



Latin America Peru



# El Niño-Affected Highway Rehabilitation Project

Contributing to smooth road transportation by rehabilitating and improving main trunk roads damaged by the El Niño Phenomenon

**[External Evaluator]**  
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### Rating

Effectiveness, Impact	a	Overall Rating <b>B</b>
Relevance	a	
Efficiency	b	
Sustainability	b	

### Project Objectives

To normalize road transportation which was badly damaged by the El Niño Phenomenon by rehabilitating and improving major trunk roads, thereby contributing to smooth road transport in the future.

### Outline of the Loan Agreement

- Loan amount / Disbursed amount: 15,833 million yen / 15,639 million yen
- Loan agreement: April 1999
- Terms and conditions: 2.2% interest rate; 25-year repayment period (including a 7-year grace period); general untied [Consulting service: 0.75% interest rate; 40-year repayment period (including a 10-year grace period); bilateral tied]
- Final disbursement date: August 2006
- Executing agency: Ministry of Transport and Communication
- Website URL: <http://www.mtc.gob.pe/portal/inicio.html>



Bridge constructed under the project (Junin Region)



Rock Clearing works (Jauja-Tarma section, Junin Region)

### Effects of Project Implementation (Effectiveness, Impact)

For all rehabilitated road sections (total length of approximately 415km) the traffic volume has increased and the travel time was shortened compared to that before project implementation. The Economic Internal Rates of Return (EIRR) for each section were calculated to be 10-33% and a sufficiently high economic profitability was confirmed.

In the beneficiary survey conducted at towns situated along the target roads, many responded that accessibility to markets and to provincial centers improved. Furthermore, respondents predominantly agreed that the employment opportunities for women increased. Respondents in the Cajamarca Region, in the north, generally agreed that household income of those situated along the target roads increased. On the other hand, many respondents in the Junin Region had negative opinions on road safety. This is presumably because of the increased number of traffic accidents due to increase in running speed.

This project has largely achieved its objectives and its effectiveness is high.

### Relevance

This project was conducted under the El Niño Emergency Assistance Program of the government of Peru, targeting road sections of high priority. The present administration sets the promotion of exports from the mountainous region as one of their economic policies, and this project contributes to such policy. This project has been highly relevant with Peru's national policies and development needs at the times of both appraisal and ex-post evaluation.

### Efficiency

Although project cost was mostly as planned, project period was much longer than planned due to fiscal problems faced by the government of Peru, resulting in a delay in securing necessary budget required for the project implementation in local currency that lead to a delay in construction. Therefore, the evaluation for efficiency is moderate.

### Sustainability

No major problem has been observed in the operation and maintenance (O&M) system and technical capacity of the executing agency. However, some concerns remain in terms of financial resources for O&M, and in the O&M of sections where landslides frequently occur. Therefore, sustainability of this project is fair.

### Conclusion, Lessons Learned and Recommendations

In light of the above, this project is evaluated to be satisfactory. Lessons learned are that in the case of projects requiring urgent implementation such as disaster recovery, simplification and time-saving methods for necessary surveys should be considered.

\*All ex-post evaluation reports including this can be referred to in JICA's website, "Evaluations"→"Ex-post Evaluation (ODA Loan)" ([URL:http://www.jica.go.jp/english/operations/evaluation/oda\\_loan/post/](http://www.jica.go.jp/english/operations/evaluation/oda_loan/post/))