

## 18 Philippines

### South Luzon Expressway Construction Project (I)



The expressway constructed via this project

#### Outline of Loan Agreement

Loan Amount / Disbursed Amount	4,238 million yen / 3,669 million yen
Loan Agreement	February 1990
Terms & Conditions	Interest rate 2.7% p.a. Repayment period 30 years (Grace period 10 years)
Final Disbursement Date	May 2000

#### Project Outline

In extending the existing South Luzon Highway (between Metro Manila and Calamba) as far as the city of Batangas, the objectives of this project were to contribute to that city's industrial development plans, which were focused on the development of its port, and to increase the flow of passenger and freight traffic between Metro Manila and the regions adjacent to it.

#### Results and Evaluation

This project involved the construction of an expressway with a total length of 22.16km between Sto. Tomas and Lipa, within the province of Batangas; the section was opened to traffic in August 2001. This has resulted in a route time of 15 minutes, i.e. a reduction of approximately a third to a quarter on the travel time on the open road. By contrast, traffic volumes have remained at just over 5% of the target value, meaning that the majority of the initially anticipated project effects are not yet being generated. This is mainly attributed to the fact that the entire South Luzon expressway between Calamba and Batangas is not yet open to traffic, and even on the project section, drivers tend to favor the open roads.

There are plans for the remaining section of expressway between Metro Manila and Batangas to be constructed under a BOT scheme. In cases such as this, where the generation of project effects is contingent upon conditions of related projects, the feasibility of the project must be properly vetted in advance and considering the feasibility of the related projects that may affect the main project.