

Executive Summary

Most literatures on International development focus on analyzing effectiveness of the Official Development Assistance (ODA) and evaluating success of such projects. This paper aims to apply the government competitiveness model to analyze government capacity of developing countries, and evaluate whether current ODA profile sufficiently meets the needs of developing countries. The government competitiveness model – different from widely used concept of national competitiveness that envelops developed countries' viewpoints on a country – takes both time and space into account in analyzing the role of a government, and allows us to compare different countries without neglecting their particularities. Based on the model, this paper devises a new set of indices associated with the United Nation's Sustainable Development Goals (SDGs). In the end, the goal is to propose a more practical and effective alternative decision-making process that Korea International Cooperation Agency (KOICA) can benefit when it selects future priority partner countries and ODA projects.

Among the 230 SDGs indicators, 25 indicators are included in the government competitiveness indicators for developing countries in addition to the original set of indices, and the decision was made based on data availability and relevance to government competitiveness. Specifically, data availability of an indicator was assessed based on data accessibility, country coverage, and data frequency. Using the new set of indices, this paper analyzes two priority partner countries, namely Vietnam and the Philippines, in detail, and evaluates the feasibility of applying the government competitiveness indicators for ODA. In order to do so, both literature review and field interviews on government employees were conducted on Vietnam and the Philippines.

First, the Philippines, among the 89 countries analyzed, performed relatively well in governance and agriculture & food, and poorly in health & welfare and

education. In addition, it has relatively high score in throughput and outcome, compared to poor performance in input and output. Relatively good performance in throughput, which is at the core of government capacity, is respectable, but the Philippines government's weak financial capacity and work competence are worrisome. Public servants of the Philippines generally agreed with the results, and revealed that the Philippines government has been expanding its budget earmarked for education and health & welfare. On the other hand, the Philippines government falls short in dealing with decrease in its agriculture competency. Further, its investment in human capital is minimal, and the government stays myopic, without a sound vision for the future.

Vietnam, on the other hand, showed strength in education and economy while governance and environment policies are weak. Moreover, it has relatively high score in input and outcome, while falling behind in throughput and output. More specifically, the Vietnam government has strong financial capacity, but received one of the lowest scores in public servants' attitudes. It is evident that Vietnam and the Philippines are confronted with a different set of problems. During interviews, Vietnam's public sector seemed rather closed, as the interviewees not only were insensitive to corruption but did not consider investing in human capital to be important.

With these results in mind, aid providers should prioritize the policy sectors that they would like to get involved in, based on the following two criteria: the needs of the recipient country, and the aid providers' capacity. In the Philippines, KOICA is focusing on agriculture and health projects, and this is consistent with the results from the analysis. These projects not only should be continued but also improved by allocating more resources. To the contrary, it has been confirmed that the difference in ability and environment between public servants in the central government and those in local governance units(LGUs) are substantial. Hence, devising separate training programs for the two is necessary, with more focus on enhancing LGU public servants' competency. Lastly, aid providers should offer

technical assistance in managing government budget, as this will be instrumental to improve the Philippines government's financial capacity.

Vietnam, on the contrary, faces different problems as the government's financial capacity is strong while other constructs of throughput, including work attitude, are poor. This is the reason that implemented government policies have been ineffective, despite relatively huge expenditure. Particularly, public servants responsible for evaluating ODA projects are generally incapable of concocting training programs and conducting thorough monitoring. In order to enhance the effectiveness of ODA projects in Vietnam, developing these employees' capacity seems necessary.

This research is particularly meaningful in that the paper provides a new framework to measure a government's capacity. Looking at the results from Vietnam and the Philippines, it is evident that they are confronted with dissimilar complications, and the means to provide further ODA projects or improve effectiveness of current projects should be different. This holds for other priority partner countries as well. Furthermore, this paper is important in that it suggested the policy areas that the aid providers should focus on in order to improve recipient-government's capacity.