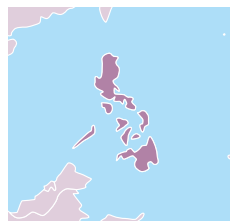




Asia **Philippines**



Special Economic Zones Environmental Management Project

While some progress has been made in public health and environmental pollution control, improvement in the rate of plant operation remains a challenge.

[External evaluator]

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Rating		Overall rating D
Effectiveness, Impact	c	
Relevance	a	
Efficiency	c	
Sustainability	a	

Project Objectives

To promote pollution control and to improve public wellbeing in the neighboring areas by establishing sewage treatment plants and treated wastewater reuse facilities, and strengthening PEZA's capability in the planning, regulation, and environmental monitoring in the Special Economic Zones (ECOZONES) of Mactan, Baguio City, Bataan and Cavite, thereby promoting investments in the Philippines.

Outline of the Loan Agreement

- Loan amount / disbursed amount: 2,746 million yen / 534 million yen
 - Loan agreement: March 1997
 - Terms and conditions: Main part: interest rate of 2.5% (or 2.1% for consulting services); 30-year repayment period (including a 10-year grace period); general untied
 - Final disbursement date: July 2005
 - Executing agency: Philippine Economic Zone Authority (PEZA)
 - Website URL: www.peza.gov.ph/
- * This ex-post evaluation has been conducted jointly with the National Economic and Development Authority (NEDA) of the Philippine government.

Effects of Project Implementation (Effectiveness, Impact)

This project has produced limited effects by the time of this evaluation, although some improvements are expected; therefore, its effectiveness is low.

The sewage treatment plants in Mactan, Baguio, and Bataan that have been constructed or renovated under this project are underused due in part to the fact that the drainpipe network is not completed at some points. The rate of plant operation in 2007 was low; 21% at Mactan, 37% at Baguio, and 7% at Bataan. PEZA is now completing the drainpipe networks urgently. These plants, on the other hand, purify wastewater from enterprises at a level on par with or below the effluent standards set by the Department of Environment and Natural Resources. The project has thus made a significant contribution in terms of public health and environmental pollution control. This project constructed a wastewater reuse plant in the Mactan ECOZONE, where water shortages are a source of concern. The treated wastewater is used for firefighting and other purposes.

Relevance

This project has been highly relevant with the Philippines' national policies and development needs at the times of both appraisal and ex-post evaluation. At the time of the appraisal, there was a pressing need for environmental monitoring and plants designed to treat wastewater and solid waste appropriately amid growing investment in ECOZONES. The four ECOZONES are situated in areas defined as hubs for economic growth by the Medium-Term Philippines Development Plan at the time of the ex-post evaluation. It was therefore important to promote investment and create employment opportunities in these ECOZONES by developing and improving the environmental infrastructure and enhancing services for enterprises operating there.

Efficiency

This project cost far less than planned (37.7% of planned cost) due to reduced outputs resulting from legislative revisions and policy changes within PEZA, but it took much longer than planned (196% of planned period). Therefore, the evaluation for efficiency is low. The implementation delay was due to two major reasons. First, PEZA took much time for the procurement due to the lack of experience using an ODA loan. Second, changes in the project scope led to changes in the procurement components, resulting in a prolonged process for bidding preparation.

Sustainability

No major problems have been observed in the capacity or the operation and maintenance (O&M) system of the executing agency and the subcontractors responsible for operation; therefore, sustainability of this project is high. PEZA enjoys a sound financial base, posting an annual profit of two billion yen on average. Most of its expenditures are on the O&M of its economic zones. PEZA gives top priority to environmental conservation and better services for tenant enterprises.

Conclusion, Lessons Learned, Recommendations

In light of the above, this project is evaluated to be unsatisfactory. The executing agency should incorporate components required to produce the planned effects (drainpipe networks in this project) into the project plans. JICA should do so in the appraisal process as well.



A joint evaluation feedback meeting (in July 2008)