

Philippines

Meralco Rural Electrification Project



An electrified household in Rizal Province

Outline of Loan Agreement

Loan Amount / Disbursed Amount	8,283 million yen / 7,414 million yen
Loan Agreement	July 1991
Terms & Conditions	Interest rate 2.7%p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	October 1999

Project Outline

The project targeted the expansion of the underdeveloped distribution network in Metro Manila and surrounding areas in order to promote electrification in rural areas, and contribute to the improvement of the standards of living of residents and the development in the region.

Results and Evaluation

Metro Manila and surrounding six provinces fall within the franchise of the electric power company, Meralco. The project brought electricity to roughly 190,000 households, exceeding the planned level 1.8 times, and increasing the electrification rate in the target regions by 11% on average. An increase by 33% in Quezon Province was particularly remarkable.

The electrification work linked to the creation of job opportunities, with some residents starting commercial businesses utilizing refrigerators, and had other social impacts such as alleviating the burden of housework for women via purchases of electrical appliances, improving security at night, and so forth. Additionally, the new-type equipments installed under the project improved the problems such as power theft and technical transmission and distribution losses, which had previously troubled Meralco, reducing the losses from power theft by around 60% and transmission and distribution losses by around 15%.

Meralco has established area offices in each of its service regions, which operate and maintain the facilities, and thus far, there have been no particular problems in this respect. However, governmental restrictions on electricity tariffs have resulted in the ongoing deterioration of the company's financial status. It is thus hoped that some efforts will be made to improve the situation.