

Improvement and Modernization of Commuter Line South Project



Commuter Line South

Outline of Loan Agreement

Loan Amount/ Loan Disbursed Amount	¥2,005 million / ¥1,855 million
Loan Agreement	July 1991
Terms and Conditions	Interest rate: 2.7%, Repayment period: 30 years (grace period: 10 years)
Final Disbursement Date	October 1998

Project Profile

The project was to rehabilitate the track, bridges and other elements of the PNR (Philippines National Railway) Commuter Line South in Manila, in order to increase the number of passengers and make the transport system more convenient to the residents of Manila, who were plagued by chronic traffic congestion.

Results and Evaluation

The number of passengers on the Commuter Line South has fallen short of the level anticipated at the time of the appraisal for the following reasons:

- The rehabilitation of the track section between Tayuman (Tutuban) and Espana was not carried out due to concerns over the safety of squatters.
- Illegal activities by squatters have caused deterioration of the track bed.
- The PNR has lacked an adequate budget for spare parts, which reduced the availability of locomotives.
- Maintenance equipment has been inadequate.

In the sections where the rehabilitation works were carried out, the train speed gained in contrast with other track sections, and the frequency of derailments was reduced. These benefits have greatly improved the convenience and the safety.

The relocation of squatters from the railway properties has been proceeding slowly because of the financial situation of the PNR, the difficulty of obtaining resettlement sites, opposition to relocation among the squatters, and opposition among the local governments to accepting squatters. The issue has become too difficult for the PNR to solve all by itself.

The sustainability of the project requires steps such as putting the PNR on a more sound financial footing and raising the level of its technical ability.