



## The Philippines

# 24 Cavite Export Processing Zone Development Project

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The objective was to solve the shortage of industrial infrastructure by preparing the Cavite Export Processing Zone, located 30km south of Manila in good condition, and thereby contribute to the economic growth of the Philippines through investment promotion.

**Loan Amount / Disbursed Amount:** 4,028 million yen / 3,345 million yen

**Loan Agreement:** July 1991

**Terms and Conditions:** Interest rate, 2.7%; Repayment period, 30 years (grace period, 10 years); General untied

**Final Disbursement Date:** October 1997

**External Evaluator:** Takeshi Yamashita (KRI International Corp.)

**Field Survey:** July 2003



## Evaluation Result

Through the project, infrastructures such as roads, water supply, drainage and sewage treatment facilities, and power distribution facilities were constructed almost as planned in undeveloped blocks (Phases I to V areas) of the Cavite Export Processing Zone (total area: 275ha). In Phase V, where only the sewage treatment facilities were planned to be constructed, building sites, internal roads, and water supply facilities were additionally constructed in response to the increase in demand. The project was implemented almost as planned, and the project cost was lower than the estimate because the local currency was depreciated at a higher rate than the inflation rate., etc. As a result of the project, the number of companies located in this zone increased 4-fold from 65 in 1991 to 242 in 2003, and there is even a waiting list for companies that wish to move into the zone. Also, the export volume in 2002 was nearly 2.5 times larger than that in 1995. Such development of the zone helped expand employment opportunities in the region. As of May 2003, approximately 72,000 workers were employed in the zone (the population of Kunitachi City, Tokyo, Japan is approximately 74,000). Moreover, the project gave an impetus to regional development. In 1989, the Cavite

Export Processing Zone and the one managed by the private sector (Gateway Industrial Park) were the only Export Processing Zone and industrial park that started operation in the Calabarzon Region in the southern part of Luzon Island. As of 2003, the number has increased to in total 28. The executing agency, Philippine Economic Zone Authority (PEZA), has no problem with the technical capacity, operation, or maintenance system, and is in favorable financial condition.

## Third-Party Evaluator's Opinion

The Cavite Economic Zone (CEZ) which was developed with the project will continue to be a preferred zone among investors because of its locational condition and the positive attitude of the local government. Further development in the future is expected with the improvement of issues such as electricity, water supply, solid wastes and transportation.

**Third-Party Evaluator:** Mr. Cesar E. A. Virata

Obtained a master's degree in Industrial Management from University of Pennsylvania. Formerly served as Prime Minister. Presently holds the post of Chairman and President of C. Virata and Associates, Inc., specializing in finance and public administration.

### A factory in the Cavite Export Processing Zone



Inside a factory in the Cavite Export Processing Zone



People working at a factory in the Cavite Export Processing Zone

The average annual population growth rate of Cavite Province for 1995-2000 was 5.45%, which was higher than that of the entire Philippines. The unemployment rate in 2000 was 15.7%, far higher than the national average of 11.2%.

The Cavite Export Processing Zone has played a positive role in promoting employment in the province by providing employment opportunities to a total of 71,838 persons as of the end of May 2003. Also, as evident by the high percentage of women among workers (64.9%), it helps promote women's participation in social and economic activities.