

## Signing of Japanese ODA Loan Agreement with the Republic of the Philippines

–Using Japanese Railway and Environmental Conservation Technologies to Support Improvements of the Business and Investment Climate–

On March 27, the Japan International Cooperation Agency (JICA) signed Japanese ODA loan agreements with the Government of the Republic of the Philippines to provide loans of up to a total of 54.034 billion yen for assistance for two projects.

Despite the deceleration of the global economy, firm household consumption and the service sector have kept the economy steady in the Philippines, reaching real gross domestic product growth rate of 6.6 percent in 2012. Under the leadership of the Aquino administration, which was formed in 2010, progress has been made in enhancing the investment climate, and foreign direct investment from Japan has become vigorous in the Philippines. These factors have drawn attention to the Philippines as a new investment destination with an ample labor force, particularly for manufacturers.

Based on these circumstances, these Japanese ODA loans will support infrastructure development through PPP<sup>[1]</sup> promoted by the Aquino administration with the objective of forming industrial spaces in the Philippines and of supporting overseas deployment of Japanese business. The Special Terms for Economic Partnership (STEP)<sup>[2]</sup> will apply to both of the Japanese ODA loan financed projects, and it is expected that Japanese railway and environmental conservation technologies will be utilized.



Signing Ceremony

(1) Mitigation of road congestion with the implementation of a mass transit system in Metro Manila

Because of the severe traffic congestion in Metro Manila, promoting a modal shift to a rail mass transportation system is a priority to alleviate overcrowding on the roads. LRT Line 1 will be extended to the south to the northern part of Cavite Province and LRT Line 2 will be extended to the east to the cities of Marikina and Antipolo in order to enhance the transportation capacity on both lines, which serve the central area of the capital and the suburbs, where the population has increased markedly, particularly in recent years. This will alleviate road congestion, and thereby reduce air pollution and mitigate climate change effects. This project will apply advanced Japanese technology, such as highly efficient inverters, on rolling stock to be procured by the project, which will contribute to energy efficiency and reducing maintenance costs.

(2) Responding to air traffic demand by the construction of an environmentally friendly airport

In order to meet the rapidly increasing demand for air travel, JICA will provide assistance in improvement of convenience and safety through construction of a new airport in Bohol Province, central region of the Philippines, compliant with international safety standards and with adequate handling capacity, replacing the current airport. Under the concept of "an eco airport," the project will construct a new environmentally friendly airport using advanced Japanese technology, including a photovoltaic power generation system and geotextile sheets in the soaking yard to prevent airport drainage water from polluting the surrounding environment during construction.

After the construction is completed, technical assistance will be provided for environmental protection to avoid a negative impact to the natural environment caused by the increase in tourists.

JICA will continue to support the development of the Philippines by utilizing all modalities of ODA?technical cooperation, Japanese ODA loans and grant aid?to support nation-building in a way that all nationals can enjoy the development of economic and social infrastructures.

## Reference

### 1. Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment (years)	Grace Period (years)	Procurement
		Project	Consulting services			
Capacity Enhancement of Mass Transit Systems in Metro Manila Project	43,252	0.20	0.01	40	10	Japan tied
New Bohol Airport Construction and Sustainable Environment Protection Project	10,782	0.20	0.01	40	10	

### 2. Project Summaries

#### (1) Capacity Enhancement of Mass Transit Systems in Metro Manila Project

##### Background and Necessity

Metro Manila has suffered economic losses due to severe road congestion. Promoting a modal shift to a rail mass transportation system is a priority to change the current transportation mode of dependence on roads to alleviate road congestion. The existing mass transportation system for passengers needs to be expanded to meet the increasing demand in northern Cavite Province on the south end of the LRT1 line and in the Cities of Marikina and Antipolo on the east end of the LRT2 line due to a marked increase in population in the central capital area and the suburbs in recent years.

##### Objective and Summary

This project will procure rolling stock and install facilities for the LRT1 line extension and construct the LRT2 line extension in Metro Manila. This will increase the transportation capacity on both lines, alleviating road congestion, and thereby reducing air pollution and mitigating climate change effects.

The funds will be allocated to civil works for the depot, procuring rolling stock and consulting services.

##### Executing Agency

Department of Transportation and Communications

Address: 16th Floor, The Columbia Tower, Brgy. Wack-Wack, Ortigas Avenue 1555, Mandaluyong City, Metro Manila, Philippines

Phone: +63-2-725-0204, fax: +63-2-726-6221

##### Planned Implementation Schedule

(i) Completion of project: May 2016 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services (including bidding assistance and construction supervision): April 2013

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

Procurement packages: Line 1 Rolling Stock, Line 1 Depot, Line 2 E&M System (three packages in total)

Release date: October 2013

## JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.  
Contact Point for Capacity Enhancement of Mass Transit Systems in Metro Manila Project, JICA Philippines Office  
Address: 40th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City, Philippines  
Phone: +63-2-889-7119, fax: +63-2-889-6850

## (2) New Bohol Airport Construction and Sustainable Environment Protection Project

### Background and Necessity

The Philippines, as an island nation composed of more than 7,000 islands, depends on air transportation for mobility. Over the past five years, the volume of domestic and international passengers in the Philippines has undergone an annual growth of approximately 10 percent. The airport in Bohol Province has also undergone a rapid increase in air demand over the past decade, rising from 39,268 passengers in 2001 to 572,476 in 2010. In addition to the increase in air travel demand, Bohol Province expects to have an expansion in the number of tourists because of its characteristic sightseeing resources, which include the Chocolate Hills and tarsiers (relatives of the monkeys), and attractive natural sightseeing features such as beautiful beaches with coral reefs. Expanding the existing airport, however, would be difficult due to environmental, social and other issues, and a new airport must therefore be constructed that is compliant with international safety standards and that has adequate handling capacity.

### Objective and Summary

The objective of the Project is to improve operational safety and efficiency of air transportation by constructing a new airport in Panglao Island, Province of Bohol, thereby contributing to sustainable development of the Province. The funds will be allocated to civil works for constructing the runway and terminal building, as well as consulting services.

### Executing Agency

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### Planned Implementation Schedule

(i) Completion of project: June 2016 – when the facilities are put into service  
(ii) Issuing of letters of invitation for consulting services (including bidding assistance and construction supervision): April 2013  
(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:  
Procurement package: Main Construction (one package)  
Release date: September 2013

## JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.  
Contact Point for New Bohol Airport Construction and Sustainable Environment Protection Project, JICA Philippines Office  
Address: 40th Floor, Yuchengco Tower, RCBC Plaza, 6819 Ayala Avenue, Makati City, Philippines  
Phone: +63-2-889-7119, fax: +63-2-889-6850

## Notes

- [1] PPP stands for public-private partnership. PPP is a scheme which pursues more effects and efficiency by tapping private sector knowledge and experiences with proper divisions of roles between public and private.
- [2] These special Japanese ODA loan terms were established to provide more visibility of Japanese aid through the transfer of technology to developing countries using advanced Japanese technology and expertise.