

Third Party Evaluator's Opinion on Regional Road Improvement Project (1)(2)

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Efficiency

Normally the priority of financial management for construction project will concern only its own budget versus project period. Concerning about the benefit of the user who will lose their opportunity to use those infrastructure in case of the delaying of the project, has not been considered yet. In this project, if we integrated the benefit into the actual project cost, it may come up that this project efficiency has to be improved.

In this project period, both Phase 1 and Phase 2 were delayed considerably:

Phase 1 : 34 month delay

Phase 2 : 32 month delay

Main causes of the delay explained by executing agency are as follow.

1. Decrease in cash position of contractors affected by the prior economic crisis
2. The time taken for land acquisition

For the first reason, the executing agency was not well aware of the construction activity, which needed a little cash flow or working capital for operation. The construction activity needed to be supported strongly with financial management. Therefore, the executing agency should try to put more emphasis on the priority for financial strengthening of the construction company in its bidding criteria.

For the second reason, the time for land acquisition mainly delayed because the argument on the price of land continued. The Department of Highways applied the government's price of land rather than the market's price. This created more time consuming of land acquisition with the landlord. In Thailand, many government agencies or the Public Enterprises, such as the Express Transit Authority of Thailand and the Metro Transit Authority, have already applied the market's price of land in their project. So the actual cost of land acquisition when applied the market price should be considered to accelerate the time consuming for land acquisition which should be bartered with the opportunity cost of the project delaying.

The actual costs of both Phase 1 and Phase 2 has been less than the planned amounts. One reason was that the depreciation of the local currency at a rate greater than the inflation rate. Since this is the uncontrolled factor for the project management, the application of the fix rate for this criterion should be more appropriate to measure the efficiency of the project.

Many school of planning always agree on one principle that the good planning is that the appraisal / planned target should not vary or deviate so much from the actual implementation. If it happened, it should have well explanation for those deviations. In this project, the level of deviation of those KPI is very wide such as Vehicles /day, Vehicle Operation Cost / year. It may be stemmed from many reasons such as unwell appraisal/ Plan or other uncontrol during implementation. This incident should be more concerned and explained in order to be the lesson learned for the other project.

Impact

For the impact on the environment and society, safety concern for bicycle rider was ignorant in every road construction project. The traditional way of transportation for local people before the project is walking, riding the bicycle. After the project they have to buy the motorcycle or car since the project did not provide the safety bicycle lane for them. It means that more consumable for oil and more spending for non-productive transportation mode. Also the increasing of the road accident caused from unskilled motorcycle rider, no helmet or inadequate understanding of traffic law. These negative impacts of the road construction project are able to reduce if the project will provide the suitable bicycle lane as a compulsory of the project design.