

Joint Press Release

USD 150 MILLION FRENCH-ASSISTED LOAN FROM AFD IN RECOGNITION OF DECENTRALIZATION REFORMS UNDERTAKEN BY THE PHILIPPINE GOVERNMENT

An official development assistance (ODA) loan agreement amounting to USD 150 million has been signed between the Government of the Republic of the Philippines and the Agence Française de Développement (AFD - French Development Agency) this Wednesday April 16, 2014. The loan will partially finance the 2014 general budget requirements of the National Government under the framework of the Local Government Finance and Fiscal Decentralization Reform Program also being co-financed by the Asian Development Bank (ADB). Finance Secretary Cesar V. Purisima signed the agreement with French Ambassador Gilles Garachon and AFD Country Director Luc Le Cabellec in the presence of European Ambassador Guy Ledoux and National Treasurer Rosalia V. De Leon. The provision of the highly concessional loan by the French Government, through AFD, is in recognition of the Philippine Government's accomplishments on its decentralization reforms.

The European Union will support the process through a EUR 4.8 million (PHP 300 million) grant to strengthen the national Disaster Preparedness Audit (DPA) framework to be implemented by DILG, which aims to improve local government performance in institutionalizing disaster preparedness policies and monitoring disaster preparedness response, and (ii) strengthen the public finance management at the local level.

Secretary Purisima expressed his appreciation to the French Government and the European Union for their valuable and unwavering support to the Philippines, particularly in the achievement of the inclusive growth agenda of the Aquino Administration and in the relief and reconstruction efforts of the Government in the areas affected by Typhoon Yolanda.

Ambassador Ledoux declared that "the provisions of this technical assistance reflect, the timely and coordinated assistance that the EU and AFD can jointly provide to the Philippine Government to implement disaster risk reduction and management policies. The EU grant will complement emergency contributions of the European Union and its Member States for reconstruction in the wake of typhoon Yolanda (PHP 10 billion)".

Ambassador Garachon added that, since the opening of a Country Office in the Philippines in May 2010, "this loan agreement materializes four years of AFD's full dedication and commitment to assist the Government in achieving its inclusive growth strategy. Thanks to this important step for the France-Philippines cooperation, AFD is expecting to further enhance its strategic partnership with the Government of the Philippines on the occasion of forthcoming bilateral consultations and in the prospects for the most expected official visit of President Aquino to France.

AFD, the French Government's Official Development Agency supports strategic efforts related to public finance management, local governance, and sustainable, green and inclusive growth.