

Reducing Regional Cities' Traffic Congestion for the Philippines' Economic Development

--Signing an ODA Loan Agreement for the Arterial Road Bypass Project--

1. Japan Bank for International Cooperation (JBIC; Governor: Kyosuke Shinozawa) signed today in Manila an ODA loan agreement totaling 6.223 billion yen with the Republic of the Philippines for the Arterial Road Bypass Project (Phase I) (Plaridel and Cabanatuan).
2. The loan will finance civil works, procurement of equipment and consulting services for constructing a total of 18.3 km of bypass roads in Plaridel, Bulacan, and Cabanatuan, Nueva Ecija.
3. Plaridel City and Cabanatuan City neighbor Manila, are located 40km and 100km respectively from the capital, Metro Manila. In both cities, urban areas are expanding along the Philippines-Japan Friendship Highway (constructed with assistance of ODA loan), which is the main arterial road of the Philippines. However, increasing traffic flow on this road has slowed vehicle speeds to about 20km per hour in Plaridel and 13km per hour in Cabanatuan. As the resulting chronic congestion is a bottleneck to economic development, there is an urgent need to restore the highway's function as an arterial road. The project thus aims at lowering the cost of road transport and enabling the more efficient transport of passenger and freight, as well as increasing convenience and safety, to facilitate intra-regional flows of people and goods and contribute to economic development in the neighboring areas.
4. The most important goal of JBIC's support to the Philippines is poverty reduction through economic growth. To achieve this goal, a priority is placed on infrastructure development to eliminate bottlenecks to economic growth. Accordingly, JBIC has provided 60.5 billion yen in ODA loans to the Philippines to support arterial road development in its provinces.

(See Reference for details.)

1. Loan Amount and Terms

Project Name	Amount (Mil. Yen)	Interest Rate (% per annum)	Repayment Period/Grace Period (Year)	Procurement
Arterial Road Bypass Project (Phase I) (Plaridel and Cabanatuan)	6,223	2.2	30/10	General Untied

2. Project Description

Arterial Road Bypass Project (Phase I) (Plaridel and Cabanatuan)

(1) Background and Necessity

Recent economic development has brought a sharp increase in road traffic not only in Metro Manila but also in core cities of the provinces. In particular, provincial cities along major arterial roads are facing rising intra-city as well as pass-through traffic that has given rise to chronic congestion and which significantly hampers the function of these arterial roads. These roads often have only one lane in either direction and the expansion of their width requires land acquisition. However, since such an attempt encounters difficulties in many cases, constructing bypasses are a more effective approach to restoring their function as arterial roads and promoting the separation of traffic between major arterial roads and provincial roads.

Plaridel and Cabanatuan, where the construction will take place under the project, are cities adjacent to Metro Manila, and their urban areas are expanding along the major arterial road, the Philippines-Japan Friendship Highway. In these urbanized areas, rising traffic volume has created chronic congestion. Since this highway is the only route linking the main grain-producing region of Cagayan Valley in northeastern Luzon and Metro Manila, further congestion will hamper flows of people and goods between these two regions and adversely affect development and poverty reduction efforts in northeastern Luzon. Therefore, there is an urgent need to restore the function of this highway.

The construction of bypass roads and the resulting improvements in the neighboring road network will facilitate intra-regional flows of people and goods by separating pass-through traffic from intra-city traffic and reduce congestion, thereby invigorating regional economic activities. Furthermore, efficient traffic flows will help improve the roadside environment by reducing exhaust emissions. Therefore, there is a substantial need for this project.

(2) Objective and Design

The project aims at lowering the cost of road transport with more efficient passenger and freight traffic as well as increased convenience and safety by constructing bypass roads along the Philippines-Japan Friendship Highway, the most important arterial road in the Philippines. This will facilitate flows of people and goods, thereby contributing to promoting and invigorating regional economic activities. The ODA loan for the project will finance civil works, procurement of equipment and consulting services for constructing a 6.6km bypass in Plaridel, Bulacan Province, and a 11.7km bypass in Cabanatuan, Nueva Ecija Province.

The project will be undertaken based on the feasibility study in 1999 and the detailed design in 2002 as part of the development study conducted by the Japan International Cooperation Agency (JICA).

Project Executing Agency: Department of Public Works and Highways (DPWH)
 Address: Bonifacio Drive, Port Area, Manila, Philippines
 Phone: 63-2-304-3804, Fax: 63-2-304-3805