

## **Third Party Evaluator's Opinion on Leyte-Bohol Interconnection Project**

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### **Criteria-1 (Relevance)**

The provision of transmission lines remains a top priority of the Medium-Term Philippine Development Plan for 2004-2010 until such time a private partner is awarded the concession that will take over the management and operation of the entire transmission system. The Project makes possible transmission of electricity from the Leyte Geothermal Power Plant to Bohol. In early 2003, power supply in the Visayas grid was already critical; only Leyte geothermal could provide additional capacity to Cebu, Negros, Panay, and Bohol. The completion of the Project in 2004, particularly Stage 2, allowed for a higher limit in the power transfer from 40 MW to 100 MW in Bohol. Following the completion of the Project at hand, together with Leyte-Cebu Upgrading, power supply in the Visayas has improved, thereby boosting the thrust of the development plan to promote eco-tourism and agro-based industrialization in Bohol. The Project is no doubt consistent with ensuring rapid capital accumulation in the province of Bohol and in the Central Visayas region; it is highly relevant to the push for spreading growth and reducing regional income disparities.

### **Criteria-2 (Impact)**

At project inception, the Leyte-Cebu Interconnection was expected to stabilize the supply of electricity in Bohol and support the latter's socio-economic development. Electricity supply has been stabilized. From the standpoint of economic development, the project is expected to make profound contributions. Bohol is in Central Visayas, a region that also includes Negros Oriental and Cebu. Based on data from the *Family Income and Expenditure Survey*, the average family income of Central Visayas in 2000 was PhP 99,531, compared to PhP 109,600 of Western Visayas. In 2003, the average family income of Central Visayas was PhP 121,000, overtaking that of Western Visayas at PhP 111,000. This income growth is traceable to the increase in investments in the region, particularly in Bohol. A stable supply of electricity will be vital to the growth of Bohol's eco-tourism and agro-based manufacturing.

As for social development, there are some notable and interesting trends. Electrification is frequently held to be anti-natalist. Moreover, rising family income generally entails rising opportunity cost of women, resulting in a decline in demand for number of children. According to the *2007 Philippine Statistical Yearbook* published by the National Statistical Coordination Board, the projected fertility rate in Central Visayas in 2005 is 3.14 children, compared to 3.27 in Western Visayas and 4.13 in Eastern Visayas, making the projected fertility rate in Central Visayas the lowest in the Visayas. Interestingly, contraceptive use by married women in Central Visayas in 2005 was 52.1%, compared to 49.7% and 49.4% in Western and Eastern Visayas, respectively. Given these favorable demographic trends, Central Visayas had a household poverty incidence rate of 23.6% in 2003, the lowest in the Visayas. Central Visayas was the only region in the Visayas with a poverty incidence rate that was lower than the national average of 24.4%. The Project enables Bohol to be a part of the rapid economic expansion in Central Visayas.