

12 Philippines Leyte-Bohol Interconnection Project

Contributing to stable power supply on Bohol by laying transmission lines

Loan Amount / Disbursed Amount 8.086 billion yen / 7.698 billion yen
Loan Agreement March 1997
Terms & Conditions 2.7% interest rate (consulting services: 2.3%), 30 year repayment period (10 year grace period), General untied
Final Disbursement Date July 2004
Executing Agencies National Power Corporation of the Philippines (<http://www.napocor.gov.ph/npc5.asp>)
 National Transmission Corporation of the Philippines (<http://www.transco.ph/>)



Project Objectives

The objective of this project was to cope with the increasing power demand on Bohol Island with a stable power supply by constructing a submarine cable between the islands of Leyte and Bohol and other transmission lines, and thereby contribute to the economic development of Bohol.

Effectiveness and Impact

Rating **a**

Through the implementation of this project, the annual number of forced outages has been falling since project completion. In 2006, the availability factor at each substation reached 99% or greater. Thus, the project contributed to a stable power supply. The number of investments in Bohol Province in 2006 (5,422 investments with 4.045 billion pesos invested) increased by 2.4 times the number in 2003, the year before project completion. According to a beneficiary

survey, the stable power supply helped improve tourism promotion by the province and supported the tourism boom on the island in recent years. Respondents indicated that the timing of project implementation was appropriate. Therefore, this project has largely achieved its objectives, and its effectiveness is highly satisfactory.

Relevance

Rating **a**

This project has been highly relevant with the Philippines' national policies both at the time of the appraisal and at the time of the ex-post evaluation. Providing the entire country with a stable power supply had been a goal within the power sector. The Transmission Development Plan (2005–2014) calls for the construction of an integrated grid covering the entire country, and there is a high need for interconnecting lines.

Efficiency

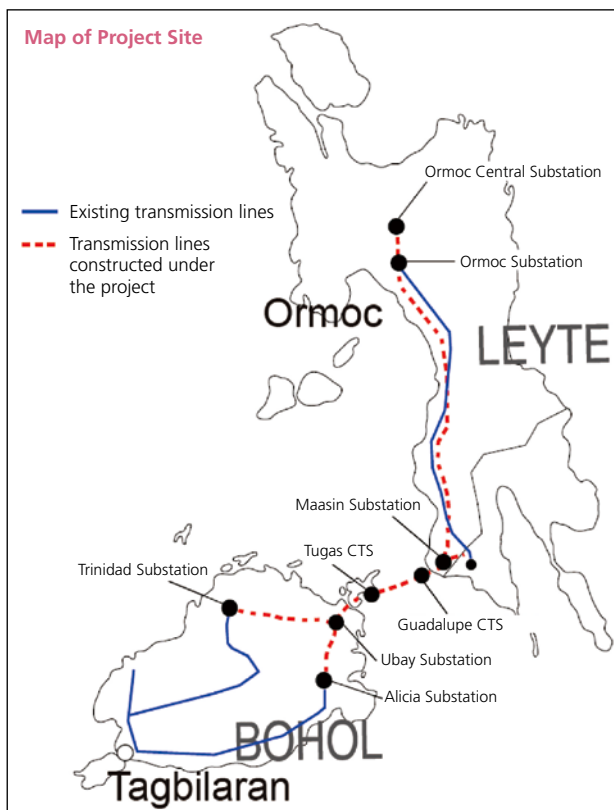
Rating **b**

The project period greatly exceeded the planned period (184% of planned period) while its costs were less than planned; therefore the evaluation for efficiency is moderate. The project delays were primarily caused by the time needed for bidding procedures.

Sustainability

Rating **a**

No major problem has been observed for capacity of the executing agency nor the operation and maintenance system. Therefore, sustainability of this project is high. The National Transmission Corporation of the Philippines, which is in charge of operation and maintenance, has no technical, system or financial problems, and regularly inspects the equipment installed through the project.



Third-Party Opinion

This project expanded economic growth on many levels and is helping to correct the income disparities. The investment environment has improved with a stable power supply, which has led to increased investment in the target region and improved household income.

Name of specialist: Mr. Dante Bondoc Canlas (academia)
 Earned a Ph.D. in economics from the University of the Philippines. After serving as director general of the National Economic and Development Authority of the Philippines and as executive director at the Asian Development Bank, assumed current position as a professor at the University of the Philippines School of Economics. Specializes in economics and management.