

Signing of Japanese ODA Loan Agreement with the Philippines: Contributing to the creation of employment opportunities and the consolidation of peace by supporting improved access to financing in the agricultural field

On January 12, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Land Bank of the Philippines (LBP) in Manila, the capital city of the Republic of the Philippines, for an ODA loan of up to 4.928 billion yen for Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST).

This project will provide the funds required by agricultural enterprises, cooperatives and other such organizations for capital investment and operations in and around the Autonomous Region in Muslim Mindanao (ARMM), which is centered in the western part of Mindanao, the second largest island of the Philippines. By improving access to financing and stimulating economic activities, this project will create employment and promote a higher standard of living, thereby contributing to the consolidation of peace in the region. The loan funds will be provided to agricultural enterprises, cooperatives and other such organizations through the LBP and its financial intermediaries.

The southwest part of Mindanao has been affected by conflict for more than four decades, and due to challenges such as a lack of basic social services and infrastructure, the area has a poverty rate exceeding 50 percent, making it one of the poorest regions in the Philippines. Since the Comprehensive Agreement on Bangsamoro was signed by the Government of the Philippines and the Moro Islamic Liberation Front in 2014, efforts have been made to promote agroindustry utilizing superior agricultural products that are produced in Mindanao in order to create employment opportunities and advance reconstruction and development. Although agricultural and agro-related private enterprises are creating employment through plantation operations in and near the project target area, there is a need to improve access to long-term financing for capital investments in order to encourage investments by not only large enterprises but also by small and medium-sized agricultural related enterprises and cooperatives.

In parallel with this project, JICA will provide human resource training and technical assistance to the LBP (the executing agency for this project), agricultural cooperatives and other related institutions. Through such assistance, JICA aims to further improve access to financing and to strengthen the value chain of agricultural products from production to logistics and sales, and to create synergy from the effects of this project.

To achieve the consolidation of peace in Mindanao, JICA will continue to provide comprehensive assistance for the formulation and execution of human resource training and regional development plans based on the organizations and systems established by the ARMM.

- JICA President Kitaoka Holds Talks With Philippine President Rodrigo Duterte – November 2, 2016
- President Hands Over Mindanao School Building and Signs Infrastructure Loan Deals in the Philippines – September 11, 2015
- Mindanao Peace Stakeholders Gather in Hiroshima – They may become a role model of conflict resolution around the world – July 9, 2014
- Comprehensive Agreement on the Bangsamoro Signed – Signing of the Comprehensive Agreement on the Bangsamoro a landmark event toward establishing peace in the conflict-affected areas of Mindanao – March 28, 2014

(Reference)

1. Terms and Amount of Loan

	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Harnessing Agribusiness Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation (HARVEST)	4,928	1.4	—	25	7	General untied

2. Executing Agency

Land Bank of the Philippines (LBP)

Address: LANDBANK Plaza, 1598 M.H. del Pilar corner Dr. J. Quintos Sts., Malate, Manila, Philippines

Phone: +63-2-522-0000(2651), fax: +63-2-528-8523

3. Planned Implementation Schedule

(1) Completion of project: January 2022 – with disbursement of all the sub-loan funds by the LBP

(2) No hiring of consultants is planned for this project.

(3) Although there will be no bidding for construction, economic activities are expected in the sub-loan projects funded by the LBP and intermediary financial institutions.