

# Country Assistance Policy for the Republic of the Philippines

April, 2012

## 1. Relevance of Assistance

The Philippines lies along vital sea lanes and is thus an important country in geographical and regional security terms. Therefore, sustainable growth of the Philippines will contribute to the stability and the development in the East Asian region. Moreover, the Philippines is an important partner in East Asia for Japan in the context wherein the two countries share the same values including democracy and market economy, as well as common strategic interests. In September 2011, Japan and the Philippines confirmed in the Japan-Philippines Joint Statement that the relations between the two countries have already developed into a “Strategic Partnership.”

Japan and the Philippines have close economic relations. As many Japanese companies have established their bases in the Philippines, the Philippines provides a solid base for Japan’s economic activities. In December 2011, the Japan-Philippines Economic Partnership Agreement also came into effect. Furthermore, the two countries have the existing foundation of the broad range of people-to-people exchange. The Japanese society, which faces the issues of a declining birthrate and an aging population, can further develop a complementary relationship with the Philippine society, which has a large younger population.

Overall, the Philippines is at the stage of entering into a middle-income economy. The Philippines’ GNI (Gross National Income) per capita is 2,050 dollars as of 2010<sup>1</sup>. It is also expected that the Philippines will achieve most of the Millennium Development Goals (MDGs), except for universal education and maternal health. Moreover, the Philippines has a potential for high economic growth because of its abundant and inexpensive young labor force and the people’s high English skills. To achieve sustainable and more vigorous economic growth, it is necessary for the Philippines to tackle issues such as the improvement of investment climate for attracting more foreign investment, the advancement of export-driven industries, the rectification of disparities in income levels, the improvement of vulnerable infrastructures and social systems to risks such as natural disasters, and the settlement of the conflict in Mindanao, while taking also into account stable management of the economy.

Japan has long provided assistance to the Philippines as the top donor. Japan will further develop its overall bilateral relations with the Philippines building upon diplomatic assets acquired so far by Japan’s presence in the Philippines, wide range of cooperation between the two countries in the international arena and the good relations fostered between the private-sectors of the two countries.

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<sup>1</sup> GNI of the Philippines measured by World Bank is available at the following link;  
<http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNIPC.pdf>

## 2. Basic Assistance Policy

Japan will render its support through economic cooperation in assisting the Philippines to achieve “Inclusive Growth” described in the “Philippine Development Plan 2011-2016” with a view to further strengthening the “Strategic Partnership” between the two countries.

## 3. Priority Areas

### (1) Achieving Sustainable Economic Growth through Further Promotion of Investment

To improve investment climate in order to attract more local and foreign investment toward the achievement of sustainable economic growth, Japan provides assistance centering on: 1) the improvement of traffic and transportation network of the Greater Capital Region; 2) the improvement of infrastructure related to energy and water; 3) the enhancement of administrative capacity, 4) the securing of maritime safety; and 5) human resource development for industries.

### (2) Overcoming Vulnerability and Stabilizing bases for Human Life and Production Activity

To overcome vulnerability to various risks affecting the impoverished sector in particular, such as environmental issues including natural disasters and climate change as well as infectious diseases, and also to stabilize and fortify bases for human life and production activities, Japan provides assistance centering on: 1) the improvement of both “hard” and “soft” infrastructures to address issues related to natural disasters and environment; 2) the development of safety nets including healthcare; and 3) the enhancement of agricultural production and productivity as well as the improvement of the processing and distribution of agricultural products.

### (3) Peace and Development in Mindanao

To secure and stabilize peace in Mindanao through the promotion of the peace process by means of socio-economic development in the conflict-affected areas, and also to eradicate poverty, Japan provides assistance for: 1) the strengthening of governance; 2) the reduction of poverty including the improvement of access to social services; and 3) the community development through the improvement of infrastructures and promotion of industries.

## 4. Points to be considered<sup>2</sup>

As the peace talks between the Philippine Government and Moro Islamic Liberation Front (MILF) has been continuing, it is also necessary to consider future possible assistance to Mindanao after both parties reach a final peace agreement.

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<sup>2</sup> The country-focused ODA evaluation reports are available at the following link; Country Assistance Evaluation (2008), Available at: [http://www.mofa.go.jp/policy/odaevaluation/kn10\\_01\\_index.html](http://www.mofa.go.jp/policy/odaevaluation/kn10_01_index.html)

Necessary safety arrangements should be made in the assistance activities in the conflict-affected areas in Mindanao.

[Annex: Rolling Plans](#)