

Signing of Japanese ODA Loan Agreement with the Philippines: Contributing to a mitigation of traffic congestion in Metro Manila through the construction of the first subway in the Philippines

On March 16, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Republic of the Philippines in Manila to provide a Japanese ODA loan of up to 104.53 billion yen for the Metro Manila Subway Project (Phase 1) (I).

The project will construct the first subway (13 stations underground, approximately 25 kilometers in length) in the Philippines to connect Quezon City in the northern part of Metro Manila to Parañaque in the southern part, thereby accommodating the increasing transportation needs and alleviating serious traffic congestion in Metro Manila. The loan funds will be allocated to: 1) constructing stations, underground tunnels between stations, depot and other public works, 2) procuring rail systems and rolling stocks, and 3) consulting services (including tender assistance, construction supervision and Transit Oriented Development support [1]).

The Special Terms for Economic Partnership (STEP) [2] is applied to the project, and it is expected that Japanese technologies and goods such as underground tunnel excavation method, tunnel construction technique in narrow space, signaling systems and rolling stocks will be utilized for the project.

Metro Manila is 620 square kilometers in size, about the same as the 23 wards of Tokyo, and the population has rapidly increased from 7.92 million people in 1990 to 12.87 million in 2015, growing by approximately 1.6 times, which leads to high population density and serious traffic congestion. However, the total length of the 3 urban railway lines servicing in Metro Manila is merely 50 kilometers, and the construction of railway system is lagging behind the needs, which results in further traffic congestion. The social and economic loss caused by the traffic congestion is estimated to be approximately 3.5 billion pesos (approximately 7.4 billion yen, at the February 2018 rate), showing how the severe traffic congestion leads to lower the international competitiveness of the Philippines.

In response to these circumstances, JICA supported the formulation of “the Roadmap for Transport Infrastructure Development for Metro Manila and Its Surrounding Areas (Region III & Region IV-A)” (or called “Infrastructure Roadmap”) in 2014. The highest priority of the Infrastructure Roadmap is the development of two large-scale public transportation networks in the north-south direction (north-south backbones) to strengthen the connectivity between Metro Manila and suburbs in the north and south. The Metro Manila Subway will be one of the north-south backbones, together with the North-South Commuter Railway project (NSCR), which is also supported by a Japanese ODA loan.

1: Transit Oriented Development (TOD) refers to the design of a compact area around stations for mixed residential and commercial uses in order to minimize the demand for private transport and to encourage transit ridership in public transport modes whose stops are located at walking distances from each other.
 2: STEP refers to special assistance terms for promoting the visibility of Japanese aid through a transfer of outstanding Japanese technology and expertise to developing nations.
 The main contract is Japan tied and subcontracting is general untied. Although the main contract allows a joint venture with the borrowing country, a Japanese company must be the leading partner in such an arrangement.

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Metro Manila Subway Project (Phase 1) (I)	104,530	0.1	0.01	40	12	Japan tied

2. Executing Agency

Department of Transportation
 Address: S. Osmeña, Clark Freeport Zone, Angeles City, Pampanga, Philippines
 Phone: +63-2-790-8400

3. Planned Implementation Schedule

(1) Completion of project: September 2025 – when the facilities are put into service
 (2) Issuing of letters of invitation for consulting services (including construction supervision): March 2018
 (3) Tender announcement of initial procurement package for international competitive bidding on project construction:
 Procurement package title: Partial Operation Section Civil Works Package
 Release date: March 2018 (Already released)

4. JICA Contact Information

For further information about the procurement schedule, please contact the party listed below.
 Contact Point for Transportation Sector, JICA Philippines Office
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signing ceremony