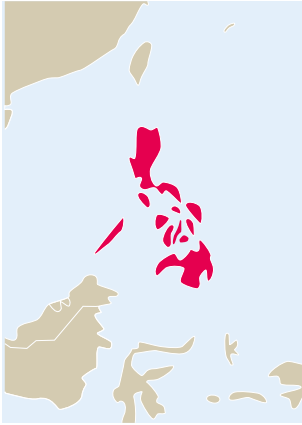


Overall Rating **A** Poverty Reduction
A Foundation for Sustained Growth



9 Philippines Philippine-Japan Friendship Highway Rehabilitation Project (1) (2)

Revitalizing regional economies by rehabilitating the north-south route, the arterial trunk road in the Philippines

Loan Amount / Disbursed Amount 19.171 billion yen / 18.487 billion yen
Loan Agreement December 1994/August 1995
Terms & Conditions (1) 3.0% interest rate/(2) 2.7% interest-rate (consulting services: 2.3%), 30 year repayment period (10 year grace period), General untied
Final Disbursement Date May 2003/June 2003
Executing Agency Department of Public Works and Highways (DPWH) (<http://www.dpwh.gov.ph>)

* This project was jointly evaluated with the National Economic and Development Authority (NEDA).



Project Objectives

The objective of this project was to ensure the efficiency of road transportation by rehabilitating the Philippine-Japan Friendship Highway, the arterial trunk road in the Philippines, and thereby contribute to regional development and the growth of the Philippine economy.

Effectiveness and Impact

Rating **a**

A total of 611.5 km of road and 28 bridges and culverts were rehabilitated during phases 1 and 2 of this project. The project is considered effective, since the annual average daily traffic volume in the target areas generally exceeded the planned volume. While the absolute number of traffic accidents has not decreased since project implementation, the number of accidents per number of cars has decreased considering the increase in traffic volume in recent years.

The beneficiary survey of 1,000 residents along the road has revealed that the project has increased employment and business opportunities, resolved traffic congestion and shortened travel times. The project has contributed to more efficient transportation of agricultural and industrial products and lowered transportation costs. The project had no particular adverse environmental impact. Efforts included preventing dust by sprinkling water around construction sites. Therefore, this project has largely achieved its objectives, and its effectiveness is highly satisfactory.



Evaluation Capacity Strengthening in Developing Countries
 This evaluation was jointly conducted with NEDA. In FY2006, the first year of joint evaluation, this project and the Nationwide Air Navigation Facilities Modernization Project (3) were jointly evaluated. For each project, NEDA staff visited the sites with the external evaluators, collected data, and conducted beneficiary surveys. These practices aim that NEDA will be able to conduct project evaluations by itself in the future.

Relevance

Rating **a**

This project has been highly relevant with the Philippines' Midterm Development Strategy (a national policy in the Philippines) both at the time of the appraisal and at the time of the ex-post evaluation. Especially, the highest priority was placed on the operation, maintenance, and rehabilitation of trunk roads.

Efficiency

Rating **b**

The project period greatly exceeded the planned period (153% of planned period) although the project costs were almost as planned; therefore, the evaluation for efficiency is moderate. The project delays were primarily caused by delays in starting construction and suspended construction as result of typhoons and poor security.

Sustainability

Rating **a**

No major problem has been observed for capacity of the executing agency nor the operation and maintenance system; therefore sustainability of this project is high. A difficulty to secure sufficient budget for rehabilitation activities, such as for the roads damaged by sudden natural disasters is a long-term challenge.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be highly satisfactory. A lesson learned is that information and budget management should be improved in the executing agency. In order to avoid construction delays, it is advisable that government counterpart funds be allocated in a timely manner and that a realistic plan be made, taking into consideration typhoons and other natural disasters.

Third-Party Opinion

This project, which improved the efficiency of land transportation through the rehabilitation of deteriorated roads, was highly relevant. The income of local residents has increased and it is hoped that proper operation and maintenance are carried out to maintain the effect of the project in the future.

Name of specialist: Mr. Cayetano Paderanga Jr. (former politician)
 Earned a Ph.D. in economics from Stanford University. Former Secretary of Socio-Economic Planning and Director General of NEDA. Currently Chairman of the Institute for Development and Econometric Analysis and Chairman of the Foundation for Integrative Development Studies. Specializes in industrial economics.