

# Rural Areas Infrastructure Development Project



Road Improved by the Project

## Outline of Loan Agreement

|                                    |                                                                             |
|------------------------------------|-----------------------------------------------------------------------------|
| Loan Amount/ Loan Disbursed Amount | ¥21,000 million / ¥20,999 million                                           |
| Loan Agreement                     | November 1994                                                               |
| Terms and Conditions               | Interest rate: 3.0%,<br>Repayment period: 30 years (grace period: 10 years) |
| Final Disbursement Date            | December 1998                                                               |

## Project Profile

The project was to develop access infrastructure and simple water supply facilities in under-developed rural areas, which have latent potential but underdeveloped due to disadvantages such as lack of transport access. These facilities were aimed to contribute to the independent development of the subject villages and, by extension, alleviate poverty.

## Results and Evaluation

After the portion of the project implemented in FY 1995/96 was completed, a survey by the National Development Planning Agency on the level of infrastructure in the project area found that the project had increased the length of automobile-accessible roads by 32%, and approximately tripled the length of paved roads. The length of rural roads in the area rated either good or very good increased by approximately 2.5 times, the number of bridges increased by 30%, the number of bridges rated either good or very good increased by approximately 2.2 times, the number of water supply facilities increased by 33% and the number of hygiene facilities by 24%.

A monitoring survey by the project managing institution found that respondents in 80~90% of villages covered by the project said the project increased employment opportunities and stimulated the local economy. The incomes of local residents were increased, yielding effects such as replacement house building and reduced seasonal migrant laboring.

When the project was completed, the central government implemented educational and awareness programs concerning maintenance of the facilities, and provided technical training, but those measures should be continued. The country is in a transitional phase in the devolution of administrative authority from central to local governments, and it is now very important to make sure the local government has sufficient budget to continue maintenance of the facilities on its own.