

Philippines and JICA sign deal on JPY1.7B grant for Isabela rice processing upgrade

16 February 2026 | News

High-capacity mechanical grain dryers, a multi-stage rice mill and grain silos designed to handle larger procurement volumes with greater efficiency



High-capacity mechanical grain dryers, a multi-stage rice mill and grain silos designed to handle larger procurement volumes with greater efficiency

Philippines Department of Agriculture and the Japan International Cooperation Agency have sealed a JPY1.7-billion grant agreement to build a modern rice processing system in Isabela, a move aimed at sharpening the buffer stocking capability of the National Food Authority in one of the country's most productive rice belts.

The facility will rise in Cauayan City, one of the top three rice-producing areas in Isabela, and will be implemented by the DA through the NFA. It will feature high-capacity mechanical grain dryers, a multi-stage rice mill and grain silos designed to handle larger procurement volumes with greater efficiency.

The investment targets a persistent weak link in the rice supply chain. Government studies estimate that about 16 percent of rice output is lost during post-harvest handling, with drying and milling accounting for the largest share.

By upgrading its in-house capabilities, the NFA is expected to significantly cut those losses, improve milling recovery rates and raise the overall quality of rice released through disaster relief and government programs such as Benteng Bigas, Meron Na!, the flagship food program of President Ferdinand Marcos Jr.

"We are strengthening NFA's capacity to handle larger volumes of palay, reduce postharvest losses, improve milling recovery and deliver higher-quality rice to our people," Agriculture Secretary Francisco Tiu Laurel Jr. said during signing

ceremonies at the House of Representatives.

He added that the grant “reaffirms our shared commitment to strengthen the Philippine agriculture sector and showcases the strong and enduring partnership between the Philippines and Japan.”

Beyond infrastructure, the project carries direct income implications. At least 5,000 rice farmers in Cauayan City and nearby municipalities are expected to benefit through expanded participation in NFA procurement programs. With more drying and milling capacity, the agency can buy more palay at fair prices during harvest time, providing farmers with a reliable institutional buyer.

The new processing hub is also expected to bolster year-round buffer stocks, reduce dependence on private drying and milling services and contribute to stabilizing rice prices, particularly during lean months.

“Ultimately, this translates to a more stable supply for consumers and better income for our farmers,” Tiu Laurel said.

Administrator Lacson said the NFA is committed to transparency and accountability in the implementation of the project and in swiftly completing the RPS for the benefit of Isabela farmers and consumers.