

Country Assistance Policy for the Republic of the Philippines

September 2023

1. Purpose of Development Cooperation with the Philippines

The Philippines shares with Japan the fundamental principles and values of freedom, democracy, respect for human rights and human dignity, and the maintenance and strengthening of a free and open international order based on the rule of law, in addition to its geopolitical importance due to its location on a key maritime transportation route. Japan has established extremely close relations with the Philippines, and the "strategic partnership" between the two countries was further deepened such as through the Official Visit of President Ferdinand R. Marcos, Jr. to Japan in 2023.

The Japan-Philippine Economic Partnership Agreement came into effect in 2008, and as of 2023, the Philippines has become an important base for Japan's economic activities, with many Japanese companies operating in the Philippines. People-to-people exchange between the two countries continues to expand, and there is a complementary cooperative relationship between Japan, with Japan's declining birthrate and aging population and enhancing English-language education for globalization, and the Philippines, with its young labor force with high English proficiency and social skills. In addition, the Philippines has high market potential in Asia, such as it has maintained solid economic growth except for the period of the Covid-19 Pandemic and is expected to join the upper middle-income countries shortly, and its demographic dividend will continue until 2050.¹

On the other hand, it is necessary for the Philippines to continue to address a wide range of development challenges, including infrastructure development, security and terrorism countermeasures, natural disaster preparedness, and promotion of peace, stability, development and growth in Mindanao in order to continue its "high quality growth" in the future,

In response to these challenges, the Philippine government has formulated the "Philippine Development Plan 2023-2028" and is promoting nation-building with the goal "to achieve economic and social transformation to realize a prosperous, inclusive and resilient society."

Japan's proactive cooperation for the Philippines' efforts to resolve these issues while leveraging our strengths, and cooperation for the Philippines' high-

¹ According to the World Bank, the GNI per capita for the Philippines in 2022 is US\$3,950, while the threshold for upper-middle income countries is US\$4,466.

quality economic growth that takes into account the achievement of the Sustainable Development Goals (SDGs) will further strengthen the "strategic partnership" between the two countries. Stable growth of the Philippines, which shares fundamental principles and values, will also lead to peace and stability in the Indo-Pacific region, contributing to the realization of a "Free and Open Indo-Pacific".

2. Japan's Basic ODA Policy: Cooperation to achieve "economic and social transformation to realize a prosperous, inclusive and resilient society"

Toward "the achievement of economic and social transformation to realize a prosperous, inclusive and resilient society" as embodied in the "Philippine Development Plan 2023-2028," Japan will contribute to the improvement of livelihoods and convenience so that Filipino citizens can enjoy the benefits of economic development with implementing development cooperation, including steady implementation of the Japan-Philippines Joint Statement (February 2023).

3. Priority Areas

(1) Strengthen the foundation for sustainable economic growth

In order for the Philippines to strengthen the infrastructure necessary to achieve sustainable economic growth, Japan will provide cooperation such as in the development, operation and maintenance of high-quality infrastructure including transportation networks mainly in large metropolitan areas and regional cities, promotion of digitalization and improvement of broadcasting and communications infrastructure, and agricultural and rural development to enhance high value-added and sustainability.

(2) Ensuring human security for inclusive and resilient growth

Japan will provide cooperation on resolving social issues such as natural disasters, environmental issues and climate change including water, sewage and waste management, and achieving universal health coverage including infectious disease countermeasures, in order to overcome vulnerabilities and stabilize and strengthen the foundation of livelihood. In addition, cooperation will be provided to strengthen law enforcement capacity such as through capacity development in the areas of security, counter-terrorism, and maritime security.

(3) Establishing peace, stability, development and growth in Mindanao

For many years, Japan has been supporting the consolidation of peace in Mindanao under the framework of the Japan-Bangsamoro Initiatives for Reconstruction and Development (J-BIRD) and the significant progress on the peace process has been achieved with the establishment of the Bangsamoro Transition Authority (BTA) in February 2019.

In order to promote the steady implementation of the Mindanao peace process towards the establishment of an autonomous government in 2025, Japan continues to implement various activities such as capacity development for BTA, human and in-kind support to the normalization process, and support for post-conflict reconstruction cooperation which includes basic infrastructure development, and poverty reduction from development disparities, etc, so that people at the ground can enjoy development as a peace dividend.

4. Notes

(1) Continued attention should be given to development cooperation in areas where the security situation remains a challenge. In order to encourage the consolidation of peace, especially in western Mindanao, cooperation should be carried out in consideration of the regional balance and needs, with due attention to ensuring the safety of the people concerned.

(2) In order to enhance the effectiveness of development cooperation, Japan will hold continued consultations with the Philippine government to strengthen partnerships with various entities, including the promotion of public-private partnerships (PPP), and co-creation with the Philippines.

(3) In development cooperation, it should be noted that it is necessary to synergistically combine various schemes such as loan, grant, technical cooperation, and PPP support schemes to improve development effectiveness.

(End)