



The Philippines

15 Arterial Road Link Development Project (1) (2)

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This project's objective was to increase the efficiency of road transportation on the islands of Leyte, Samar and Bohol by developing the arterial road networks, thereby contributing to regional economy and improvements in the living standards of local residents.

Loan Amount/Disbursed Amount: 16,519 million yen/15,598 million yen

Loan Agreement: December 1994, August 1995

Terms and Conditions: Interest rate 3.0%/2.7% (2.3% for consulting services); Repayment period 30 years (grace period 10 years); General untied

Final Disbursement Date: May 2001, June 2002

Executing Agency: Department of Public Works and Highways (DPWH)
Philippine-Japan Friendship Highway Loan Project Office



External Evaluator: Taro Tsubogo (KRI International Corp.)

Field Survey: November 2004

Evaluation Result

In this project, improvement of national highways including paving of roads and construction of permanent bridges was conducted in the islands of Leyte, Samar and Bohol (total population: 4.7million; population of Fukuoka Prefecture: 5.06million) almost as planned. The project period was much longer than planned due to delays caused by breakdowns of heavy equipment, setbacks in equipment procurement, etc. However, the project cost was lower than planned.

On the improved sections, travel times have improved by 40-60% and average annual daily traffic volumes have been increasing by 2-14% a year. Driving comfort has also improved considerably.

Gross Regional Domestic Product (GRDP) of the region which includes the Leyte and Samar Islands marked a sharp increase after the completion of the project (2002-2003), indicating that the project contributed to economic growth. As agricultural production increased, 78.8% of the respondents of the beneficiary survey experienced a rise in household earnings. This project also contributed to improvements in public transportation, as shown by the two- to three-fold increase in the number of bus services.

There is no problem with technical capacity and the operation and maintenance system of the Department of Public Works and

Highways (DPWH). Regarding finances, the operation and maintenance budget is not adequate. In the allocation of limited budgetary resources, since priority is being given to the maintenance of badly damaged low-cost pavement roads, it is becoming increasingly difficult to undertake routine and periodic maintenance of newly constructed and improved sections of road. Since road improvement works were carried out, increased traffic volumes and higher speeds have caused various problems, including traffic noise and accidents. Relevant agencies are advised to cooperatively take measures for safety and noise on the improved roads.

Third-Party Evaluator's Opinion

This project brought benefits to residents living along improved roads, such as increased income. Even greater was the indirect effect it produced on the national economy by encouraging more people to participate in economic activities.

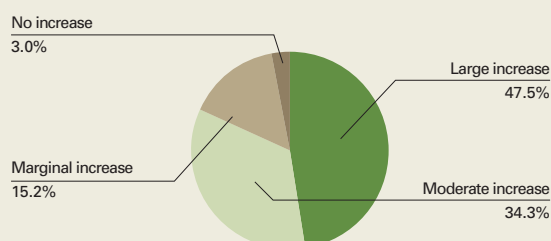
Third-Party Evaluator: Mr. Cayetano Paderanga Jr. (public sector)

Obtained a doctoral degree in economics from Stanford University. Presently holds the posts of President of the Institute for Development and Econometric Analysis and Chair of the Foundation for Integrative Development Studies. Former Secretary General of the National Economic Development Authority. Specializes in industrial economy.

Effects of the project: increases in road use by local residents and in agricultural production

The results of the beneficiary survey confirm that local residents use roads for non-routine activities (sale and purchase at markets, leisure, use of medical facilities, etc.) more frequently after the completion of the project.

Road use frequency for non-routine activities (post-project)



As access to markets has improved in areas along improved roads after completion of the project, yields of rice and sweet corn have increased.

Changes in agricultural production in areas along improved roads

	1995		2003		Increase rate	
	Rice	Maize	Rice	Maize	Rice	Maize
Leyte	214,656	27,030	387,326	36,358	80.4%	34.5%
South Leyte	46,569	5,614	64,378	4,525	38.2%	-19.4%
South Samar	56,579	6,951	65,097	4,546	15.1%	-34.6%
East Samar	26,130	65	29,785	126	14.0%	93.8%
Total	343,934	39,660	546,586	45,555	58.9%	14.9%