

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

-Immediate support for urgent financial requirement for recovery from natural disasters, together with capacity enhancement on disaster risk reduction and management -

On March 19, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Republic of the Philippines to provide a 50-Billion Yen Japanese ODA loan for "Post Disaster Stand-by Loan". This is the first provision of JICA's scheme "Stand-by Emergency Credit for Urgent Recovery (SECURE)" which aims to promptly respond to the financial requirements of post-disaster recovery activities.

The Philippines is regarded as one of the most disaster-prone countries in Southeast Asia. Natural disasters hit the country every year, causing enormous economic and human losses, as well as frequent damages on social infrastructure. Such damages have affected the economic activities of the country in the long-term. For instance, the Central and Northern Luzon was struck by Tropical Storm Ondoy and Typhoon Pepeng in September 2009, while the Mindanao Area was hit by Tropical Storm Sendong in December 2011 and Typhoon Pablo in December 2012. Most recently, November 2013 witnessed Typhoon Yolanda directly hit the islands including Leyte, Samar, Cebu, Panay, Bohol, and Negros, causing catastrophic damages of more than 6,000 deaths. The Government of the Philippines has declared State of National Calamity after the said disasters hit the country. Hence, there are concerns on future disasters due to possible occurrences of stronger storms and sea level rise in coastal areas caused by climate change. With this, responding to disaster risks has been an urgent priority of the Government of the Philippines.

In order to act on these circumstances, the Government of the Philippines has intended to improve its capacity on disaster risk reduction and management, through setting of policies which include: (1) formulation of the National Disaster Risk Reduction and Management Plan, as well as capacity enhancement of Local Government Units; (2) introduction of integrated water resources management; and (3) information management on disaster risk reduction and management.

This loan agreement aims to strengthen the country's capacity on disaster risk reduction and management by: a) assisting the Government of the Philippines on the implementation of the policy actions; b) responding to temporary financial needs when large-scale disasters occur; and c) supporting immediate recovery processes.

For more than 40 years, JICA has been assisting the country's disaster risk reduction and management including the abovementioned policies [(1) to (3)], through various Japanese ODA schemes such as Japanese ODA loan, technical cooperation, and grant aid. The loan is related to the implementation of other JICA projects, i.e. "Disaster Risk Reduction and Management Capacity Enhancement Project (DRRM-CEP, 2012-2015, technical cooperation project)" and "Dispatching Disaster Risk Management Advisor (Expert)". The DRRM-CEP project supports the Philippine government's policy action on the formulation of National Disaster Risk Reduction and Management Plan and capacity enhancement of Local Government Units (1); while the dispatch of flood management advisor is to assist on the policy action plan on the introduction of integrated water resources management (2).

JICA will continue to work on development issues in the Philippines through implementation of various projects under the Japanese ODA schemes, i.e. Japanese ODA loan, technical cooperation, and grant aid.

(Reference)

1. Terms and Amounts of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Post Disaster Stand-by Loan	50,000	0.01	-	40	10	General Untied

2. Executing Agency

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3. Planned Implementation Schedule

(i) Completion of Project: The Project is set to complete on the final loan disbursement or at the end of the stand-by period.

(ii) International competitive bidding will not take place for consultant hiring and project construction.