1. Name of the Project
Country: The Republic of the Philippines
Project: Maritime Safety Capability Improvement Project for the Philippine Coast Guard
Loan Agreement: December 14th, 2013
Loan Amount: 18,732 million Yen
Borrower: The Government of the Republic of the Philippines

2. Background and Necessity of the Project

(1) Current State and Issues of the Maritime Safety Sector in the Philippines

The Republic of the Philippines is an archipelagic state with the world's 5th largest coastline (approximately 36,000 km) and more than 7,000 islands. Due to (i) increase in passenger and freight transport movements between the islands, (ii) improper operation such as aging vessels or overloading vessels, and (iii) natural disasters, the risk of maritime accidents have increased in recent years; leading to an increasing trend in the number of accident occurrence in recent years. The average maritime accidents/year during Year 2008 – 2012 compared with Year 2003 – 2007 have nearly doubled from 209 to 391. In particular, Maritime Highway Plan (national island transport connectivity plan, by connecting the trade routes of Ro-Ro vessels capable of carrying vehicles and in-land trunk routes) accounts for the increase in passenger and freight transport movements. In addition, maritime law enforcement issues have also become important in the midst of increasing risk of smuggling, illegal fishing, illegal possession of arms, terrorism, etc. In line with the above context, Maritime Safety has become increasingly important in the region, where collaboration among the neighboring countries has started.

Philippine Coast Guard (hereinafter referred to as “PCG”) is an attached agency under Department of Transportation and Communications (hereinafter referred to as “DOTC”), in charge of maritime safety, in other words, maritime search and rescue, marine environmental protection, maritime security, maritime law enforcement, and maritime safety for human life and property. However, it does not hold enough vessels to operate in the vast territorial waters consisting of 12 districts needed by the head quarter located in Manila. As a result, PCG is limited in its capability to conduct rescue activities during stormy weather as well as the patrol activities in coastal areas, leading to non-existence of any vessels in some districts, further leading to limited capability to respond to emergencies in the event of maritime accidents as well as to monitor regularly where needed.

(2) Development Policies for the Maritime Safety Sector in the Philippines and the Priority of the Project
The Philippines has been progressing in cost and time efficient maritime transport, through conduct of Maritime Highway Plan; however, it has also faced the issue of increasing risk of maritime accidents, due to congestion of maritime transport routes and overloading of vessels. 2011-2016 Philippines Development Plan (hereinafter referred to as “PDP”) emphasizes, the importance of not only strengthening of maritime transport infrastructure development, but also enhancing maritime transport safety to international standard level. In the "15-year Development Plan (2000-2015)” (revised in 2009) of PCG, which summarizes PCG’s plan for the development and enhancement of the institutional and human resource development and equipment/technology, highlights the importance of possessing adequate number of vessels, including the procurement of 40m-class vessels, and to maintain safety in its vast territorial waters. The Project has been requested by the Government of the Philippines (hereinafter referred to as “GOP”) in line with the above background for the improvement of capability of PCG to maintain maritime safety.

(3) Japan and JICA’s Policy and Operations in the Maritime Safety Sector

Maritime Safety capability enhancement is considered as one component of “Sustainable economic growth through investment promotion”, which is one of the prioritized areas under the Japanese Government’s Country Assistance Program for the Republic of the Philippines (April 2012). In addition, the importance of cooperation on Maritime Safety Sector was emphasized under the “Strategic Partnership” announced between the two countries in Sep. 2011, as well under the “Four Initiatives” announced at the Summit Meeting on July 2013. Therefore, the Project is in line with those policies.

Japan has been supporting Maritime Safety Sector in the Philippines through various forms. It has supported formulation of PCG officials’ training system and development and enhancement of training programs for vessel maneuvering and maritime law enforcement operation, through Technical Assistance, such as “PCG Human Resource Development Project (I: 2002 - 2007), (II: 2008 - 2012)” and “Enhancement of Practical Capability for Maritime Law Enforcement Project (2013-)”. It has supported enhancement of administrative capability of PCG, through dispatchment of Experts. It has supported construction of internal communication system, through Grant Assistance, such as “The Project for Enhancement of Communications System for Maritime Safety and Security” (G/A signed 2007, with amount of 609 million JPY), as well as enhancement of coastal communication system, rehabilitation and enhancement of lighthouses and buoys, and procurement of buoy tender boat, through ODA Loan, such as “Maritime Communication Project (I)” (L/A signed 1989, with amount of 2,663 million JPY) and “Maritime Safety Improvement Project (I)” (L/A signed 1991, with amount of 3,516 million JPY), and “Maritime Safety Improvement Project (II)” (L/A signed 1995, with amount of 5,579 million JPY).
(4) Other Donors’ Activity

Australia has procured 8 Search and Rescue vessels, while France is currently considering procurement of additional 5 vessels. In addition, the USA and Australia provide short term training program to PCG for areas such as counter terrorism or underwater searching. PCG has signed cooperation agreements on joint training program for maritime search and rescue, maritime environment protection, counter terrorism with various countries, such as Vietnam, Thailand, Indonesia and Korea.

(5) Necessity of the Project

The Project supports PCG, who is responsible of Maritime Safety, to enhance its capabilities to quickly and appropriately respond to coastal maritime incidents, such as search and rescue, maritime law enforcement, etc, by providing Multi-Role Responsive Vessels (MRRVs), thereby increasing the vessel/maritime area rate of each of the 12 districts. The Project is also in line with development policy of the Philippines and assistance strategy of Japan. Therefore, it is relevant that JICA supports the implementation of the Project.

3. Project Description

(1) Project Objective(s)

The Project aims to improve the capabilities to quickly and appropriately respond to coastal maritime incidents, such as search and rescue, maritime law enforcement, etc, by providing MRRVs to PCG, thereby contributing to maritime safety of the country.

(2) Project Site/Target Area: Throughout the Philippines

(3) Project Component(s)

1) Procurement of Vessels: 10 MRRVs (40m-class), etc
2) Consulting Services: Tendering support, Construction supervision, etc.

(4) Estimated Project Cost (Loan Amount)

22,036 million Yen (Loan Amount : 18,732 million Yen)

(5) Schedule

December 2013 - Jan 2018 (50 months). The completion of all vessel handover to PCG shall be the time of the Project’s completion.

(6) Project Implementation Structure

1) Borrower: The Government of the Republic of the Philippines
2) Executing Agency: DOTC
4) Operation and Maintenance System: DOTC will be responsible for overall management and procurement, while PCG will be responsible of operation and maintenance.

(7) Environmental and Social Consideration/Poverty Reduction/Social Development

1) Environmental and Social Consideration

① Category: C
2) Reason for Categorization: The project is likely to have minimal adverse impact on the environment under the Guidelines for Environmental and Social Considerations (April, 2010).

2) Promotion of Poverty Reduction: N/A

3) Promotion of Social Development (e.g. Gender Perspective, Measure for Infectious Diseases Including HIV/AIDS, Participatory Development, Consideration for the Person with Disability etc.): N/A

(8) Collaboration with Other Schemes and Donors

Technical Assistance “Enhancement of Practical Capability for Maritime Law Enforcement Project (2013 – 2016)” is ongoing to provide training opportunities to enhance PCG’s capability in coordination with Japan Coast Guard.

(9) Other Important Issues: N/A

4. Targeted Outcomes

(1) Quantitative Effects

1) Performance Indicators (Operation and Effect Indicator)

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Baseline (Actual Value in 2013)</th>
<th>Target (2020) 【Expected value 2 years after project completion】</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Operation hours of 10 MRRVs (hrs/ year)</td>
<td>0</td>
<td>4,950</td>
</tr>
<tr>
<td>Numbers of scheduled patrol conducted/ year (#/year)</td>
<td>0</td>
<td>36</td>
</tr>
</tbody>
</table>

2) Internal Rate of Return

It is not estimated because it is difficult to calculate monetary values of human life.

(3) Qualitative Effects

Development of Maritime Safety System, Increase of maritime areas PCG vessels can cover to respond to maritime search and rescue or maritime law enforcement

5. External Factors and Risk Control

PCG to continuously conduct and enhance its maritime safety improvement activities, such as regulating aging vessels or overloading vessels in conformity with the Philippine rules and regulations

6. Lessons Learned from Past Projects

(1) Findings of Similar Projects:

The ex-post evaluation of “Disaster Prevention Ships Procurement Project” in Indonesia
points out that, in order to materialize the expected project outcomes, securing adequate number of crews who possess Seafarers License, and providing educational training opportunities both in Japan and locally is important. It was also pointed out that appropriate operation and maintenance cannot be conducted when there is difficulty to acquire necessary spare parts.

(2) Lessons Learned:
Necessary trainings in order to conduct onboard operations shall be conducted through the ongoing Technical Assistance. Preventive Maintenance Policy has been applied in the Project to acquire necessary spare parts in schedule, increasing the durability of the vessels.

7. Plan for Future Evaluation

(1) Indicators to be Used
1) Annual Operation hours of 10 MRRVs (hrs/ year)
2) Numbers of scheduled patrol conducted/ year (#/ year)

(2) Timing: 2 years after project completion

END