

## **Third Party Evaluator's Opinion on Arterial Road Link Development Project (1) (2)**

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### **Relevance**

The project is significantly important to the Philippines. As mentioned in the project documents and in the external evaluator's report, it fits very neatly into the objectives of the Philippine Medium-Term Development Plan (MTPDP) for regional development and equity-based growth. Aside from the direct economic development objectives, the project also fulfills some of the objectives for political stability and peace and security in the Easter Visayas region of the country. The New People's Army has been operating in the regions, especially in the remoter areas of Samar. This project emphasizes the central government's interest in less developed regions and projects government services in much better light.

The project enhances participation in the mainstream economic activities by allowing more people access to the national market. The latter-round effects of the project may actually magnify the initial benefits of the project.

### **Efficiency**

Delays in the completion of the project may have lowered the resulting rate of return from the project. However, these have been adequately explained as coming from the side of the contractor and some unforeseen ground work. An encouraging sign in the case of this project is the slight emphasis of delays due to right of way acquisition --- a frequent source of complaints in the implementation of public works in the country. Perhaps, this aspect can be studied more closely for lessons that could be propagated for best-practice applications, if applicable. One more lesson from the project could be more judicious choice of contractors --- to restrict project approval only to those with the ability to guarantee no delays due to equipment breakdown.

While the delays of nearly three years each of the phases of the project are rather long, the overall efficiency may still be within broad bounds of project implementation in the more remote areas of the country. However, more effort should be devoted to shortening periods of delay in project completion.

### **Effectiveness**

The informal inquiries made by the third-party evaluator seem to indicate some general satisfaction about the project. It seems to be generally well received, as validated by the more formal studies undertaken by the survey teams. Most of the respondents seem to appreciate the impact that the project has made on their livelihood and their quality of life. This qualitative result shows substantial benefits for the inhabitants in the regions

### **Impact**

Beneficial impacts of the projects have been enumerated in the following areas: household earnings, public transportation, and access to health care. However, these direct benefits may underestimate the economic returns from the project. Some of the extra benefits from the project have been mentioned above: political stability and improved peace and security. More benefits come from additional latter-round benefits to the national economy --- that are not entirely captured by the increase in household earnings within the area --- as more people are able to participate in the

national market. These benefits may more than make up for the reduction in the rate of return to the project caused by the implementation delays.

The overall impact of the project appears to be clearly positive.

### **Sustainability**

This is the criterion where the project may potentially be deficient. The government and its agencies' ability to sustain the benefits of the project through adequate maintenance is severely constrained by the current fiscal difficulties of the government. The external evaluator's report already mentions instances of inadequate maintenance. The chances of these being repeated over the life of the project are increased because the fiscal ability of these agencies, especially in the regions where the projects are located, is expected to come under stress over the next half-decade or so. Because of this, some assurances of adequate maintenance may be sought, or some other means of assuring maintenance for the roads may have to be proposed.