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### Perspectives in Development Finance and Overseas Development Assistance (ODA) in the Philippines

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#### A B S T R A C T

This paper reviews development finance and ODA in the Philippines, amidst current trends and historical flow, as well as reveals similarities and differences with the ODA trends of one of its closest neighbors, Indonesia, to determine whether either country, is moving towards casting off its ODA recipient status. Findings reveal an uptrend in global ODA, with trends in the Philippines ODA and other overseas capital flow, appearing to mimic the world economy. Downward ODA trends in the Philippines were evident, during international financial crises and presidencies, marked by corruption.

Total ODA commitments in the Philippines reveal a converging trend with the public sector, as the main ODA channel, and this was the major ODA channel for Indonesia as well. Bilateral ODA commitments surged in 2012, with Japan emerging as the top donor for both the Philippines and Indonesia. The Philippines' major multilateral ODA donor was the European Union (EU); however, other multilateral institutions were Indonesia's top multilateral donors. In terms of total aggregate ODA, major bilateral donor countries of the Philippines included Japan, the U.S., Australia, Korea, Germany, and France.

This was the case also in Indonesia, except that Korea did not figure in its top five list. Furthermore, a jump in ODA value was observed in the Philippines and Indonesia ODA trends, after an environmental disaster hit these countries, on two separate occasions. Thus, while many similarities were found in terms of ODA trends in the Philippines and Indonesia, the Philippines remains a net recipient of ODA, while Indonesia is emerging as a donor country, as seen in the steady decline of its multilateral ODA, received during the past few years.

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*Keywords: development finance, ODA, capital flow, Philippines, Indonesia*

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#### I . Introduction

The Philippines has been on a growth streak in the past five years, outpacing its East Asian neighbors, growing by 6.9 percent, in the first six months of 2016 (The World Bank, 2016). Its history in receiving ODA is traced to its past and current relationships with countries, which have established economic ties with it, such as Japan,

the U.S., and Spain, among others. With viable development assistance, it traces its lengthy ODA history, to its past and current relationships with countries, that have established ties with it.

The vital role of ODA in enabling 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. ODA has enabled countries to respond to development challenges, such as poverty alleviation, combatting inequality, and enhancing food security, which cannot be discounted. Countries such as South Korea and Taiwan, which used to be net

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recipients of ODA, have become donor countries as well. What about the Philippines, and Indonesia? Can both countries mirror South Korea, and Taiwan? What is the current state of development finance and ODA, in the Philippines? How do its ODA trends compare, to those of Indonesia?

This paper reviews ODA trends in the Philippines, and compares these trends with those in Indonesia, to ascertain whether these countries are veering towards donor country status, or remaining ODA recipients. Therefore, it is organized as follows. Section II examines evolving trends in global development finance. Section III presents a historical overview of the Philippines ODA, Section IV compares ODA trends in the Philippines, with those of Indonesia, and Section V presents concluding notes.

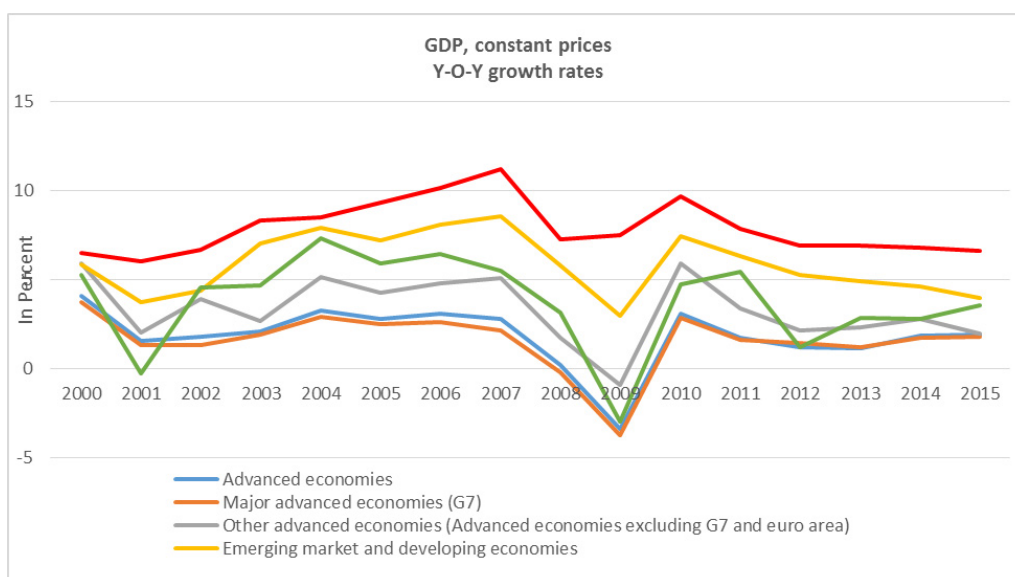
## II. Evolving Trends in Development Finance

Since the Bretton Woods Institutions, and the United Nations system were established, overseas development assistance (ODA) has grown steadily, and played a lead role as a source of external capital, for economic growth

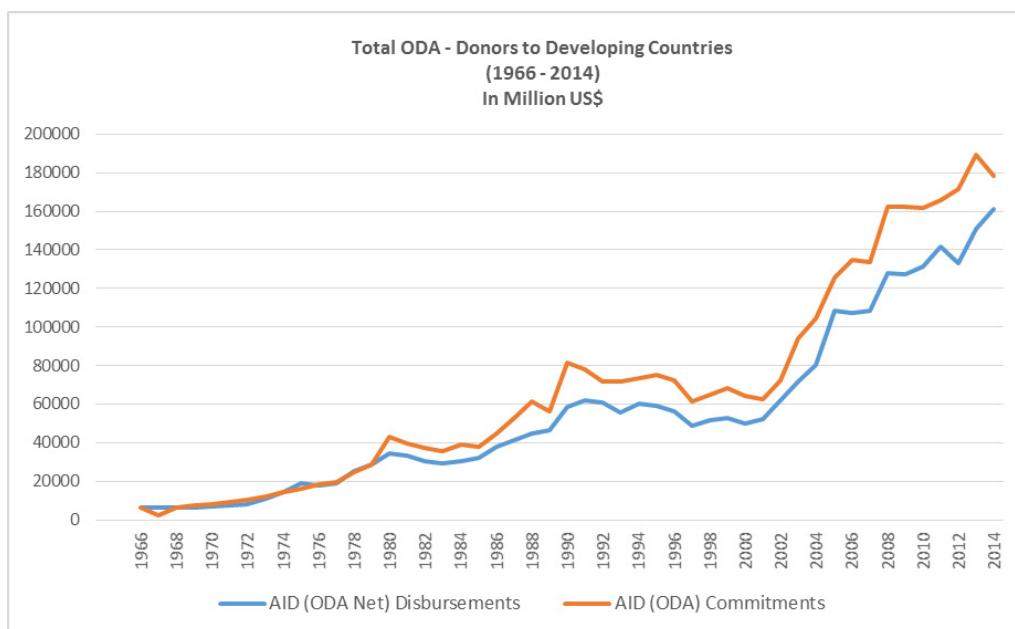
and development, in underdeveloped countries around the world (Amerasinghe & Espejo, 2006). When the Millennium Declaration in 2000 was adopted, much of the economic growth of emerging market and developing countries, outpaced those of countries categorized as advanced economies, although the past three years reveal a closing of this gap (Figure 1). In addition, on the average, from 2000-2015 annual GDP, constant growth in advanced economies was 1.80 percent, while emerging market and developing economies grew on the average by 5.9 percent.

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). In the context of growth gaps between the two group economies, global poverty decreased significantly, and the poverty reduction target of MDG 1 was achieved ahead of schedule. Evidence of meeting these social challenges, is the marked growth of ODA for most of the last 50 years (Figure 2), which by 2006-2007, rapidly increased because of high levels of debt relief, while its decline in 2011-2012, was in the wake of global financial crises.

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,



**Figure 1.** Annual Gross Domestic Product (current) – Growth Rates Source of Basic Data: IMF World Economic Outlook, April 2016



**Figure 2.** Historical Total ODA – Donors to Developing Countries

Source of Basic Data: OECD.stat

the United Nations member states were convened, for a special General Assembly summit, to introduce a new global agenda. The intention was to mobilize a fully inclusive global partnership of state and non-state sectors, to achieve a set of Sustainable Development Goals (SDGs), that will supersede the Millennium Development Goals (Tomlinson, 2014).

In the UN-led published report by Strawson et al. (n.d.) titled, *Improving ODA Allocation for a Post-2015 World*, these three paradigm shifts from the MDGs, to the emerging post-2015 development agenda, are significantly relevant, to the question of allocating ODA:

1. From halving poverty, to ending poverty everywhere. Poverty reduction was achieved ahead of schedule 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. Because of the emphasis on basic social needs, external financing for the MDGs was focused on 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 was developed to bridge the sustainable and development agendas into a single vision, which to date has largely evolved separately, from each other.

Other ODA initiatives 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 and students, among others), and concentrating on real expenditures incurred by a donor; 2.) New ODA – which will include only the “grant equivalent” of loans, to consider 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 flow mobilized by ODA.

The new proposed measure is the “Total Official Support for Development,” which should provide clear norms and standards, for the transparent inclusion of finance, based on demonstrable outcomes of future SDGs.

### III. Historical Flow of ODF/ODA to the Philippines

#### A. Overview of Datasets and Definitions

The considerable amount of raw data that is used in this study, has been sourced mostly from the Organization for Economic Co-operation and Development (OECD), particularly from OECD.stat, which is the statistical online platform of the OECD, of which users can search and access OECD’s statistical databases. Data sets representing the developmental capital inflow to the Philippines used in this study, are sourced from statistical data of the Development Assistance Committee (DAC) of the OECD.

#### B. Development Capital Inflow in the Philippines

A historical overview of development capital in the

country, reveals that it continues to be dominated by private sector flow (Figure 3), which reveal marked increase and decline, particularly during specific presidencies. Private sector flow flourished during the Ramos administration (June 30, 1992-June 30, 1998), the Macapagal-Arroyo administration (2001-2008) and the Benigno Aquino III administration June 30, 2010-June 30, 2016 (note that Figure 3 only includes the period until 2014, based on available data).

The marked decline of flow during the period from 2000-2003, appears to highlight international investor response, to the Estrada administration’s reaction to corruption allegations, that could have damaging effects on their investment, while 2008 outflow, reflects the effects of the global financial crises, and 2012 Euro-Greek crises.

Capital flow for ODA disbursements increased 2011-2014. However, a proportional decline seemed to prevail, 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, Navarro and Ortiz, 2015).

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

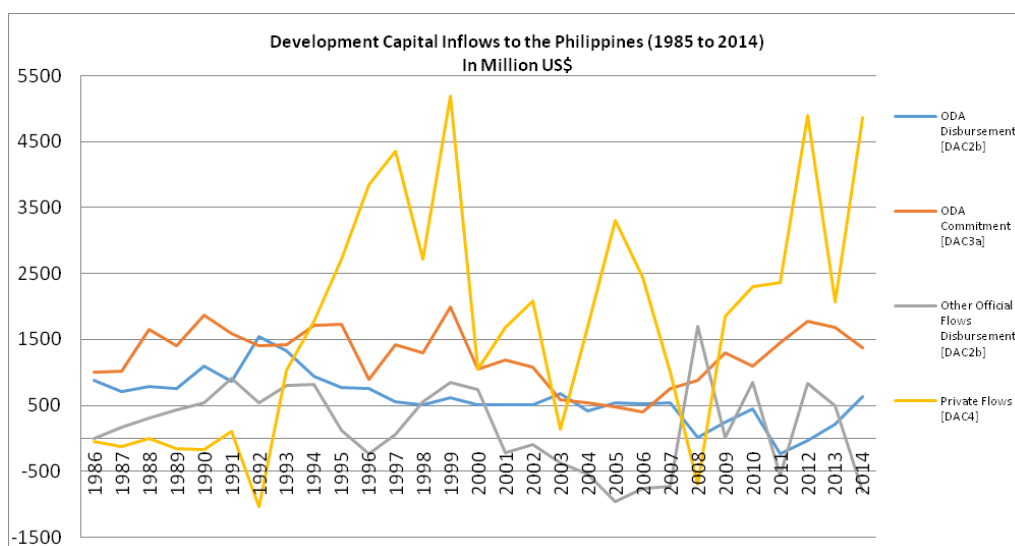
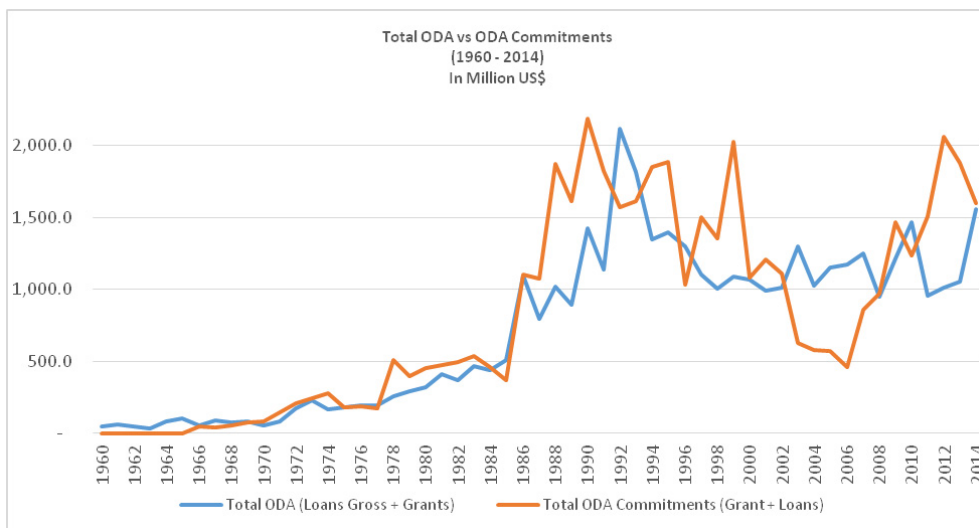


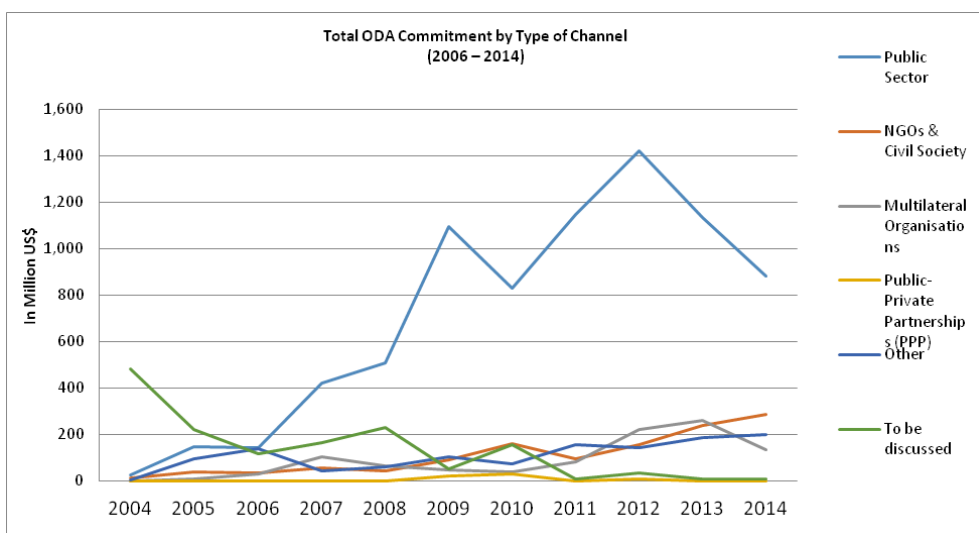
Figure 3. Development Capital Inflow to the Philippines (1985 to 2014)

Source of Basic Data: OECD.stat



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

Source of Basic Data: OECD.stat



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

Source of Basic Data: OECD.stat

### C. Channels of Philippines ODA

The main channel of Philippine Overseas Development Assistance continues come from the public sector, both for ODA commitments, and disbursements (Figures 5 and 6). While Public-Private Partnerships (PPP) was launched in 2010 by the Aquino administration, which focused on key strategies primarily on infrastructure investments, it has not provided significant impact, in shift-

ing to such a channel. However, data for 2015, may provide a nominal increase, since much of the flow was approved, during the latter part of the past administration.

### D. Bilateral ODA Flow

This section provides a broad overview of bilateral aid flow to the Philippines, in which several donors have

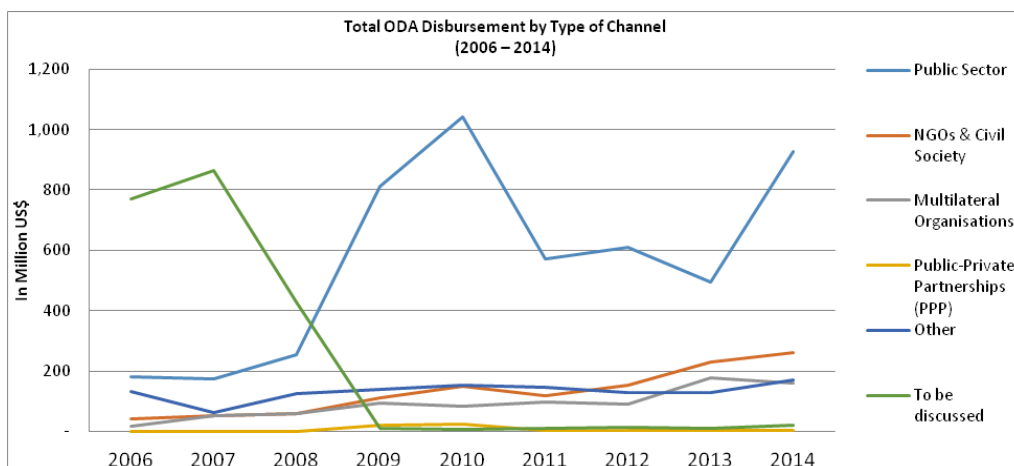


Figure 6. Total ODA Disbursements by Type of Channel

Source of Basic Data: OECD.stat

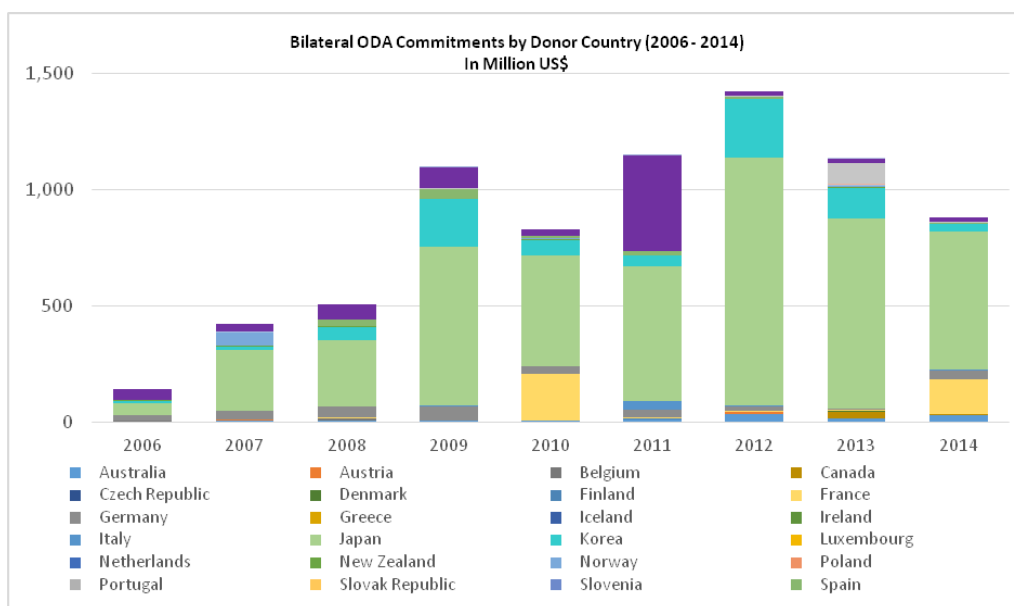


Figure 7. Bilateral ODA Commitments by Donor Country (2006-2014)

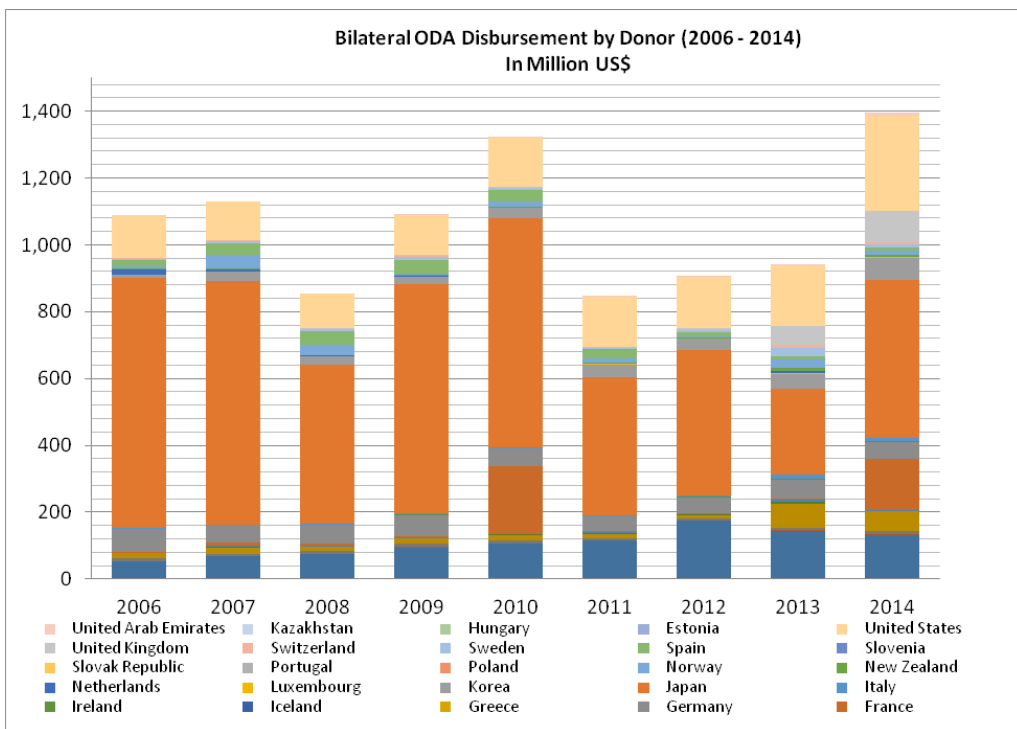
Source of Basic Data: OECD.stat

continued to render aid, from 2006-2014 (Figure 7 and 8). Japan prominently leads the bilateral flow landscape in the Philippines, in terms of ODA commitments and disbursements from 2006-2014. Besides the prevailing dominance of Japan as a donor, no other discernible pattern in terms of value, of bilateral ODA commitments of other donor countries to the Philippines, is seen in Figure 7. However, relative to bilateral ODA disbursements besides

Japan, the U.S. and the Netherlands, appear to match each other, during the years relative to funds flowing into the Philippines.

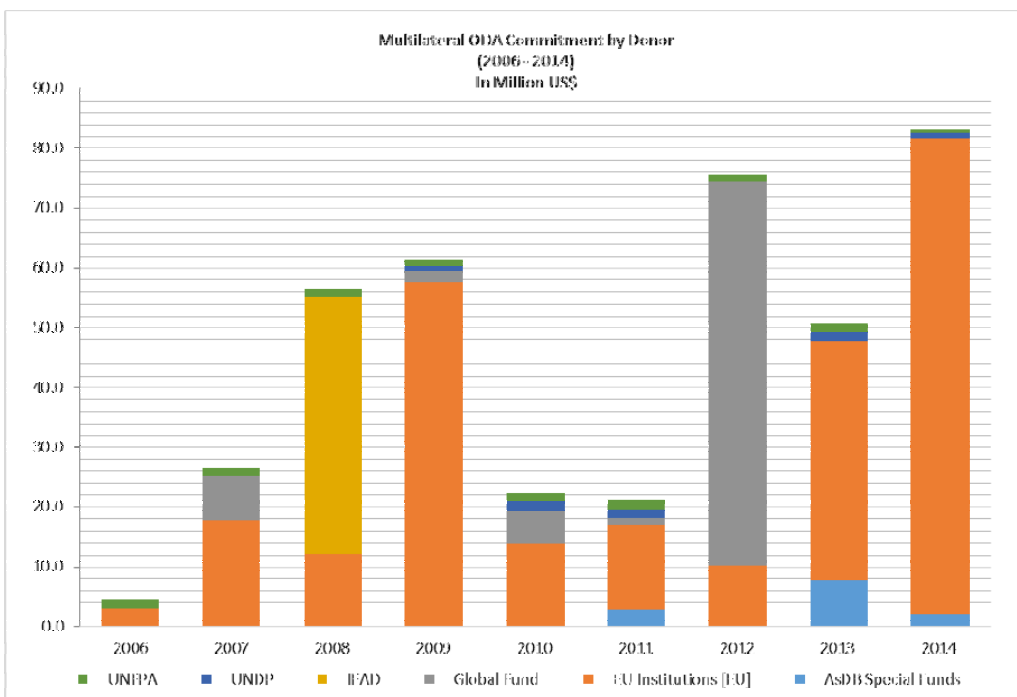
#### E. Multilateral ODA Flow

Relative to multilateral ODA flow, historically, major



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

Source of Basic Data: OECD.stat



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

Source of Basic Data: OECD.stat

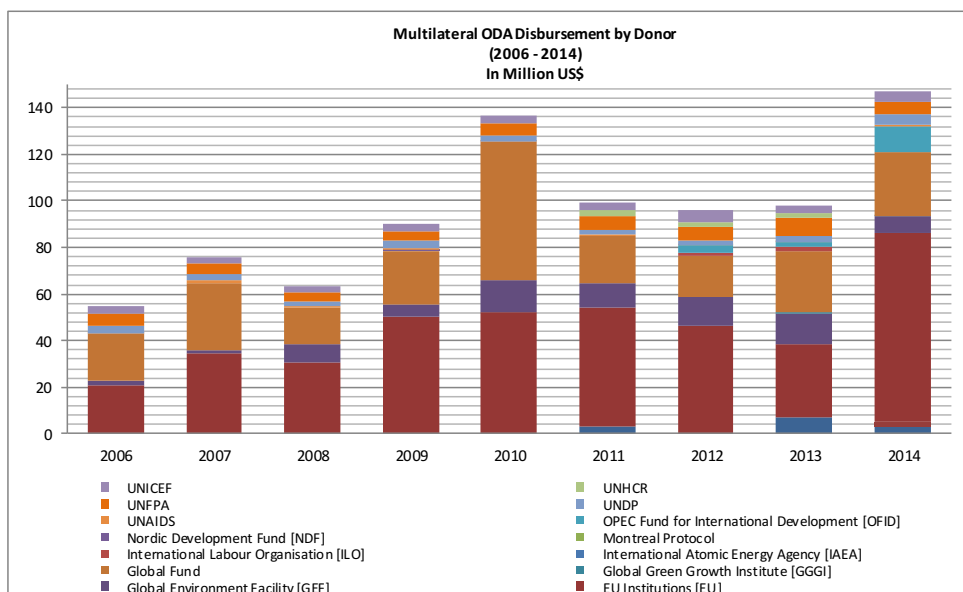


Figure 10. Multilateral ODA Disbursements by Donor (2006-2014)

Source of Basic Data: OECD.stat

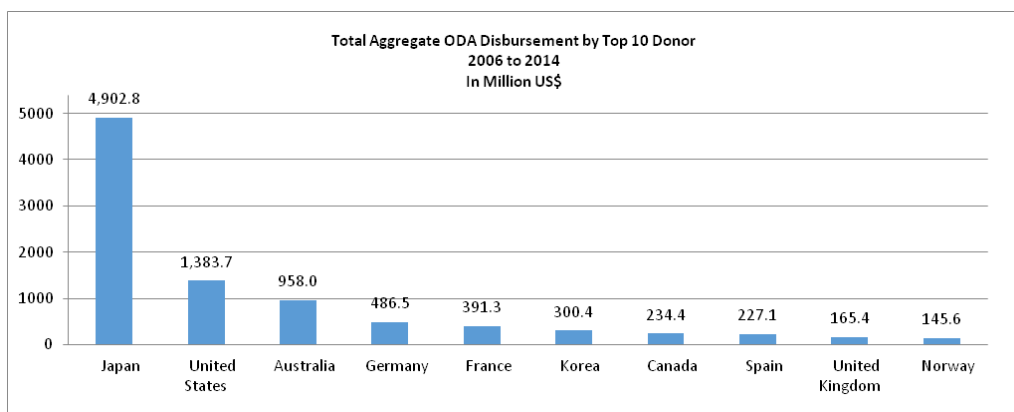


Figure 11. Total Aggregate ODA Disbursements by Top 10 Donors

Source of Basic Data: OECD.stat

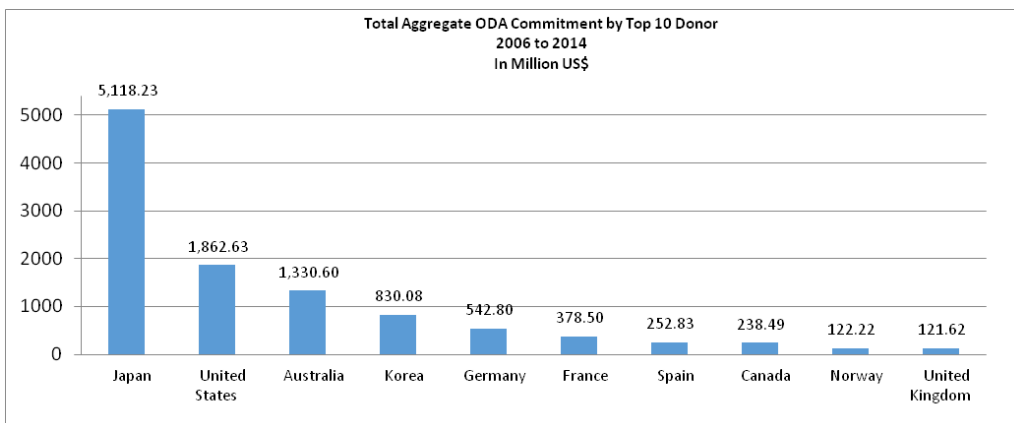
multilateral donors have functioned as creditors or banks, not donors, by lending money at non-concessional interest rates. For the period presented in Figure 9 and 10, for ODA commitments and disbursements, the EU was a consistent donor, as was the United Nations Population Fund (UNFPA). The EU was the major multilateral donor to the Philippines, but only in recent years beginning in 2013, while the UNFPA maintained its steady, modest contribution, among the top six multilateral donors. Various institutions were reported to contribute to ODA commit-

ments, while several institutions such as the Global Fund, were donating substantially, under ODA disbursements.

#### F. Total Aggregate Bilateral ODA: Top 10 Donor Countries

On an aggregated level covering 2006-2014, as seen in Figures 11 and 12, Japan dominated aid flow by commitment and disbursement, which reflects its continuing role





**Figure 12.** Total Aggregate ODA Commitments by Top 10 Donors

Source of Basic Data: OECD.stat

as a regional leader. Not surprisingly, the Philippines’ closest strategic and economic partner – the U.S., is second, while another Asia-Pacific leader – Australia, is third. Interestingly, for the eight-year reference period, South Korea has emerged as the fourth major donor, for ODA commitments, followed by Germany, which is ranked fourth, in terms of ODA disbursements. Other donor countries in the top 10 included France, Canada, Norway, and Spain.

What can readily be concluded in this ranking, is the continuing 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. The body of data represents aggregates of individual projects, notified under the Creditor Reporting System, supplemented with reporting on the sectoral distribution of technical co-operation, and on disbursements of food and emergency aid. This indicator is measured in millions of USD (U.S. dollars) at prevailing prices, using 2014 as the base year.

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

NEDA is the Philippine government agency, tasked with formulating and implementing development plans, pursuant to national development goals. In 2015, NEDA assisted in formulating “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).

#### 1. Philippine ODA Portfolio Review

According to NEDA (2013), the country’s ODA portfolio at the end of 2013, was \$12.05 billion (USD), comprised of 77 loans worth \$9.09 billion (USD), and 503 grants totaling \$2.97 billion (USD). The Japan International Cooperation Agency (JICA) is the major source of loans (\$3.23 billion USD), accounting for 35.5 percent of ODA loans in 2013, while the World Bank and the Asian Development Bank (ADB) provided ODA loans totaling \$2.34 billion USD (25.7 percent) and \$1.64 billion USD (18 percent), respectively.

Australia was the top donor in terms of ODA grants, providing the Philippines with \$891.29 million USD (30.06 percent) worth of grants in 2013, while the U.S. was a close second (through the USAID and Millennium Challenge Corporation), releasing grants totaling \$875.33 million USD (29.52 percent). The UN System ranked third in grant provision, with \$407.27 million USD (13.73 percent).

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

As of 2014, the NEDA reported that the country's ODA portfolio was \$14.37 billion (USDA), consisting of 76 loans worth \$11.18 billion (USDA) and 449 grants totaling \$3.19 billion (USDA). Compared to 2013,

total ODA in 2014 increased by 19 percent. The World Bank became the major source of loans (\$4.45 billion USDA), accounting for 39.8 percent of ODA loans in 2014, while JICA and ADB provided ODA loans totaling \$3.16 billion USDA (28.3 percent) and \$2.23 billion USDA (20 percent), respectively.

The U.S. was the top donor in terms of ODA grants, providing the Philippines with \$1148.6 million USDA (36.1 percent) worth of grants in 2014, while the UN System provided grants totaling \$608.5 million USDA (19.1 percent). Australia was number three, releasing

**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
	<b>TOTAL NEW PROJECTS</b>		<b>470,824.44</b>	

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

grants worth \$587.02 million USDA (18.4 percent). As for the allocation according to sector, infrastructure remained the major recipient of ODA share in terms of loans at 39 percent, followed by social reform and community development (24 percent) and government and institutions development (22 percent).

Social reform and community development likewise, remained the top recipient in terms of ODA grants, comprising 37 percent 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 percent of total approved projects), 11 funded by PPP (38 percent), five locally funded, one mixed ODA and LFP financing, and six project requests for change as seen in Tables 1 and 2.

While the major 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.

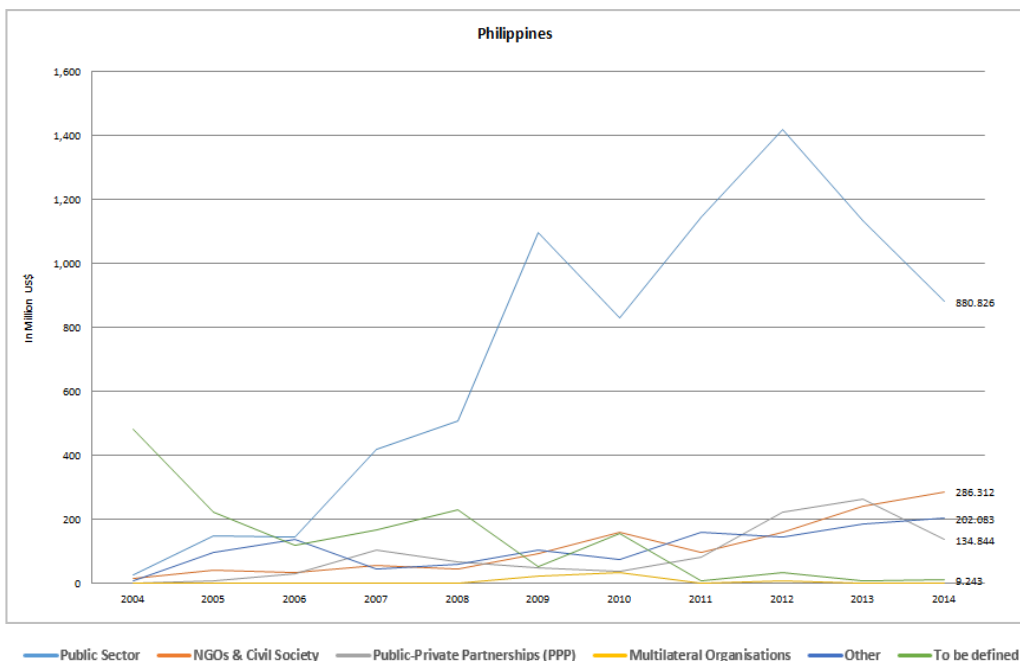
#### IV. Comparative Trends in ODA: Philippines and Indonesia

The Philippines and one of its closest neighbors, Indonesia, are key players in the ASEAN region, the former is a lower middle country, and the latter, has emerging status as a G20 middle income country. While the Philippines continues to be an active aid shopper in recent years, Indonesia is a distinct country recipient, and donor

country. Both countries are the largest archipelagos in the world, and comprise the Malay Archipelago, consisting of Indonesia's 17,000 islands, and the Philippines' 7,000 islands (The Editors of Encyclopedia Britannica, 2012), are vulnerable to environmental disasters, and have diverse regional differences, and development.

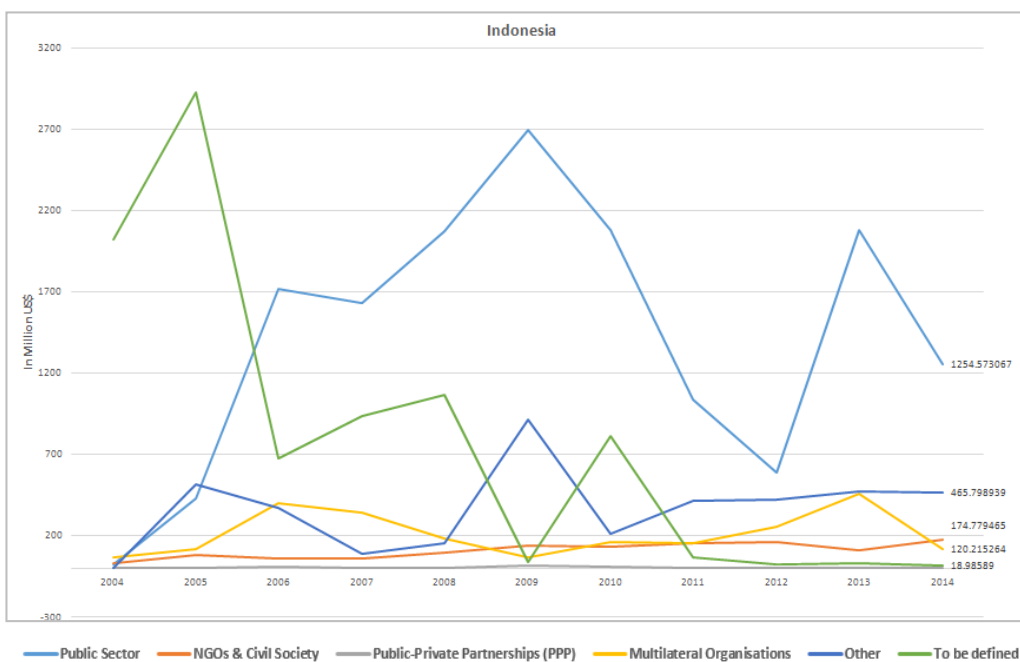
While Roman Catholicism is the primary religion in the Philippines, because of its Spanish heritage, the southern Philippines is primarily home to a Muslim population. Indonesia has the world's largest predominantly Muslim population, with significantly more decentralized provinces having strong local autonomy. Moreover, since the Philippines and Indonesia have a similar trend in their respective political history during the 1960s-1980s, an interesting aspect to explore, would be to examine how ODA trends in both countries have been tracking.

Both countries have struggled against prolonged dictatorship rule, which prevailed for decades under Ferdinand Marcos (Philippines), and Muhammad Suharto (Indonesia). This has left deep rifts in the Philippines and Indonesia geopolitics, making these countries vulnerable to corruption, and political patronage. An examination of Figure 13-16 reveal that the public sector continues to be the primary channel for ODA flow, in terms of commitments and disbursements for both countries, but in terms of value, Indonesia leads by approximately 40 percent, most likely because of its larger population, needing basic social services. A wide gap is evident, with respect to the other types of ODA channels, but such gap is closer regarding Indonesia, compared to that of the Philippines. A noticeable trend is the apparent effort made by the Philippines government, to encourage Public-Private Partnerships as a channel. However, this is conspicuously absent regarding Indonesia.



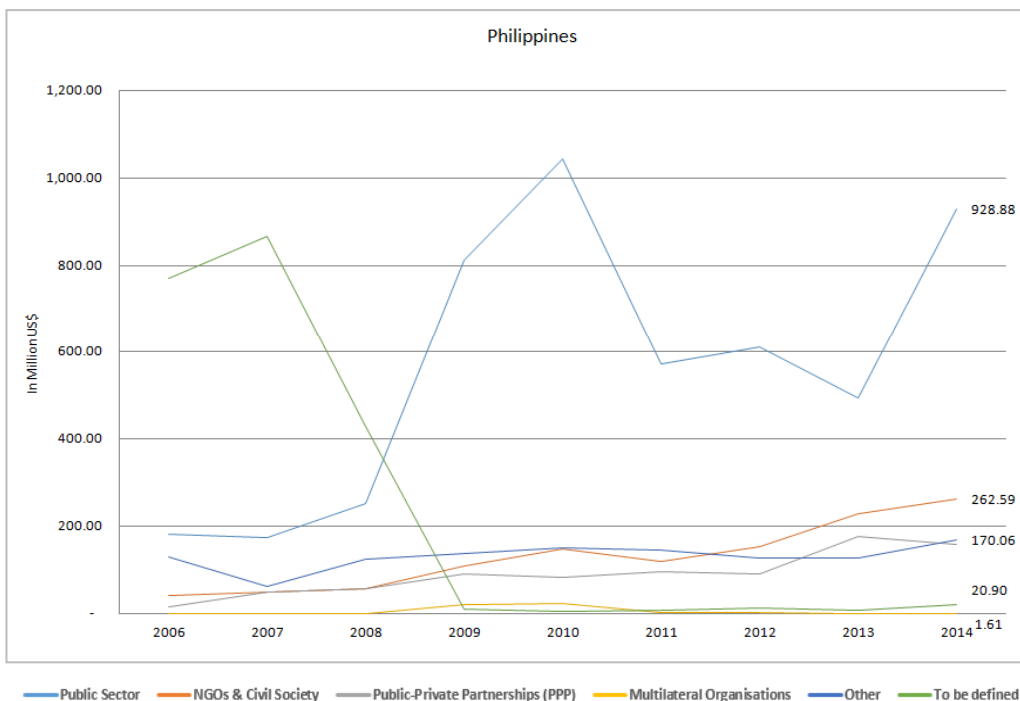
**Figure 13.** Total ODA Commitments by Type of Channel (Philippines)

Source of Basic Data: OECD.stat



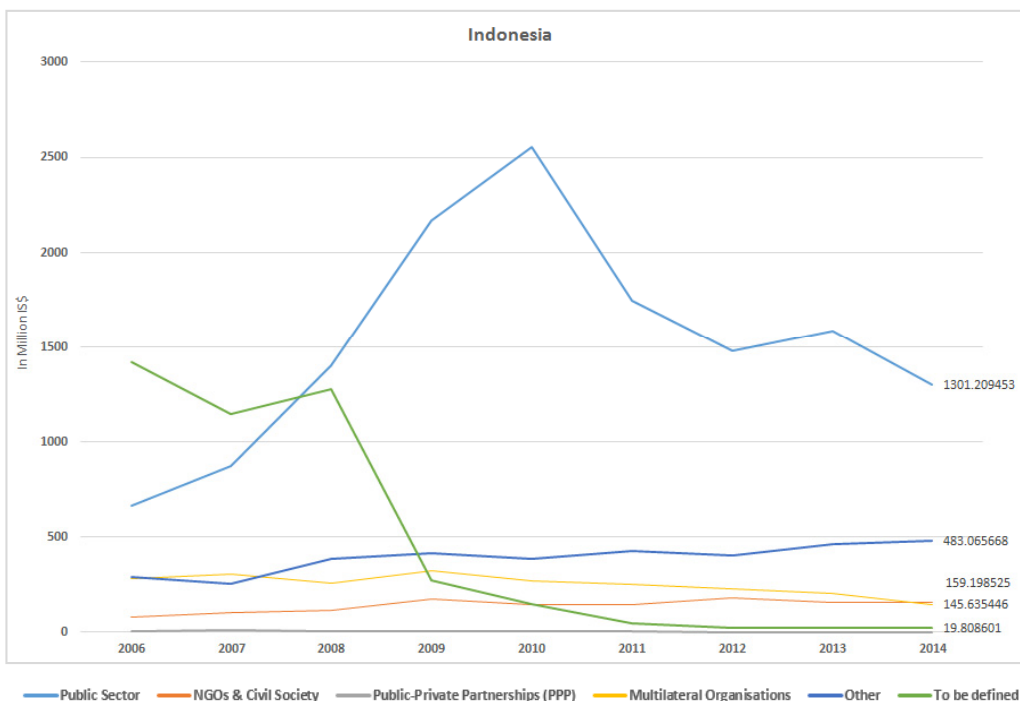
**Figure 14.** Total ODA Commitments by Type of Channel (Indonesia)

Source of Basic Data: OECD.stat



**Figure 15.** Total ODA Disbursements by Type of Channel (Philippines)

Source of Basic Data: OECD.stat



**Figure 16.** Total ODA Disbursements by Type of Channel (Indonesia)

Source of Basic Data: OECD.stat

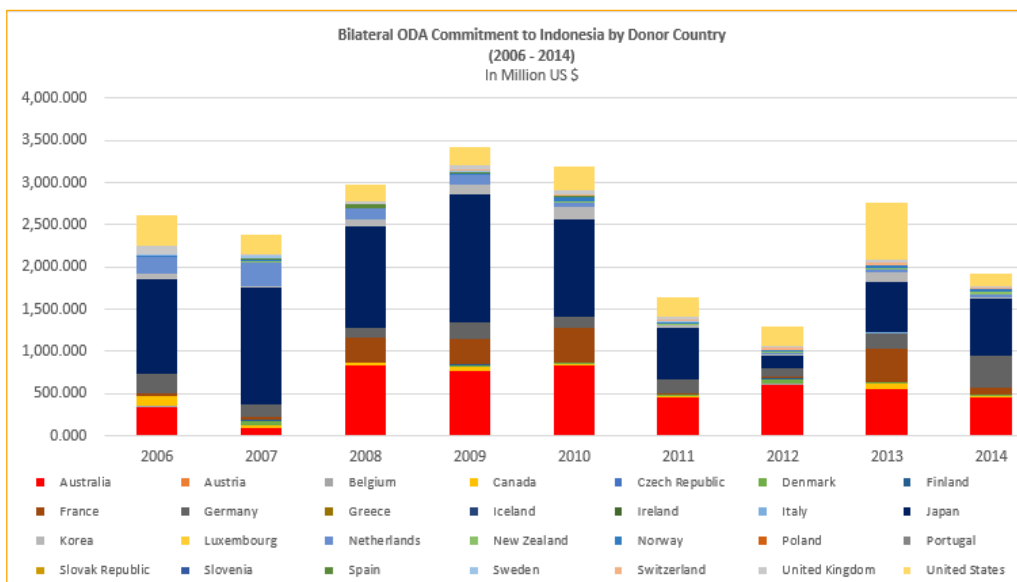


Figure 17. Bilateral ODA Commitments to Indonesia by Donor Country

Source of Basic Data: OECD.stat

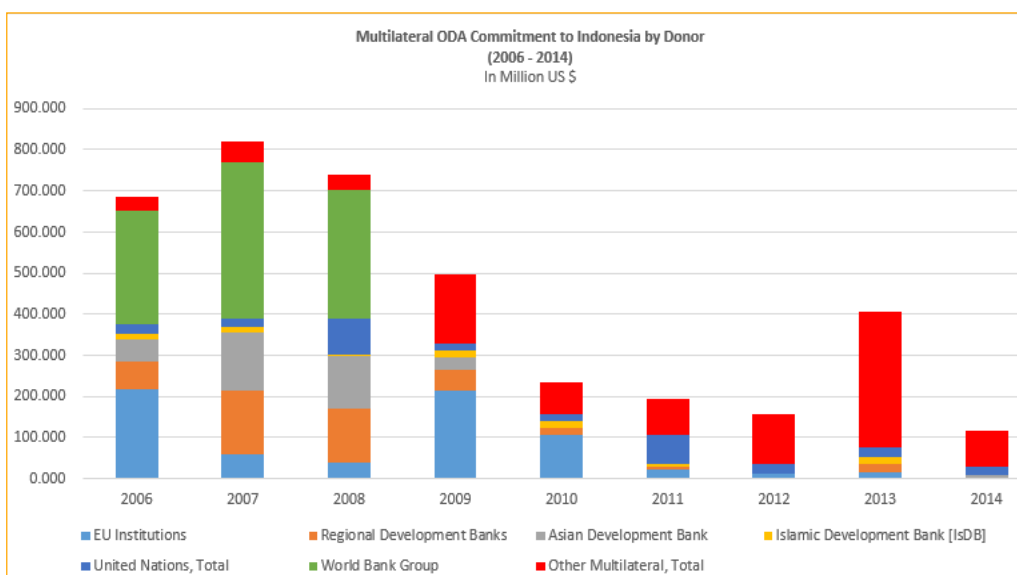
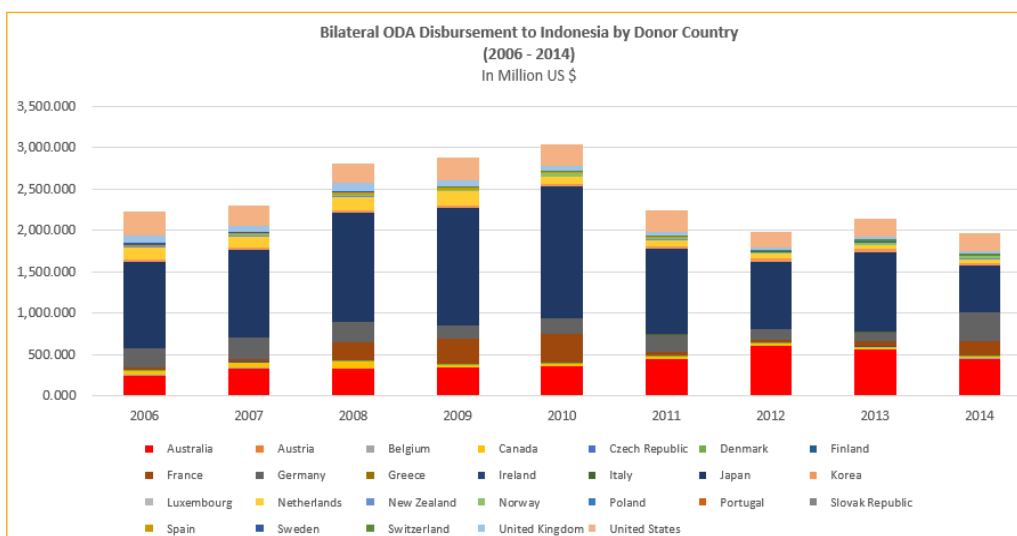


Figure 18. Multilateral ODA Commitments to Indonesia by Donor Institution

Source of Basic Data: OECD.stat

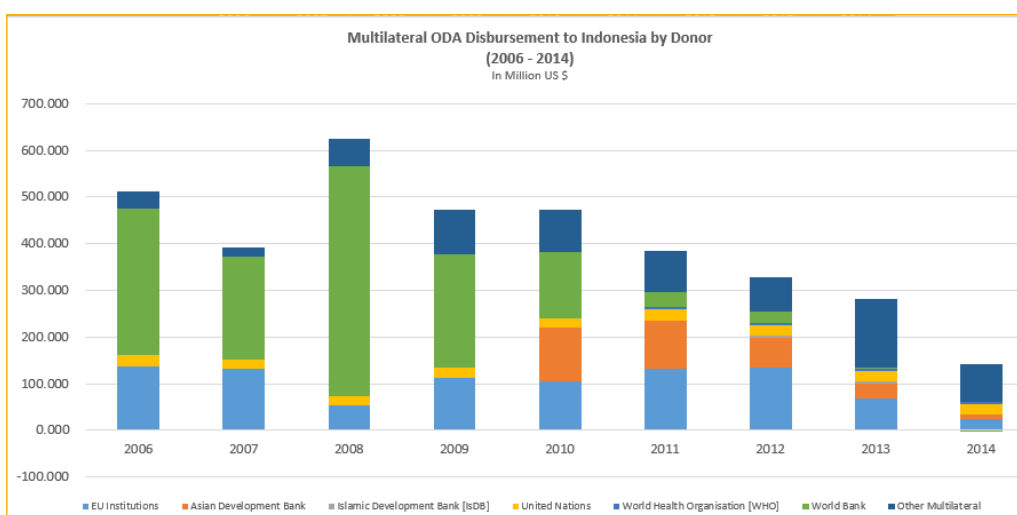
Although aid flow to Indonesia, may still be substantial with ODA commitments and disbursements still in the billions of U.S. dollars, the ODA disbursement trend in Indonesia has been declining since 2010 (Figure 16), compared to that of the Philippines which reflected a marked ODA disbursement increase in 2014.

In Figure 17 and 18, a key observation is a general decline in bilateral and multilateral ODA commitments, by donor countries and multilateral groups to Indonesia. While the same trend is not as distinct in bilateral ODA disbursements (Figure 19), a similar declining trend is observed in multilateral ODA disbursements (Figure 20).



**Figure 19.** Bilateral ODA Disbursements to Indonesia by Donor Country

Source of Basic Data: OECD.stat



**Figure 20.** Multilateral ODA Disbursements to Indonesia by Donor

Source of Basic Data: OECD.stat

As an active participant in South-South and Triangular Cooperation, Indonesia has demonstrated that such patterns of ODA commitments and disbursements can be explained, by its gradual transformation from being a net recipient country of ODA, to evolving into a donor country. It essentially has been a provider of South-South cooperation, in which developing countries of the Global South, engage in the exchange of resources, technology, and knowledge (The Asia Foundation, 2014). The same

could not be said of the Philippines, which is a net recipient of ODA (Figures 7-10).

Before gradually establishing itself as a donor country, Indonesia was predominantly an ODA recipient country, and received significant loans, from bilateral donors such as Japan, Australia and U.S. These three countries figure in the top three list of bilateral donors of the Philippines, based on OECD statistics. Multilateral ODA flow was provided significantly by ADB and World Bank initially

from 2006-2008, which focused on infrastructure and public spending projects. By 2010, bilateral and multi-lateral ODA flow to Indonesia significantly declined, but a surge in aid flow in 2013, was attributed to several disasters such as the Mount Sinabung volcano eruption in North Sumatra, and the South East Asian haze in 2013, which affected and displaced approximately 100,000 Indonesians (Figure 18).

Not surprisingly, other multilateral funding which dominated the flow in 2013, were from other multilateral organizations such as the Global Environment Facility (GEF), and Global Green Growth Institute. GEF is considered the largest public fund, providing projects to improve the global environment such as biodiversity, climate change, international waters, land degradation, and persistent organic pollutants. Global Green Growth, is a South Korea-based organization promoting green growth, whose mission is, to balance economic progress with environmental sustainability.

As corroborated by OECD data summarized in Table 3, the top five donor countries in terms of ODA commitments for the Philippines and Indonesia, are Japan, U.S., Australia, Germany, and France. While Indonesia has the same five countries on its list of top five donor countries in terms of ODA disbursements, the Philippines has Japan, Korea, U.S., France, and Germany. Korea is not amongst Indonesia's top five bilateral ODA donors.

A look at the top five aggregated multilateral ODA commitments and disbursements data by the OECD, reveal different sets of multilateral aid donors for the two countries with EU institutions, Global Fund, International Fund for Agricultural Development (IFAD), Asian Development Bank Special Fund (AsDB) and UNFPA in the list of top five multilateral donors of the Philippines, while for Indonesia, these include other multilateral institutions, the World Bank, EU institutions, Regional Development Bank and ADB (in terms of commitments). As for the top multilateral disbursement donors, the Philippines has

**Table 3.** Top 5 Aggregated Bilateral ODA Commitments and Disbursements by Donors (Philippines vs. Indonesia)

Philippines (2006 - 2014)				Indonesia (2006 - 2014)			
Commitment	In million US\$	Disbursement	In million US\$	Commitment	In million US\$	Disbursement	In million US\$
Japan	4,902.8	Japan	4,818.4	Japan	9,605.8	Japan	9,827.5
United States	1,383.7	Korea	810.2	Australia	5,266.5	Australia	3,659.1
Australia	958.0	United States	732.6	United States	2,779.3	United States	2,183.3
Germany	486.5	France	364.1	Germany	2,339.9	Germany	1,864.0
France	391.3	Germany	293.9	France	1,956.7	France	1,233.4

Source of Basic Data: OECD.stat

**Table 4.** Top 5 Aggregated Multilateral ODA Commitments and Disbursements by Donors (Philippines vs. Indonesia)

Philippines (2006 - 2014)				Indonesia (2006 - 2014)			
Commitment	In million US\$	Disbursement	In million US\$	Commitment	In million US\$	Disbursement	In million US\$
EU Institutions [EU]	248.2	EU Institutions [EU]	398.4	Other Multilateral	995.9	World Bank	1,473.3
Global Fund	79.9	Global Fund	238.9	World Bank	970.0	EU Institutions [EU]	901.5
IFAD	43.0	Global Environment Facility [GEF]	73.6	EU Institutions [EU]	685.3	Other Multilateral	693.6
AsDB Special Funds	12.9	UNFPA	48.1	Regional Development Bank	449.1	ADB	322.4
UNFPA	11.7	UNICEF	31.4	ADB	356.2	United Nations	190.3

Source of Basic Data: OECD.stat



EU institutions, Global Fund, GEF, UNFPA, and UNICEF in its top five list while the World Bank, EU institutions, other multilateral institutions, ADB and United Nations, comprise Indonesia's top five as seen in Table 4.

## V. Conclusion

For the past 50 years, the total ODA of donors to developing countries has been increasing, with a surge from 2002, and beyond. Trends in Philippines ODA and other overseas capital flow, also appear to follow the world economy. ODA trends plunged during international financial crises and presidencies, marked with widespread corruption. In addition, the type of development capital flow, as well as the extent of such flow during the Philippines' history of receiving ODA, depend on development policies, of the incumbent administration.

For example, during the Ramos and Aquino administrations, and to a modest with the Macapagal-Arroyo presidency, private flow (DAC4) revealing marked increase and decline, dominated the Philippines ODA landscape from 1994-1999, then again from 2004-2007, and from 2009 and beyond. Total ODA vs. total ODA commitments revealed a converging trend, with the public sector as the main ODA channel. This was evident in ODA commitments and disbursements data, for the Philippines, and Indonesia.

Bilateral ODA commitments recorded a peak in 2012, with Japan emerging as the top donor since 2007, to the present. Japan was likewise a top bilateral ODA donor country, relative to Indonesia.

The EU was the Philippines' major multilateral ODA donor. However, for Indonesia, other multilateral institutions were its main multilateral aid providers. In terms of total aggregate ODA commitments in the Philippines, major donor countries included Japan, the U.S., Australia, Korea, Germany, France, Spain, Canada, Norway, and the U.K. The same countries figured in terms of ODA disbursements in the Philippines, with a nominal change in the ranking, to wit: Japan, the U.S., Australia, Germany, France, Korea, Canada, Spain, U.K., and Norway.

For Indonesia, Japan, Australia, U.S., Germany, and France, were in its top five list of bilateral ODA donor countries, in terms of ODA commitments and disbursements.

The Philippines' ODA portfolio increased by 19 percent from \$12.05 billion (USD) in 2013, to \$14.37 billion (USD) in 2014, which appears to be because of the international response in the wake of Typhoon Haiyan (Yolanda), which wrought havoc on the Central Philippines in late 2013. For Indonesia, a similar surge in ODA portfolio was observed, after a series of environmental disasters devastated the country.

JICA, the World Bank, and ADB, were the top ODA loan providers, while Australia, the U.S., and the UN System, were the major providers of ODA grants. In 2013 and 2014, the infrastructure sector cornered the largest share of ODA loans (comprising 59 percent in 2013, and 39 percent in 2014), while the social reform and community sector was the primary recipient of ODA grants (accounting for 51.8 percent in 2013, and 37 percent in 2014).

It remains to be seen what the Philippines ODA landscape will be like, when NEDA subjects all ODA once again, to its review process in the next few years, particularly under a new Philippines president. Finally, while the Philippines and Indonesia may have similarities relative to their archipelagic form and location, and geopolitics and vulnerability to extreme weather, these countries also track identically, relative to ODA trends, in terms of channel type, top five bilateral donor countries, and surges in ODA portfolio after environmental disasters. One glaring observation, however, is that it is evident that Indonesia is gradually becoming a donor country, if it has not achieved that status already, while the Philippines remains a net recipient of ODA.

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