

Third Party Evaluator's Opinion on Medical Facilities Expansion Project (2)

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The main objective of medical facilities expansion project was to remedy the loophole that the market has not yet taken care of, which is also the aim that ODA has pursued. Therefore, it would be very difficult to be financially self-sustainable. Moreover, the mental hospitals were regarded as something that should not be in my backyard. Regardless of these difficulties, the project achieved the satisfactory level in ODA's contributing to Korean society.

Impacts

The Impacts of the project can be evaluated as successful. The number of mental hospital establishments under the project was 11, which was 24.4% of the total mental hospital establishment in 1997. Especially the average number of new mental hospital establishments in the rural area was 10.4 from 1997 to 2001. In total, the project helped 44 hospitals either in establishing or in improving facilities. Now the Ministry of Health and Welfare (MOHW) in Korea seems to think that the number of the mental hospitals is enough.

In terms of the quality improvement, the project can be evaluated as successful. With the help of the project, Cardiovascular Center of Severance Hospital of Yonsei University has been known as one of the leading centers in this area. The most-up-to-date equipments were procured under the project, which strengthened the treatment system in Korea.

Since 1999, the government has been limiting the use of the low interest policy loans for the balanced development of medical service. The rural area became one of the beneficiaries, which enhanced the appropriateness of the project.

Sustainability

The sustainability of this kind of projects is usually limited either in finance or in the continuity of development. However, this project can be evaluated as sustainable. As in the report, the procured medical equipments were well maintained. Whether the project enabled the beneficiaries to expand new facilities by their own funds is another issue. Severance Hospital case can be thought as successful, because Severance Hospital has maintained one of the best medical service quality, and still expands its own facilities. However, there were hospitals that had difficulties to pay the loans back. MOHW had paid only 4,907 million yen out of the loan amount 7,580 million yen by the end of 2002 because of the hospitals' financial difficulties.

This phenomenon can naturally arise because one of the objectives of ODA and the Korean government was to support the areas that lacked in the pecuniary incentives of the private sector. But also Korea has experienced severer competition among hospitals. The number of inpatient care beds per 1000 population has increased from 1.7 (28.3% of that of U.S.A.) in 1980 to 6.1 (169.4% of that of U.S.A.) in 2000.

The share of population in the rural area has decreased to 10% as of 2004 so that the profitability of the hospitals in the rural area has decreased. The sustainability of the funds that supported the rural areas is limited. There is a tradeoff between the strictness of the government policy goals and the sustainability of the project. Therefore these financial difficulties cannot be regarded as the failures of ODA's sustainability. Moreover, because the Korean government repaid the full amount, there is no problem from the ODA's perspective.