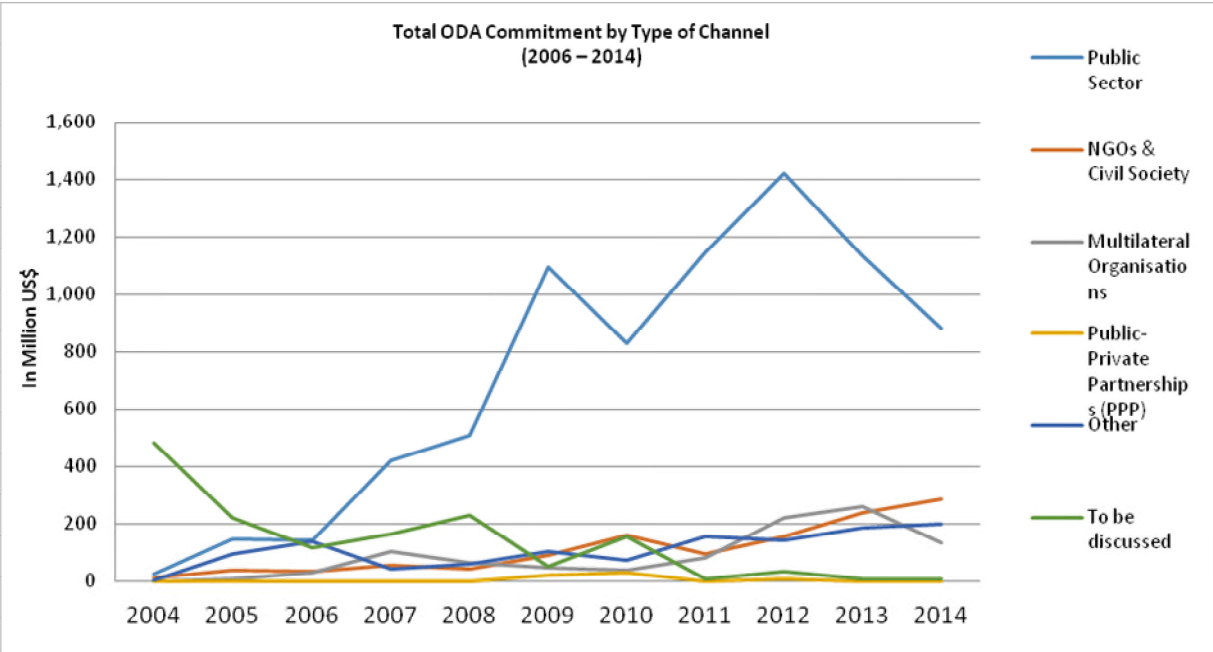


Figure 5. Total ODA Commitment by Type of Channel (2006-2014)

Source of Basic Data: OECD.stat

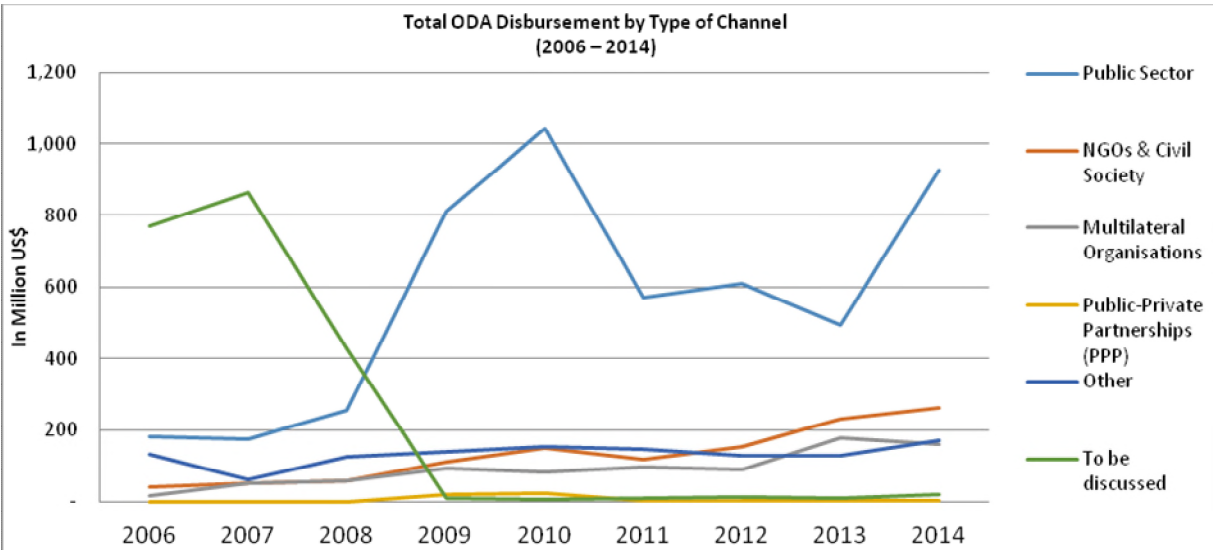


Figure 6. Total ODA Disbursements by Type of Channel

Source of Basic Data: OECD.stat

Bilateral ODA Flows

This section provides a broad overview of bilateral aid flows, in which a number of donors have continued to provide assistance from 2006 to 2014 (Figures 7 and 8).

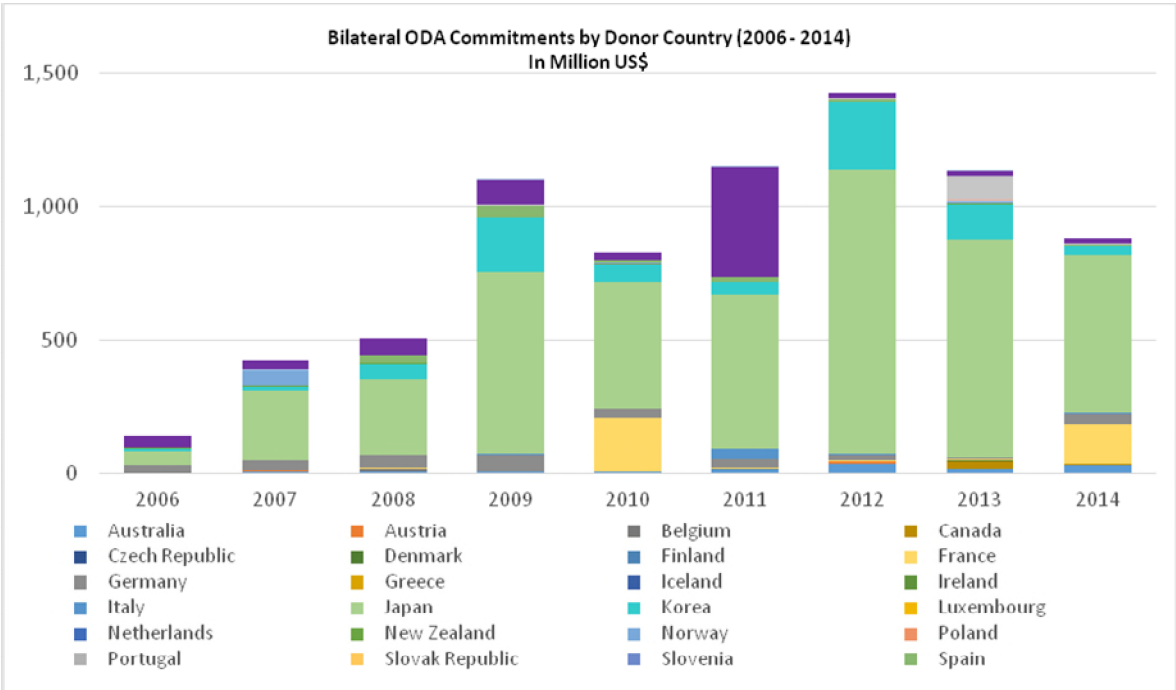


Figure 7. Bilateral ODA Commitments by Donor Country (2006-2014)

Source of Basic Data: OECD.stat

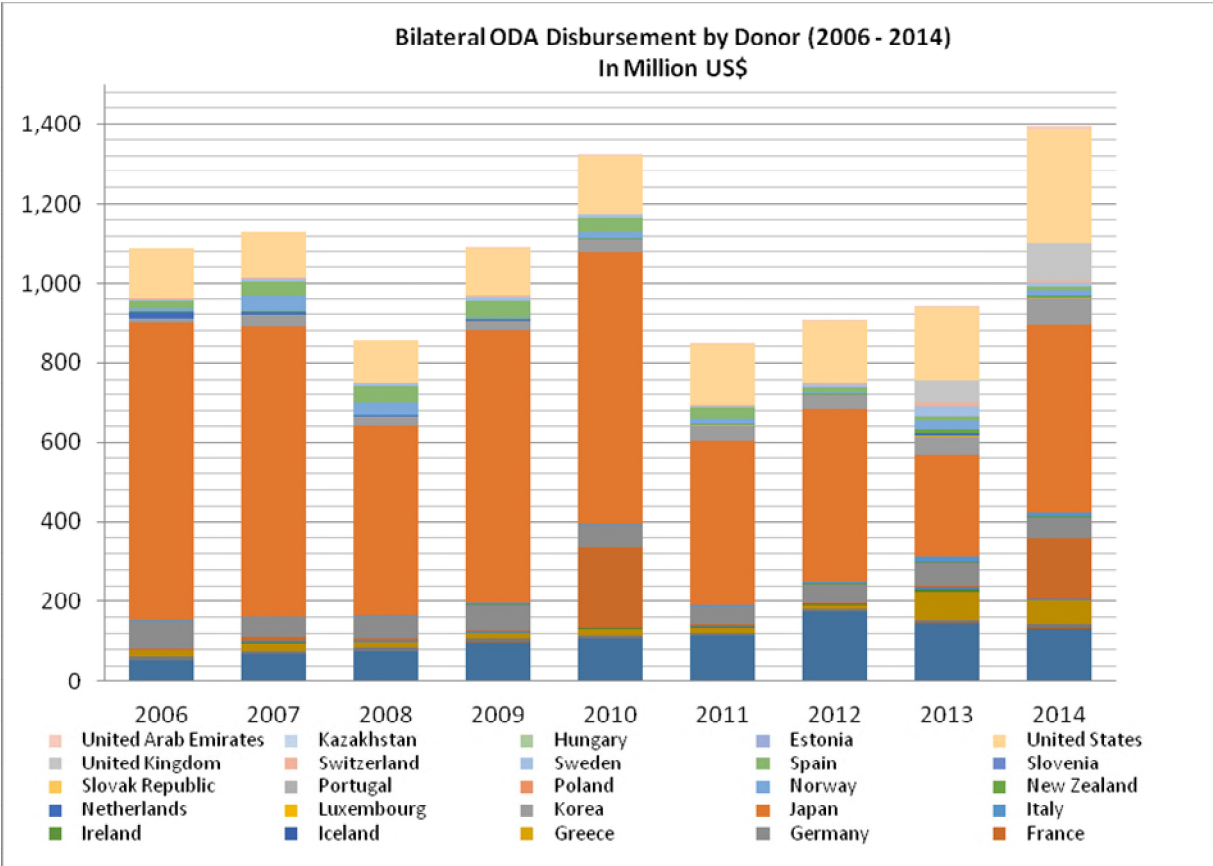


Figure 8. Bilateral ODA Disbursements by Donor Country (2006-2014)

Source of Basic Data: OECD.stat

Multilateral ODA Flows

Relative to multilateral ODA flows, historically, big multilateral donors have acted as creditors or banks not donors, by lending money at non-concessional interest rates. For the period presented in Figures 9 and 10, both for ODA commitments and disbursements, the EU is the biggest multilateral donor to the Philippines. Various institutions were reported to contribute to ODA commitments, while a number of institutions were still recorded to donate substantially under ODA disbursements.

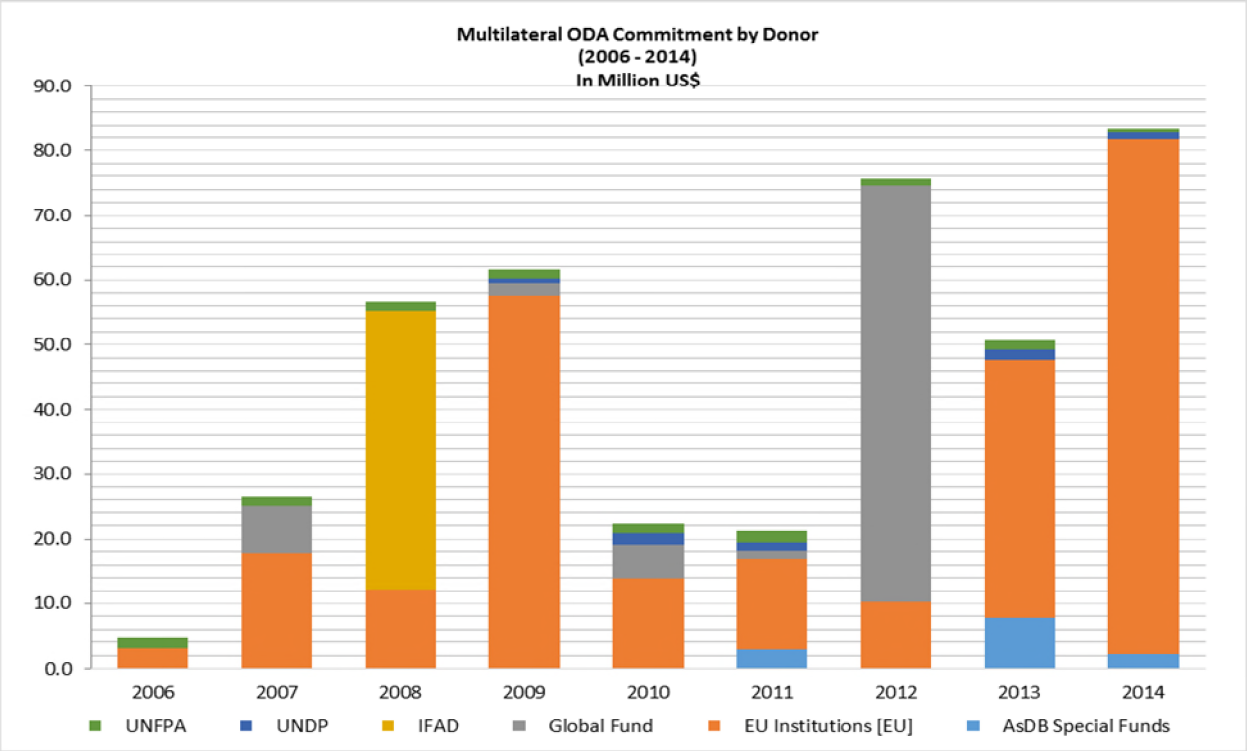


Figure 9. Multilateral ODA Commitment by Donor (2006-2014)

Source of Basic Data: OECD.stat

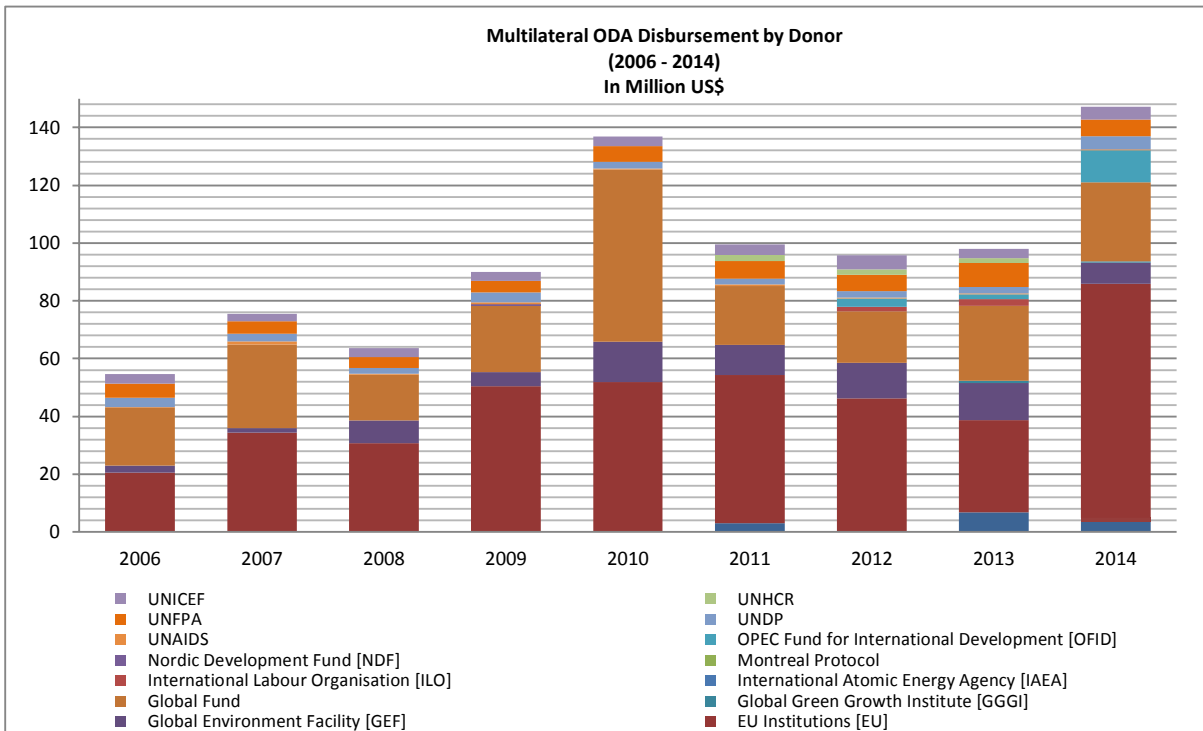


Figure 10. Multilateral ODA Disbursements by Donor (2006-2014)

Source of Basic Data: OECD.stat

Total Aggregate Bilateral ODA: Top 10 Donor Countries

On an aggregated level covering the period from 2006 – 2014, as seen in Figures 11 and 12, Japan dominated aid flows by commitment and by disbursement, which reflects its continued role as a regional leader. Not surprisingly, the Philippines’ closest strategic and economic partner – the U.S., comes in second, while another Asia-Pacific leader – Australia, comes in at third. Interestingly, for the 8-year reference period, South Korea has emerged as the fourth biggest donor for ODA commitments, followed by Germany which is ranked 4th in terms of ODA disbursement. Other donor countries in the top 10 included France, Canada, Norway and Spain. What can readily be concluded in this ranking is the continued efforts of these countries to foster strategic, business interests and influence in the recipient country through aid.

ODA by sector is defined as the distribution of bilateral ODA commitments by economic sector. It does not refer to the type of goods or services provided. These data are aggregates of individual projects notified under the Creditor Reporting System, supplemented by reporting on the sectoral distribution of technical co-operation, and on actual disbursements of food and emergency aid. This indicator is measured in millions of USD at constant prices, using 2014 as the base year.

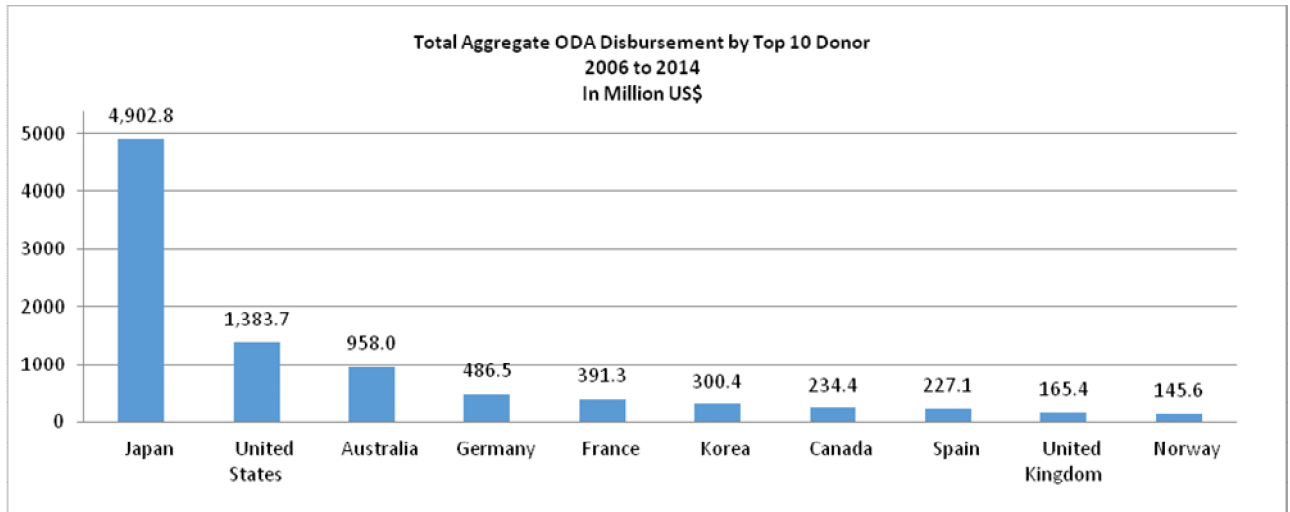


Figure 11. Total Aggregate ODA Disbursements by Top 10 Donors

Source of Basic Data: OECD.stat

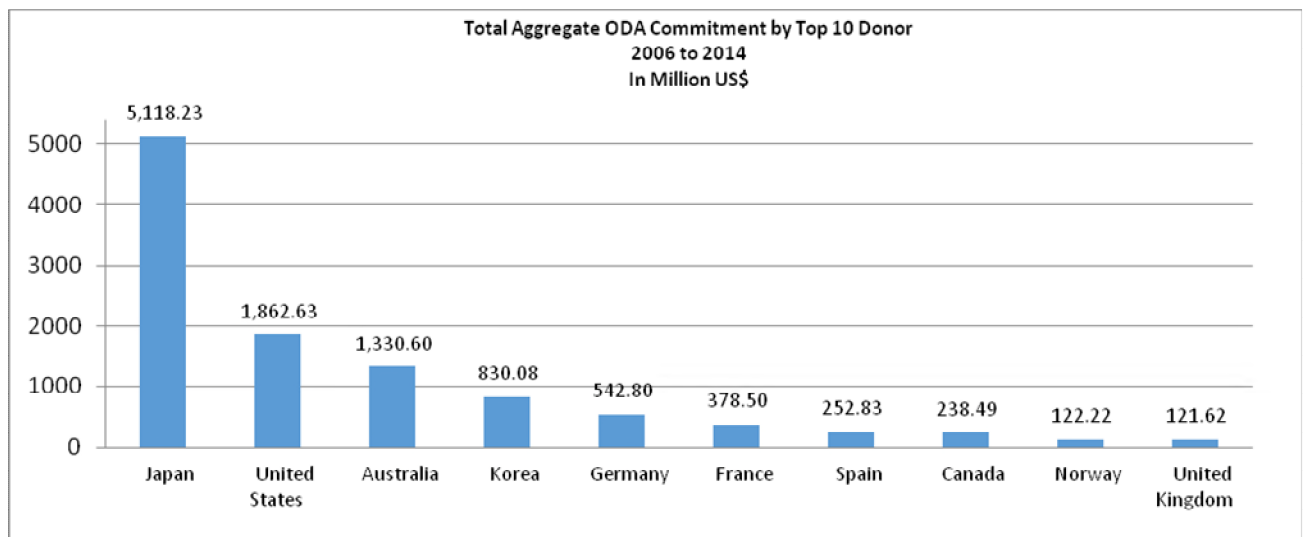


Figure 12. Total Aggregate ODA Commitments by Top 10 Donors

Source of Basic Data: OECD.stat

The Role of the National Economic and Development Authority (NEDA)

NEDA is the Philippine government agency tasked with formulating and implementing development plans in line with national development goals.

In 2015, NEDA assisted in laying down “structural reforms for sustainable and inclusive growth: a) Passage of the Fair Competition Act and Cabotage Law; b) sound fiscal management; c) strong

governance and anti-corruption agenda; d) increased investment in basic education; and e) widespread implementation of the Pantawid Pamilya Program or the Conditional Cash Transfer Program, among others” (NEDA Annual Report, 2015).

Among the tasks which NEDA performs is program and project appraisal to ensure alignment with the Philippine Development Plan (NEDA Annual Report, 2015).

Philippine ODA Portfolio Review

According to NEDA (2013), the country’s ODA portfolio as of the end of 2013 was USD 12.05 billion comprised of 77 loans worth USD 9.09 billion and 503 grants totalling USD 2.97 billion. The Japan International Cooperation Agency (JICA) is the biggest source of loans (USD 3.23 billion) accounting for 35.5% of ODA loans in 2013 while the World Bank and ADB provided ODA loans totaling USD 2.34 billion (25.7%) and USD 1.64 billion (18%), respectively. On the other hand, Australia was the top donor in terms of ODA grants, providing the Philippines with USD 891.29 million (30.06%) worth of grants in 2013 while the USA was a close second (through the USAID and Millenium Challenge Corporation), releasing grants totalling USD 875.33 million (29.52%). The UN System ranked third in grant provision with USD 407.27 million (13.73%).

In terms of sector, infrastructure accounted for the largest ODA share in terms of loans at 57%, followed by agriculture, agrarian reform and natural resources (15%) and government and institutions development (14%). On the other hand, social reform and community development was the major recipient in terms of ODA grants, comprising 51.8% of total grants (NEDA, 2013).

How about the following year, in 2014? What did the Philippine ODA portfolio look like?

As of 2014, the NEDA reported that the country’s ODA portfolio was USD 14.37 billion, consisting of 76 loans worth USD 11.18 billion and 449 grants totalling USD 3.19 billion. Compared to 2013, total ODA in 2014 increased by 19%. The World Bank that year became the biggest source of loans (USD 4.45 billion) accounting for 39.8% of ODA loans in 2014 while JICA and ADB provided ODA loans totaling USD 3.16 billion (28.3%) and USD 2.23 billion (20%), respectively. On the other hand, the USA was the top donor in terms of ODA grants, providing the Philippines with USD 1148.6 million (36.1%) worth of grants in 2014 while the UN System provided grants totalling USD 608.5 million (19.1%). Australia was number 3, releasing grants worth USD 587.02 million (18.4%).

As for the allocation according to sector, infrastructure remained the largest recipient of ODA share in terms of loans at 39%, followed by social reform and community development (24%) and government and institutions development (22%). On the other hand, social reform and community development likewise remained the top recipient in terms of ODA grants, comprising 37% of total grants (NEDA, 2014).

In 2015, the NEDA approved 29 projects which included 23 new projects (12 of which were funded via ODA (accounting for 41% of total approved projects), 11 funded by PPP (38%), 5 locally funded, one mixed ODA and LFP financing) and 6 project requests for change as seen in Tables 1 and 2.

Table 1. Approved New Projects by the NEDA Board in 2015

	PROJECT TITLE	PROPOSER AGENCY	TOTAL PROJECT COST (in PHP M)	FUNDING SOURCE
1	Integrated Marine Environment Monitoring System (PHILO Project Phase 2)	DA	1,675.89	ODA
2	Access to Sustainable Energy Program	DOE	4,891.42	ODA
3	Bureau of Fire Protection Capability Building Program, Phase II	DILG	1,426.36	ODA
4	Metro Manila Priority Bridges Seismic Improvement Project	DPWH	4,290.42	ODA
5	Davao City Bypass Construction Project	DPWH	16,814.69	ODA/LFP
6	Panguil Bay Bridge Project	DPWH	5,086.71	ODA
7	Tarlac- Pangasinan-La Union Expressway (TPlex) Project(Ultimate Stage)	DPWH	24,303.00	PPP
8	Laguna Lakeshore Expressway – Dike Project	DPWH	122,811.12	PPP
9	Proposed Restructuring of the World Bank-funded National Roads Improvement and Management Program Phase II	DPWH	28,943.34	ODA
10	North-South Commuter Railway (NSCR) Project, Phase I	DOTC	117,304.40	ODA
11	Naga Airport Development Project	DOTC	3,532.90	Local Financing
12	Clark International Airport New Passenger Terminal Building Project	DOTC	15,354.48	Local Financing
13	Light Rail Transit (LRT) Line 2 West Extension Project	DOTC	10,118.46	Local Financing
14	LRT Line 4 Project	DOTC	50,150.00	PPP
15	LRT Line 6 Project	DOTC	64,710.00	PPP
16	North-South Railway Project (NSRP)- South Line	DOTC	170,699.00	PPP
17	Manila-Quezon Avenue Bus Rapid Transit (BRT) Project	DOTC	4,789.08	ODA
18	Harnessing Agribusiness Opportunities Through Robust and Vibrant Entrepreneurship	LBP	11,426.00	ODA
19	Local Government Units Investment Programme (LIP) Supplement 3	LBP	231.21	ODA
20	Agno River Irrigation System Extension Project	NIA	2,629.54	Local Financing
21	Balog Balog Multipurpose Project	NIA	13,370.00	Local Financing
22	Civil Registry System Information Technology (Project Phase II under Solicited Mode)	PSA	1,586.78	PPP
23	Maritime Safety Capability Project Phase II	DOTC-PSG	4,922.59	ODA
	TOTAL NEW PROJECTS		470,824.44	

Source: NEDA Annual Report 2015

Table 2 . Approved Project Requests for Change in Approval by the NEDA Board in 2015

PROJECT TITLE	PROPONENT AGENCY	TOTAL PROJECT COST (in PHP M)	FUNDING SOURCE
1 Regional Prison Facilities through Public-Private Partnership Project	DOJ	50,204.19	PPP
2 Road Improvement and Institutional Development Project (formerly Road Sector Institutional Development and Investment Program)	DPWH	6,934.68	ODA
3 Daang Hari SLEX Link Road Project	DPWH	2,179.06	PPP
4 NAIA Expressway Phase II Project	DPWH	17,930.53	PPP
5 NLEX-SLEX Connector Road Project	DPWH	23,200.00	PPP
6 New Centennial Water Source – Kaliwa Dam Project	MWSS	18,724.00	PPP
TOTAL PROJECT REQUESTS FOR CHANGE		119,172.46	

Source: NEDA Annual Report 2015

While the lion's share of such projects (Tables 1 and 2) consisted primarily of infrastructure and transportation development, other major sectors covered by development finance in the Philippines included agriculture, agrarian reform and natural resources, as well as governance and institutions development.

IV. WHAT'S IN THE PHILIPPINE ODF/ODA HORIZON?

On June 30, 2016, a new administration took over the stewardship of the country. The current Philippine president overshadowed his closest rival during the recently concluded national elections and in his first 100 days has managed to present his divergent views and practice of international relations.

Therefore, what's in the future for Philippine ODA? Will the United States, the UN, European Union which have been constantly in the line of fire of the current Philippine president's scalding rhetoric continue their ODA tradition as far as the Philippines is concerned? What might be the implications of a major pullout of these countries/organizations? On the other hand, would such a move attract new ODA players such as China and Russia? Will the new ODA players be able to provide whatever ODA loans and grants will be lost as a result of a possible pullout by major donor countries and institutions? For the moment, one can only speculate.

Under a worse scenario, the Philippines stands to lose around USD 1757.04 million in ODA grants should the USA and UN decide on a total pullout of ODA to the Philippines if one were to use the NEDA 2014 statistics. This amount is on top of the estimated USD 80 million which its major multilateral donor, the EU has provided in 2014 for a total possible loss in ODA amounting to USD 1837.04 million. The implications are daunting inasmuch as these could have long-term political, economic and social repercussions for the Philippines in meeting its development goals.

V. CONCLUDING NOTES

In summary:

- 1) For the past 50 years, total ODA of donors to developing countries has been increasing, with a surge from 2002 and onwards.
- 2) The trends in Philippine ODA and other overseas capital flows also appear to mimic what is happening in the world economy. Downward ODA trends were evident during international financial shocks but appeared to be distinct as well during presidencies marked by rampant corruption.

3) The type of development capital flows as well as the extent of such flows over the Philippines' history of receiving ODA depend on the thrusts and development policies of the incumbent administration. For instance, during the Ramos and Aquino administrations and to a modest degree in the case of the Macapagal-Arroyo presidency, private flows (DAC4) showing sharp jumps and drops dominated the Philippine ODA landscape from 1994-1999, then again from 2004-2007 and also from 2009 onwards.

4) Total ODA vs. total ODA commitments exhibited a converging trend.

5) The public sector is the main ODA channel and this was evident in ODA commitments and disbursements data.

6) Bilateral ODA commitments saw a peak in 2012 with Japan emerging as the top donor since 2007 up to the present time.

7) The EU was the Philippines' major multilateral ODA donor.

8) In terms of total aggregate ODA commitments, major donor countries included Japan, the U.S., Australia, Korea, Germany, France, Spain, Canada, Norway and the UK. The same countries figured in terms of ODA disbursements with a slight change in the ranking, to wit: Japan, the U.S., Australia, Germany, France, Korea, Canada, Spain, UK and Norway.

9) The Philippines' ODA portfolio increased by 19 % from USD 12.05 billion in 2013 to USD 14.37 billion in 2014 which appears to be due to the international response in the wake of Typhoon Yolanda (Haiyan) which wrought havoc on Central Philippines in late 2013. JICA, the World Bank and ADB were the top ODA loans providers while Australia, USA and the UN System were the biggest providers of ODA grants. In both years (2013 and 2014), the infrastructure sector cornered the largest share of ODA loans (comprising 59% in 2013 and 39% in 2014) while the social reform and community sector was the main recipient of ODA grants (accounting for 51.8% in 2013 and 37% in 2014).

It remains to be seen how the Philippine ODA landscape will be when NEDA subjects all ODA once again to its review in the next few years. However, a total pullout in Philippine ODA at this point will have dire consequences on the country economically and socially, in effect wiping out recent gains.

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Determinants of Purchase Intension of Accident Insurance Product

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Nov, 2016

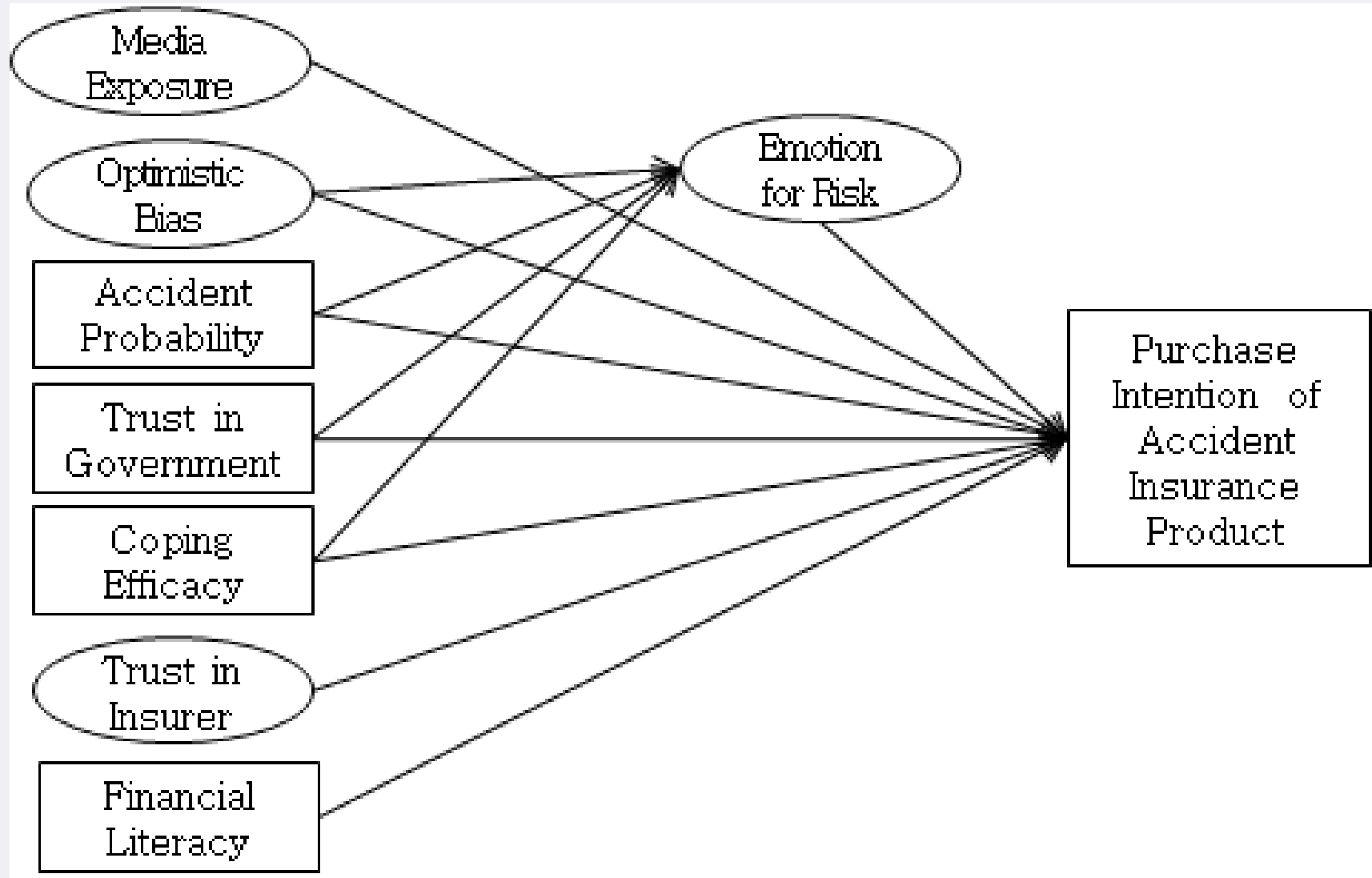
Background & Purpose

- Exposed to accidents that happen all the time
- People consider the risk of accident subjective and intuitive (Slovic, 1993).
- Risk perception has a significant effect on individual behavior and the higher the risk perception, the more risk averse behavior is shown (Brewer et al., 2004).
- Risk perception of the lay people is greatly influenced by the media.

Background & Purpose

- Psychological factors are more influential on human behavior than economic factors,(Fischhoff et al., 1978), and psychological factors are more influential on consumer's financial behavior than information(FAS, 2008).
- Necessary to check psychological factors, mass media, and financial factors that affect the willingness to purchase accident insurance product.

Research Model



Data

- The questionnaires were distributed to 600 people from 21 to 59 years old living in 7 large cities nationwide from April to May 2015.
- 519 cases were used for final analysis.



Demographic characteristics of respondents

Characteristics		Frequency	%
gender	male	261	50.3
	female	258	49.7
age	20s	127	24.5
	30s	140	27.0
	40s	148	28.5
	50s	104	20.0
monthly household income (mil. KRW)	under 2	96	18.5
	2~3	105	20.2
	3~5	146	28.1
	5~7	107	20.6
housing pattern	over 7	65	12.5
	own house	317	61.1
	rental House	202	38.9
	married	299	57.6
marital status	single	220	42.4

Characteristics		Frequency	%
education level	under high school graduate	95	18.3
	two-year college graduate	78	15.0
	university graduate	297	57.2
	over graduate school	49	9.4
occupation	clerks, manager	321	61.8
	professional	51	9.8
	sales & service	46	8.9
	public official	34	6.6
	housewife	17	3.3
	manufactor, technician/ self-employed, etc	50	9.7
children	none	220	42.4
	more than one	299	57.6



Verification results of the internal consistency

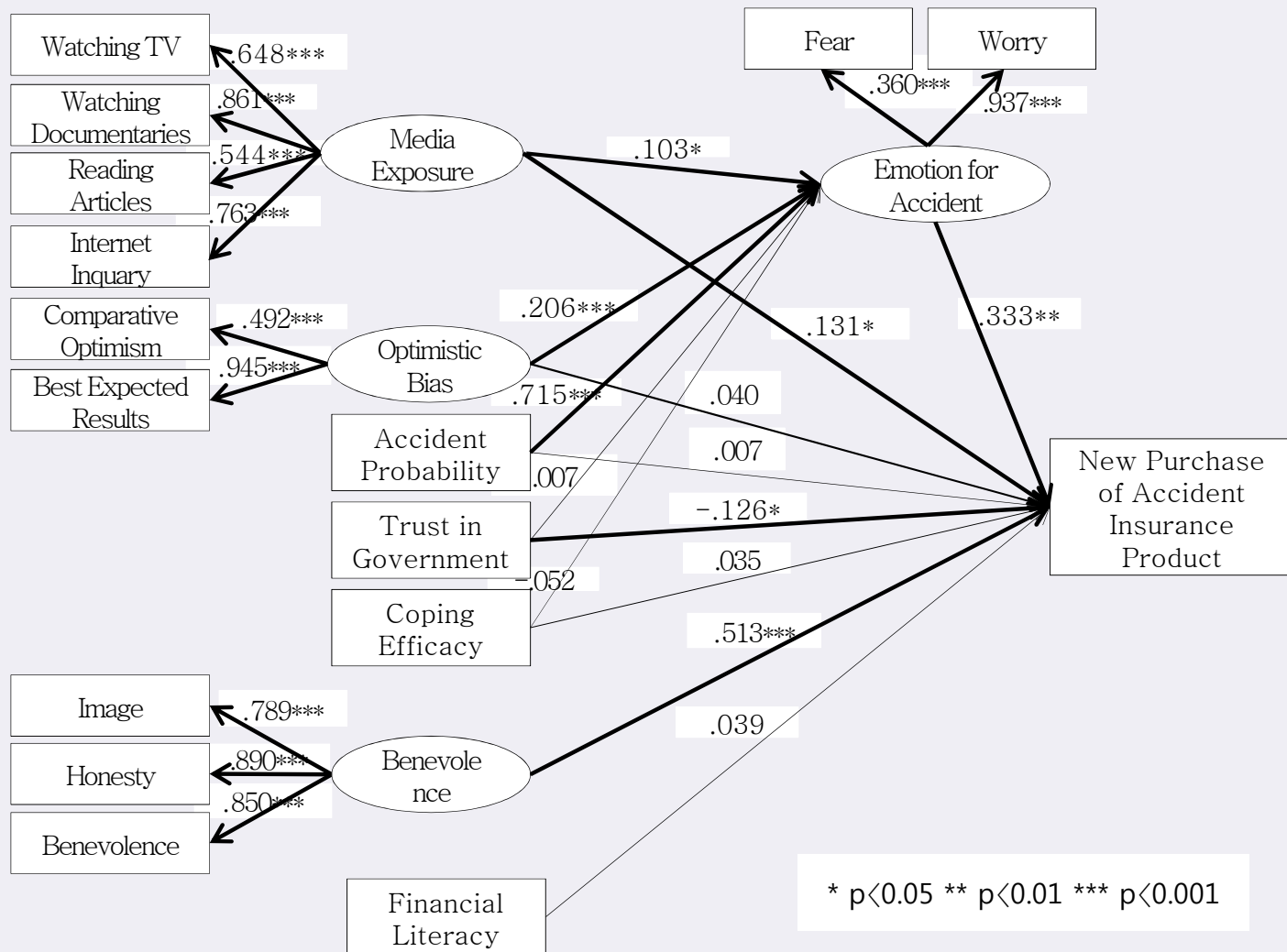
Factors	Variables	Cronbach's α
emotion for accident	fear worry	.583
media exposure	watching TV watching documentaries reading articles internet inquiry	.814
optimistic bias	comparative optimism best expected results	.635
trust in insurer	image honesty expected profitability	.885

Correlations between measured variables

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. fear	1														
2. worry	.412**	1													
3. watching TV	.159**	.159**	1												
4. watching documentaries	.221**	.128**	.591**	1											
5. reading articles	.149**	.104*	.409**	.470**	1										
6. internet inquiry	.198**	.150**	.505**	.684**	.478**	1									
7. comparative optimism	.186**	.110*	.129**	.169**	.095*	.120**	1								
8. best expected results	.320**	.236**	.253**	.264**	.146**	.240**	.465**	1							
9. accident probability	.268**	.642**	.077	.021	.066	.045	.005	.052	1						
10. trust in government	-.060	.104*	-.007	-.064	-.007	-.167**	.120**	.017	.200**	1					
11. coping efficacy	-.001	.175**	.059	-.035	.038	.002	.105*	.009	.307**	.455**	1				
12. iImage	.151**	.189**	.136**	.088*	.138**	.035	.100*	.132**	.214**	.302**	.207**	1			
13. honesty	.142**	.212**	.090*	.012	.067	-.010	.102*	.112*	.181**	.276**	.196**	.709**	1		
14. benevolence	.122**	.169**	.144**	.066	.149**	.027	.143**	.121**	.142**	.342**	.242**	.669**	.783**	1	
15. financial literacy	.032	-.018	.120**	.137**	.083	.121**	.009	.026	-.084	-.077	-.073	-.078	-.050	-.049	1
M	4.00	4.95	5.19	5.70	5.22	5.71	5.03	5.44	4.27	3.55	3.64	4.01	3.81	3.90	1.84
SD	.78	1.32	1.24	1.08	1.25	1.08	1.30	1.15	1.40	1.64	1.42	1.30	1.38	1.35	.94

Determinants of new purchase of accident insurance product

- Final structural equation model for new purchase intension of accident insurance product



Determinants of new purchase of accident insurance product

- Fitness index of proposed model

Model	χ^2	df	p-value	NFI	TLI	CFI	RMSEA
Proposed	137.812	85	.000	.934	.962	.973	.041

Determinants of new purchase of accident insurance product

- Parameter estimates of the model

Path			β	S.E.	C.R.
media exposure	->	emotion for accident	.103*	.068	2.180
optimistic bias	->		.206***	.064	3.481
accident probability	->		.715***	.037	17.266
trust in government	->		.007	.033	.161
coping efficacy	->		-.052	.039	-1.180
fear	->	emotion for accident	.360***	.040	5.828
worry	->		.937***		
watching TV	->	media exposure	.648***	.081	11.835
watching documentaries	->		.861***	.077	14.466
reading articles	->		.544***	.084	9.937
internet inquiry	->		.763***		
comparative optimism	->	optimistic bias	.492***	.118	4.971
best expected results	->		.945***		

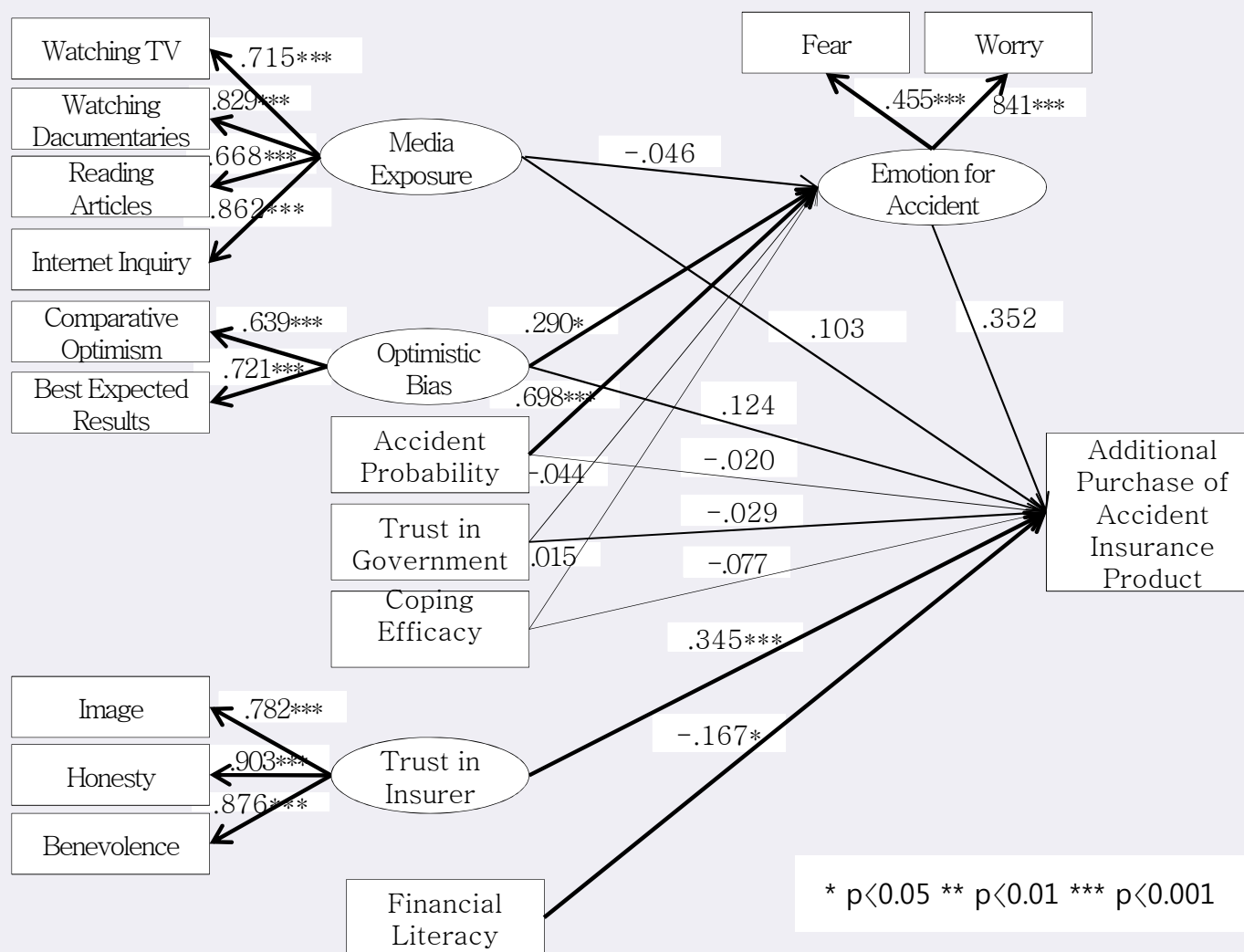
Determinants of new purchase of accident insurance product

- Parameter estimates of the model

	Path		β	S.E.	C.R.
image	->	trust in insurer	.789***	.052	17.746
honesty	->		.890***	.054	19.973
benevolence	->		.850***		
emotion for accident	->	additional purchase of accident insurance product	.333**	.125	2.978
media exposure	->		.131*	.082	2.568
optimistic bias	->		.040	.064	.764
accident probability	->		.007	.091	.074
trust in government	->		-.126*	.044	-2.491
coping efficacy	->		.035	.047	.724
trust in insurer	->		.513***	.064	10.067
financial literacy	->		.039	.062	.916

Determinants of additional purchase of accident insurance product

- Final structural equation model for additional purchase intension of accident insurance product



Determinants of additional purchase of accident insurance product

- Fitness index of proposed model

Model	χ^2	df	p-value	NFI	TLI	CFI	RMSEA
Proposed	113.259	84	.018	.881	.950	.965	.048

Determinants of additional purchase of accident insurance product

- Parameter estimates of the model

Path			β	S.E.	C.R.
media exposure	->	emotion for accident	-.046	.154	-.404
optimistic bias	->		.290*	.204	2.131
accident probability	->		.698***	.061	8.529
trust in government	->		-.044	.056	-.517
coping efficacy	->		.015	.071	.174
fear	->	emotion for accident	.455***	.068	4.480
worry	->		.841***		
watching TV	->	media exposure	.715***	.102	9.548
watching documentaries	->		.829***	.090	11.321
reading articles	->		.668***	.101	8.830
internet inquiry	->		.862***		
comparative optimism	->	optimistic bias	.639***	.202	4.815
best expected results	->		.721***		

Determinants of additional purchase of accident insurance product

- Parameter estimates of the model

Path		β	S.E.	C.R.
image	->	.782***	.069	11.892
honesty	->	.903***	.074	14.125
benevolence	->	.876***		
emotion for accident	->	.352	.226	1.881
media exposure	->	.103	.172	.977
optimistic bias	->	.124	.247	.913
accident probability	->	-.020	.135	-.135
trust in government	->	-.029	.065	-.349
coping efficacy	->	-.077	.081	-.928
trust in insurer	->	.345***	.087	4.287
financial literacy	->	-.167*	.099	-2.431

Conclusion

- ✓ Non-subscribers of accident insurance product
 - Media exposure, optimistic bias, and accident probability influenced the purchase intention for accident insurance product through fear and worry about accident as a complete mediator.
 - Media exposure, optimistic bias, trust in insurers and government directly influenced the purchase intention for accident insurance product.

- ✓ Subscribers of accident insurance product
 - Trust in insurers and financial literacy directly influenced the purchase intention for accident insurance product.

Thank you for your attention