

Supporting Peace and Stability in Mindanao, Philippines

–JBIC Provides 6.187 billion yen for Two Projects Under the 26th ODA Loan Package–

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) decided on the provision of two ODA loans totaling 6.187 billion yen to the Government of the Republic of the Philippines. As part of the 26th annual ODA loan package for the Philippines, the two loans will respectively finance the Autonomous Region in Muslim Mindanao Social Fund for Peace and Development Project and the Central Mindanao Road Project.
2. For the Autonomous Region in Muslim Mindanao Social Fund for Peace and Development Project, a loan agreement totaling 2.470 billion yen was signed by Philippine Ambassador Domingo L. Siazon Jr. and Governor Shinozawa. The signing ceremony was graced by the presence of President Gloria Macapagal-Arroyo of the Philippines, who is currently visiting Japan to attend the ASEAN-Japan Commemorative Summit. With respect to the Central Mindanao Road Project, a loan agreement totaling 3.717 billion yen will be signed on December 16 in Manila between JBIC and the Government of the Philippines.
3. In Mindanao, an island in the southern Philippines, more than 30 years of prolonged armed conflict devastated its economy. In particular, the southwestern part of the island, where the fighting was fiercest, has the highest incidence of poverty in the country. The two projects aim at reducing the poverty rate and invigorating the regional economy, thereby supporting the consolidation of peace and stability in Mindanao. The Autonomous Region in Muslim Mindanao Social Fund for Peace and Development Project consists of building/improving educational and medical facilities, the water supply and sewerage systems, as well as roads, based on local community needs. The Central Mindanao Road Project focuses on widening and paving the existing roads as well as replacing makeshift bridges.
4. The new ODA Charter drawn up by the Government of Japan in August this year designates peace building as one of its priority issues, and Japan will extend assistance flexibly and continuously for peace building in accordance with the changing situation, ranging from assistance to expedite the ending of conflicts to assistance for the consolidation of peace and nation building in post-conflict situations. It is expected that supporting sustainable development will help consolidate peace and stability in Mindanao, where conflict is liable to arise from terrorism.

(See Appendix for details.)

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/ Grace Period (Year)	Procurement
Autonomous Region in Muslim Mindanao Social Fund for Peace and Development Project	2,470	2.2	30/10	General Untied
Central Mindanao Road Project	3,717	2.2	30/10	General Untied

2. Outline of the Project

Astana Water Supply and Sewerage Project

(1) Autonomous Region in Muslim Mindanao Social Fund for Peace and Development Project

Mindanao, an island in the southern Philippines (with a total area of 83,000 square kilometers and population of 16 million), has high development potential, being endowed with abundant natural resources and vast stretches of arable land. The island, however, experienced a localized armed conflict for more than 30 years. Particularly, in the southwestern part of the island, where the fighting was fiercest, the economy was devastated and this region remains one of the poorest in the country. In September 1996, the government signed a peace agreement with the Moro National Liberation Front (MNLF) and it has recently resumed dialogue with the Moro Islamic Liberation Front (MILF). These and other efforts are currently under way to consolidate peace and stability in the region. The Arroyo administration, which has committed itself to poverty reduction, has accorded the highest priority to economic development in Mindanao. The main agenda of the government's Medium-Term Philippine Development Plan (2001-04) includes further progress in consolidating peace and stability as well as sustainable development.

To accelerate development and raise living standards in Mindanao, particularly in the southwestern part, it is crucial to provide basic social services, increase income-earning opportunities by primarily focusing on the agricultural, forestry and fisheries industries, and strengthening the organizational capabilities of the autonomous government.

This project aims at reducing poverty, which could become a spawning ground for terrorism, thereby consolidating peace and stability in the Autonomous Region in Muslim Mindanao (ARMM), where poverty is increasing and deepening in conflict-affected areas. The ODA loan for this project, co-financed with the World Bank and the Canadian International Development Agency, supports local community-led efforts to (a) develop communities and (b) improve regional infrastructure, in order to pursue sustainable development. The project covers about 2,400 districts (barangays) in the ARMM, of which 700 districts are targeted, and the JBIC loan will be provided to 200 within.

The project executing agency is the Autonomous Region in Muslim Mindanao Social Fund (ARMM Social Fund). Address: 3rd Floor, VWH Building, Veterans Avenue, Zamboanga City, Philippines 7000. Tel: 63-62-992-2684 Fax: 63-62-991-9410

(2) Central Mindanao Road Project

Mindanao, an island in southern Philippines, has high development potential, being endowed with abundant natural resources and vast stretches of arable land. The island, however, experienced localized armed conflict for more than 30 years. As the fighting was fiercest in the southwestern part, its economy was devastated and this region remains one of the poorest in the country. The Arroyo administration, which has committed itself to poverty reduction, has accorded the highest priority to economic development in Mindanao. The main agenda of the government's Medium-Term Philippine Development Plan (2001-04) includes further progress in consolidating peace and stability as well as sustainable development.

Under this project, which is based on the Medium-Term Philippine Development Plan, the existing roads linking Cotabato, the central city in southwestern Mindanao, with southern municipalities will be widened and improved. This is necessary since the region is lagging in development and a high proportion of the people live in poverty. The project will improve intra-regional links, particularly the access of farming villages to the regional road network, increase human and freight movement, and increase the efficiency of as well as cut costs of transport in Cotabato and surrounding areas. In addition, the project is expected to increase agricultural and industrial activities and invigorate the regional economy. It will thus help reduce poverty, thereby contributing to a stable regional security situation and the consolidation of peace.

The project executing agency is the Department of Public Works and Highways (DPWH). Address: Bonifacio Drive, Port Area, Manila, Philippines.

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