

Signing of ODA Loan Agreements with the Republic of the Philippines

–Assistance for Growth through Infrastructure and Overcoming Vulnerability–

1. Today, the Japan International Cooperation Agency (JICA) signed loan agreements with the Republic of the Philippines to provide loans of up to 68.263 billion yen for seven projects.
2. The Philippines is gathering attention of investors as a rapidly growing country with the GDP growth rate of 7.6 percent in 2010. Although the growth slowed down in 2011 due to, among others, European debt crisis, it is expected to continue steadily at the rate of 4.2 percent in 2012. To promote sustainable economic development, the Philippine Government prioritizes infrastructure development as one of the most important policies to attract more foreign and domestic investment.
3. Under such circumstances, the Japanese ODA loans signed today will support strong economic growth of the Philippines through the development of infrastructure and improvements in measures to counter vulnerabilities such as disaster risks and unstable food supply.



Mr. Izumi Arai, Vice-President, JICA (left) and Mr. Manuel M. Lopez, Ambassador Extraordinary and Plenipotentiary of the Republic of the Philippines to Japan shook hands after signing loan agreements.

(1) Economic growth by formation of industrial space and logistics improvement

Industrial space is expanding from Metro Manila to northward and southward, because space for further development is scarce and traffic congestion is severe in Metro Manila. The Philippines Government is promoting expansion of industrial space to Central Luzon through northward expansion of Subic-Clark-Manila-Batangas Corridor. As Central Luzon is located within 100 kilometer north from the center of Metro Manila, further development in the region is expected. There is, however, no highway to connect the east and west sides of the region have been existing, and smooth transportation in the region has not been realized. JICA supports the construction of a highway in the region through Central Luzon Link Expressway Project in order to support the development of the region and improve physical distribution between the region and Metro Manila.

Furthermore, JICA supports the construction of a bypass road adjacent to Plaridel City, which is one of the most congested areas along Philippine-Japan Friendship Highway connecting Metro Manila and major suburban cities, in order to decongest traffic situation in the vicinity of Metro Manila and improve physical distribution. (Arterial Road Bypass Project (Phase II)).

(2) Support for disaster risk reduction

The Philippines is one of the most natural disaster prone countries in the world and has suffered large scale damages every year especially from typhoons. Risks of flooding caused by typhoons may increase due to the climate change. The Philippine Government urgently needs to respond to the risks by taking necessary measures against floods especially in highly populated areas. To address this issue, JICA supports the implementation of measures against floods along Pasig-Marikina River flowing through the center of Metro Manila, which is the center of economic activities (Pasig-Marikina River Channel Improvement Project (Phase III)), and outside Metro Manila including Cagayan River basin (northern Luzon), Tagoloan River basin (northern region of Mindanao) and Imus River basin (adjacent to the southern part of Metro Manila), which are important areas in terms of food supply and economic development (Flood Risk Management Project for Cagayan River, Tagoloan River and Imus River). Moreover, JICA supports the strengthening of forestland management through implementing community based forest management, and thereby improving forest conservation and contributing to disaster risk mitigation efforts in vulnerable areas (Forestland Management Project).

(3) Overcoming vulnerabilities through stable food supply

The Philippines has become the largest rice importer in the world due to the insufficient domestic production compared to rapid population growth. Although increase of domestic rice production has been a priority policy of the Philippine government, rice supplies are still in shortage. To address this issue, JICA supports improvement of rice productivity through the rehabilitation of irrigation facilities, strengthening of irrigators associations, and agricultural support services (National Irrigation Sector Rehabilitation and Improvement Project).

Furthermore, JICA supports the improvement of agricultural productivity and income of small scale farmers through provision of small scale agricultural infrastructure and agricultural/organizational capacity building in the Mindanao region, which has a rich agricultural potential with vast land area and stable climate (Mindanao Sustainable Agrarian and Agriculture Development Project).

4. The relationship between the Philippines and Japan has deepened in the recent years. Both countries confirmed to strengthen bilateral cooperation by issuing a joint statement "Japan-Philippines Joint Statement on the Comprehensive Promotion of the Strategic Partnership" when President Aquino visited Japan in September 2011.

5. JICA will continue to support the development agenda of the Philippines through a variety of modalities of ODA loan, technical cooperation, and grant aid assistance.

Related Link

➤ [Project Map \(PDF/84KB\)](#)

Reference

1. Terms and Amounts of Loan

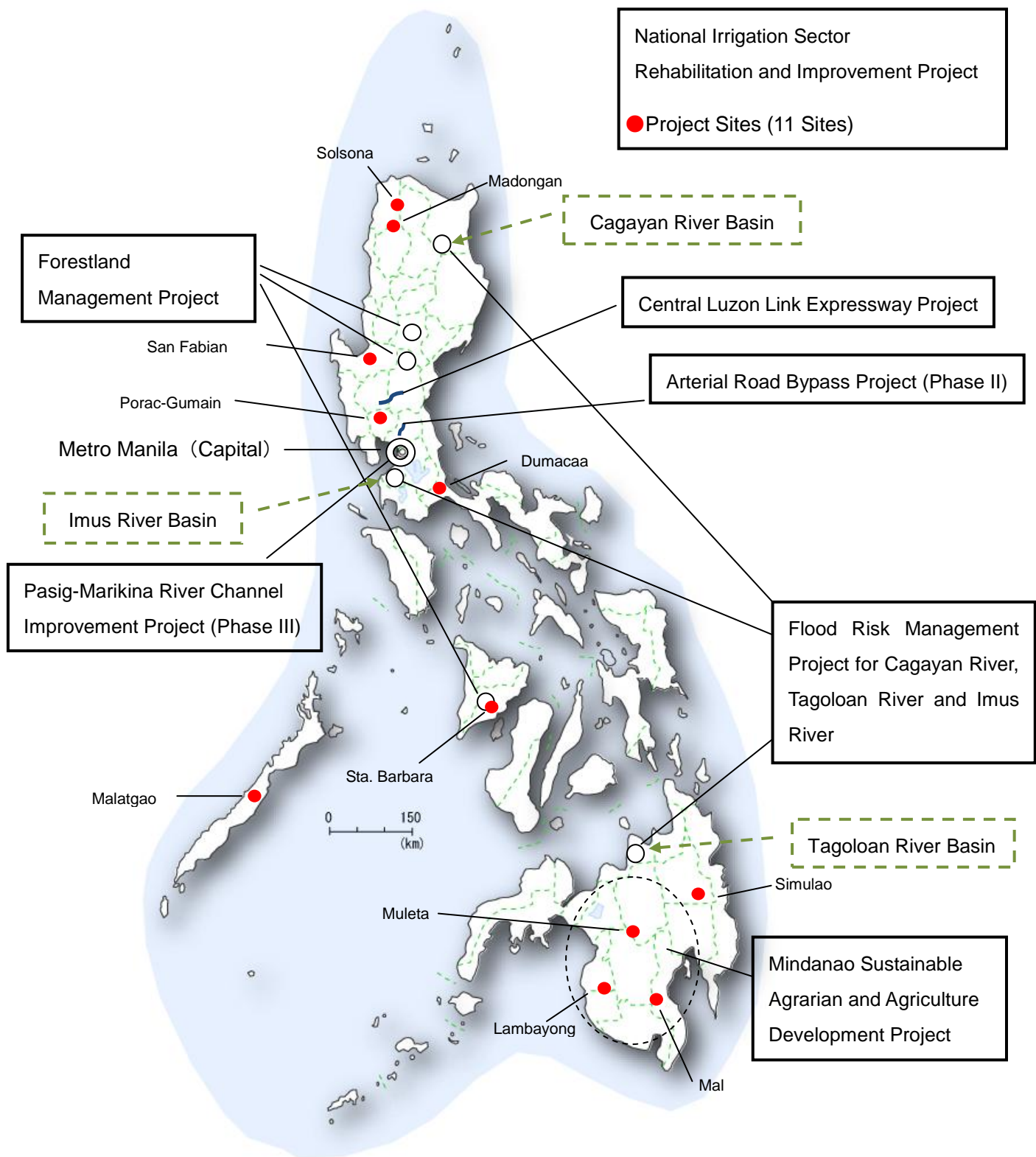
Project title	Amount (million yen)	Annual interest rate (%)		Repayment (years)	Grace Period (years)	Procurement
		Project	Consulting services			
(1) Central Luzon Link Expressway Project	22,796	1.40	0.01	30	10	Untied
(2) Arterial Road Bypass Project (Phase II)	4,591	1.40	0.01	30	10	
(3) Pasig-Marikina River Channel Improvement Project (Phase III)*	11,836	0.20	0.01	40	10	Japan tied
(4) Flood Risk Management Project for Cagayan River, Tagoloan River and Imus River	7,546	1.40	0.01	30	10	Untied
(5) Mindanao Sustainable Agrarian and Agriculture Development Project	6,063	1.40	0.01	30	10	
(6) National Irrigation Sector Rehabilitation and Improvement Project	6,187	1.40	0.01	30	10	
(7) Forestland Management Project**	9,244	0.3	0.01	40	10	
Total	68,263					

* Special Terms for Economic Partnership (STEP) is applied.

**Climate change condition is applied.

- › [Central Luzon Link Expressway Project \(PDF/38KB\)](#)
- › [Arterial Road Bypass Project \(Phase II\) \(PDF/7KB\)](#)
- › [Pasig-Marikina River Channel Improvement Project \(Phase III\) \(PDF/37KB\)](#)
- › [Flood Risk Management Project for Cagayan River, Tagoloan River and Imus River \(PDF/19KB\)](#)
- › [Mindanao Sustainable Agrarian and Agriculture Development Project \(PDF/19KB\)](#)
- › [National Irrigation Sector Rehabilitation and Improvement Project \(PDF/36KB\)](#)
- › [Forestland Management Project \(PDF/32KB\)](#)

FY2011 Japanese ODA Loan Projects in the Philippines (Total 7 Projects)



(1) Central Luzon Link Expressway Project

(Background and necessity)

Industrial space is expanding from Metro Manila to northward and southward, because space for further development is scarce and traffic congestion is severe in Metro Manila. The Government of Philippines is promoting expansion of industrial space to Central Luzon through northward expansion of Subic-Clark-Manila-Batangas Corridor ("SCMB Corridor").

As Central Luzon is located within 100 kilometer north from the center of Metro Manila, further development in the region is expected. There is, however, no highway to connect the east and west sides of the region, and smooth transportation in the region has not been realized. Accordingly, it is necessary to construct an expressway to connect east and west of this region, which will solve the bottleneck in physical distribution within Central Luzon, and between Central Luzon and Metro Manila.

(Objective and summary)

The objective of the project is to improve physical distribution between Metro Manila and Central Luzon by expanding "SCMB Corridor" northward through construction of an expressway connecting Tarlac and Cabanatuan Cities, thereby contributing to the formulation of industrial space and economic development in the region.

The Japanese ODA loan will be used for the civil works and consulting services.

(Executing Agency)

Department of Public Works and Highways (DPWH)

Address: Bonifacio Drive, Port Area, Manila, Philippines

TEL: 63-2-3043000

(Planned Implementation schedule)

- (i) Completion of project: December 2016 (when the facility is put in operation)
 - (ii) Issuance of letters of invitation for consulting services (including detailed design, bidding assistance, and construction supervision): April 2012
 - (iii) Tender announcement for initial procurement package for international competitive bidding on project construction: June 2013
- Procurement package title: Civil works (Highway construction)

(2) Arterial Road Bypass Project (Phase II)

(Background and necessity)

Neighboring cities of Metro Manila have been rapidly developed following economic development of the Metro Manila. There have been heavy traffic congestions along arterial roads of these cities as a result of rapidly growing population and increased traffic volumes. Especially areas around Plaridel City, which is located 50kilometer north of Metro Manila, are one of the most congested areas as it is the key junction of the traffic between Metro Manila and Central Luzon by connecting Philippine-Japan Friendship Highway and North Luzon Expressway. Therefore, the construction of a bypass road around the city to mitigate the congestion and improve the logistics in the area is urgently needed.

(Objective and summary)

The objective of the project is to mitigate the congestion and improve logistics transportation in the areas surrounding Plaridel City by constructing a bypass road along the Philippine-Japan Friendship Highway, which is the only non-toll arterial road to connect Metro Manila and Central Luzon, thereby contributing to economic and social development of Metro Manila and Northern Suburb of Metro Manila.

The Japanese ODA loan will be used for the civil works and consulting services necessary for construction of the bypass road.

(Executing Agency)

Department of Public Works and Highways (DPWH)

Address: Bonifacio Drive, Port Area, Manila, Philippines

TEL: 63-2-3043000

(Planned implementation schedule)

- (i) Completion of project: December 2016 (when the facility is put in operation)
 - (ii) Issuing of letters of invitation for consulting services (bidding assistance, construction management, etc.): April 2012
 - (iii) Tender announcement of initial procurement package for international competitive bidding on project construction: September 2012
- Procurement packages names: Civil works (bypass road of 2km)
Civil Works (bypass road of 8km)

(3) Pasig-Marikina River Channel Improvement Project (Phase III)

(Background and necessity)

The Philippines is one of the most natural disaster prone countries in the world. While Metro Manila is the center of politics, economy and culture of the Philippines where more than 10 million people live, it is also at a high risk of the storm/typhoon-related disasters since it is located in a coastal low-lying area. In particular, flooding of Pasig-Marikina River, which runs through the most urbanized political and economic center of Metro Manila, gives huge economic and social impact to not only Metro Manila but also the entire Philippines. For instance, tropical storm “Ondoy” caused large flooding over a wide area of Metro Manila due to the heavy rainfall at once-in-180-year level, resulting in serious damages to the roads and traffic network, lifelines, economic activities and so forth. Risks of flooding caused by typhoons have been increased due to the climate change. Flood management of Pasig-Marikina River is increasing its importance and urgency for the Philippines.

(Objective and summary)

The objective of the project is to mitigate flood damage in Metro Manila caused by channel overflow of the Pasig-Marikina River by implementing river channel improvement works together with non-structural measures with flood risk management, thereby contributing to the sustainable urban economic development of Metro Manila.

The Japanese ODA loan will be used for civil works, consulting services, and so forth for river improvement.

Special Terms for Economic Partnership (STEP) will apply to this Project. Applied Japanese technologies are expected to reduce the environmental effects of civil works.

(Executing Agency)

Department of Public Works and Highways

Address: Bonifacio Drive, Port Area, Manila, Philippines

TEL : 63-2-304-3000

(Planned Implementation Schedule)

- (i) Completion of project: August 2016 (completion of civil works)
- (ii) Issuing of letters of invitation for consulting services (construction supervision): April 2012
- (iii) Tender announcement of initial procurement package for international competitive

bidding on project construction: October 2012

Procurement package name:

- a) Civil works (Pasig River section)
- b) Civil works (Lower Marikina River section)

(JICA Contact Information)

The contact information for inquiries on the procurement schedule of this project is as follows:

Contact Point for Pasig-Marikina River Channel Improvement Project (Phase III), JICA
Philippines Office

Address: 40th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City,
Philippines

TEL : 63-2-889-7119 FAX : 63-2-889-6850

(4) Flood Risk Management Project for Cagayan River, Tagoloan River and Imus River

(Background and Necessity)

The Philippines is one of the most natural disaster prone countries in the world. Especially the economic and human damages caused by typhoons, tropical storms and floods have been significant with serious effects on the economic activities. Furthermore, risks of flooding are have been increased due to the effects of climate change. However, the number of river basins where flood control works have been implemented so far is still very limited especially in rural areas, which result in serious damages caused by flood disasters in various parts of the country every year. Therefore it is required to take measures against floods in many more basins in efficient ways.

Cagayan River basin (northeast Luzon), Tagoloan River basin (northern Mindanao) and Imus River basin (adjacent to the southern part of Metro Manila) are important areas for food supply and economic development in the Philippines as they hold large grain-growing areas, industrial growth corridor, economic zones and so forth. However, frequent flood damage and weakness to floods are hampering the economic activities in these areas. Therefore flood management works in these areas are important for further economic development of the Philippines.

(Objective and Summary)

The objective of the project is to mitigate flood damage in the selected core areas in Cagayan river basin, Tagoloan river basin and Imus river basin in the Philippines by implementing structural and non-structural measures against flood, thereby contributing to the sustainable and stable economic development in the target areas.

The Japanese ODA loan will be used for the civil work, consulting services and so forth for flood management.

(Executing Agency)

Department of Public Works and Highways

Address: Bonifacio Drive, Port Area, Manila, Philippines

TEL : 63-2-304-3000

(Planned Implementation Schedule)

(i) Completion of project: April 2017 (completion of civil works)

(ii) Issuing of letters of invitation for consulting services (two services as follows)

1. Consulting Services (including Detailed Design): April 2012

2. Consulting Services (including Construction Supervision): May 2012

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction: April 2013

Procurement package name: Civil works (Cagayan River Package 1)

(5) Mindanao Sustainable Agrarian and Agriculture Development Project

(Background and Necessity)

While the agriculture sector of the Philippines takes 33.6 percent of its labor population, its contribution to the GDP is limited to 16.8 percent, leading to demand to improve agricultural productivity. In terms of Agrarian Reform Beneficiaries, support for agriculture infrastructure and institutional capacity building is important to increase agricultural productivity and added value for agricultural products.

The Mindanao region, in particular, has a rich agricultural potential with vast land area and stable climate, and needs to establish models of agribusiness by enhancing collective farming of small scale farmers.

(Objective and Summary)

The objective of the project is to increase agricultural productivity, product value, and income of Agrarian Reform Beneficiaries and other small scale farmers through the provision of small scale agricultural infrastructure and agricultural/organizational capacity building support, thereby contributing to increase competitiveness and sustainability of agriculture in the covered areas.

The Japanese ODA loan will be used for the civil works, agricultural support and organizational capacity development, and consulting services for development of agricultural infrastructure.

(Organization of project implementation)

Department of Agrarian Reform

Address: Elliptical Road, 1101 Diliman, Quezon City

TEL : (02) 426-7455

(Planned Implementation Schedule)

- (i) Completion of project: December 2016 (completion of civil works, institutional development and agricultural support)
- (ii) Issuing of letters of invitation for consulting services (construction management,

etc.): May 2012

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

There will be no procurement in this project through international competitive bidding, but procurement for subsequent project implementation activities such as site development activities through local competitive bidding is expected.

(6) National Irrigation Sector Rehabilitation and Improvement Project

(Background and Necessity)

In the recent years, Philippines has become the largest rice importer in the world due to the insufficient domestic production compared to the annual population growth at the two percent level. Insufficient operation and maintenance (O&M) of the existing irrigation facilities is one of the factors for such shortage in rice supply. Given such circumstances, function recovery of irrigation facilities, strengthening of O&M, and improvement of farming technology have been identified as important issues for achieving stable food supply.

(Objective and Summary)

The objectives of the project are to increase rice productivity and to establish sustainable O&M system through rehabilitation of irrigation facilities, strengthening of Irrigators Associations and provision of agricultural support at eleven National Irrigation Systems across the Philippines, thereby contributing to enhancing stable rice production and increasing income of farm households.

The Japanese ODA loan will be used for the civil works for the rehabilitation of the irrigation facilities, institutional development, agricultural support, and consulting services.

(Executing Agency)

National Irrigation Administration

Address: NIA Complex, EDSA, Diliman, 1100 Quezon City, Philippines

TEL : (632)929-6071

(Planned Implementation Schedule)

- (i) Completion of project : December 2017 (completion of civil works, institutional development and agricultural support)
- (ii) Issuing of letters of invitation for consulting services (including Detailed Design, Construction Supervision assistance): May 2012
- (iii) Tender announcement of initial Tender announcement of initial procurement package for international competitive bidding on project construction:
There will be no procurement in this project through international competitive bidding, but procurement for subsequent project implementation activities such as site development activities through local competitive bidding is expected.

(7) Forestland Management Project

(Background and Necessity)

At the start of the twentieth century, at least 70 percent (approximately 23 million hectares) of the Philippines was covered with forests, but by 1990, the country's forest area decreased to about 22 percent (6.57 million hectares). This is due to large-scale commercial-based deforestation, and disorganized land use including slash and burn agriculture and excess logging by some poor communities to sustain their livelihood. This decrease in forest cover meant not only a decrease in forest resources, but led to disasters such as landslides and floods due to soil erosion and a decreased capacity of the country's forests to retain water. Thus, the Philippines experiences floods on nearly an annual basis due to typhoons and rainstorms. With this continuing deforestation, there exists a vicious cycle of poverty among upland communities.

However, when local residents participate in forest rehabilitation and conservation efforts and their livelihoods are improved, sustainable forest management is created. Hence, the Government of the Philippines adopted a policy of Community Based Forest Management (CBFM) wherein People's Organizations (POs) have signed production sharing agreements with the Department of Environment and Natural Resources (DENR). With these agreements, POs are given the mandate to develop, utilize and manage a specific portion of the national forestland in a sustainable manner in coordination with DENR. As a result, the country's forests cover increased to about 25 percent (7.66 million hectares) in 2010. Since this is not a very significant recovery, further forest rehabilitation and conservation is needed and this Project's contribution to this effort is essential.

(Objectives and Summary)

The objective of the project is to strengthen forestland management through implementing community based forest management including agroforestry and community based enterprise development in three river basins (Upper Magat and Cagayan River Basin and Pampanga River Basin in Luzon; and Jalaur River Basin in Panay Island) in a sustainable manner, thereby improving forest conservation and socio-economic conditions of upland dwellers, and contributing to disaster risk mitigation efforts in vulnerable areas.

The Japanese ODA loan will be used for survey and mapping, community organizing and capacity building, site development (including agroforestry and community based enterprise development), construction of agroforestry support facilities, policy initiative, monitoring and evaluation, institutional strengthening and consulting services.

(Executing Agency)

Department of Environment and Natural Resources

Address: Visayas Avenue, Diliman, Quezon City, Philippines

Phone: +632 929-6626

(Planned Implementation Schedule)

(1) Completion of project: September 2021 (with completion of site development)

(2) Issuing of letters of invitation for consulting services: May 2012

(3) Tender announcement of initial procurement package for international competitive bidding on project construction:

There will be no procurement in this project through international competitive bidding, but procurement for subsequent project implementation activities such as site development activities through local competitive bidding is expected.