

November 12, 2009

## Japanese ODA Loan Signed with the Philippines Promoting National Logistics Infrastructure Development for Economic Growth

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1. On November 9, JICA (President: Sadako Ogata) signed a Japanese ODA loan agreement in Manila, the capital of Republic of the Philippines, with the Development Bank of the Philippines (DBP) for up to 30.38 billion yen for the Logistics Infrastructure Development Project.
2. Through the DBP, the Logistics Infrastructure Development Project will provide two-step loans to local governments, the private sector and so on throughout the Philippines, financing medium- to long-term capital for logistics infrastructures. The JICA loan will be allocated to the financing of ship purchases and the construction of roads and logistics facilities such as for cargo and storage. A part of the loan will also be allocated to consulting services such as to improve the capacity of DBP to appraise sub-loans. It is expected to respond to local needs in a timely manner toward the construction of a logistics network having an optimized mix of inter- and intra-island transportation means.
3. Although the Philippines has achieved an economic growth rate averaging close to 5 percent over the past five years, the poverty level remains a high 30 percent, and achieving sustained growth to create employment is a critical issue. To that end, logistics infrastructures must be expanded to promote private investment from inside and outside the country. Compared to other ASEAN nations, not only does the Philippines still lack adequate infrastructures such as ports and roads, but infrastructures for processing, storing and transporting crops and livestock products are insufficient as well. With agriculture being the Philippine's key industry, the logistics infrastructure is a critical link for the quality of perishable goods and the costs of domestic distribution, and the inadequacy of the infrastructure is causing the primary sector of the economy to flounder.
4. Taking these circumstances into consideration, the Philippine government is advancing the construction of an effective logistics network that combines marine transportation to connect the islands as well as intra-island roads.
5. With the aim of sustainable economic growth, JICA has a policy to provide a high level of assistance while integrating JICA's three tools of assistance—technical cooperation, ODA loans and grant aid—to assist the Philippine government in its focus on its limited social and economic infrastructures, which constrain growth.
6. In September and October 2009, typhoons Ketsana and Parma (known locally as Ondoy and Pepeng) caused tremendous damage in the Philippines. It is expected that this project will play a role in disaster recovery, and it is hoped that the project will be actively incorporated in the Philippines.



DBP President and JICA Chief Representative  
with Department of Finance Secretary Teves

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Reference: Loan Amount and Terms

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1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)		Repayment Period (years)	Grace Period (years)	Procurement	
		Project	Consulting services			Project	Consulting services
Logistics Infrastructure Development Project	30,380	1.4	0.01	30	10	General, untied	General, untied

2. Executing agency

The Development Bank of the Philippines  
Address: Third Floor, DBP Building, Sen. Gil J. Puyat Avenue corner Makati Avenue, Makati City, Philippines  
Tel: (632) 818-9511, Fax: (632) 815-1517

3. Planned Implementation Schedule

- (1) Completion of project: November 2016 – when JICA completes the lending to the DBP
- (2) Issuing of letters of invitation for consulting services: December 2009
- (3) Although there will be no tenders for construction, economic activity is expected to result as successive projects develop from sub-loan funding provided by intermediary financial institutions.