

Signing of Japanese ODA Loan Agreement with the Republic of El Salvador for the San Miguel Bypass Construction Project

Toward Smoother Good Distribution in El Salvador and the Greater Central American Region

On August 20, the Japan International Cooperation Agency (JICA) signed a loan agreement with the Government of the Republic of El Salvador in the capital of San Salvador to provide a Japanese ODA loan of up to 12.595 billion yen for assistance for the San Miguel Bypass Construction Project. It has been 13 years since the previous Japanese ODA loan to El Salvador.

JICA is working proactively on regional development with a focus on San Miguel, a city in the eastern part of the country. This project will construct a bypass and increase the number of lanes of existing National Highway 1 in order to alleviate traffic congestion in the urban areas of San Miguel. With these measures, the project aims to improve the transportation capacity of National Highway 1 and stimulate the economy in the eastern region. The Japanese ODA loan will be allocated to civil works for constructing the new bypass (including bridge construction over the bypass) and widening existing the National Highway, as well as to consulting services.



As Salvador Sánchez Cerén (center), president of the Republic of El Salvador, looks on, Akihiko Tanaka (left), shakes hands with Carlos Cáceres, minister of Finance.

Roads are not only the main transportation means in El Salvador but also the primary means of transportation for trade with other countries. The most important road in El Salvador is National Highway 1, which traverses the country west to east at its middle, connecting San Salvador with major domestic cities. The Government of El Salvador has promoted the construction of bypasses in urban areas that National Highway 1 passes through. Among major cities, San Miguel is the only one where a bypass has not yet been constructed, and the lack of a bypass is an obstruction to the smooth flow of traffic along the highway.

Located near the border with Honduras, San Miguel is the largest city in the eastern region of El Salvador with 220,000 people. One lane of National Highway 1 cuts through the center of San Miguel, and serious traffic congestion frequently results. In addition to agriculture, traditional major industry, commerce and service businesses have developed in recent years on the outskirts of San Miguel, and there are concerns that the traffic congestion will worsen further.

With JICA's support of trunk road improvements, it is expected that the traffic congestion in San Miguel will be alleviated and transportation along National Highway 1 will flow more smoothly. As the economic infrastructure such as highways and bridges has been damaged by natural disasters, it is also expected that the congested good distribution and delays in emergency response and rehabilitation efforts will improve. Since National Highway 1 composes a portion of the Pan-American Highway that passes through Central America, this project will be able to contribute to the improvement of transport in Central America as well as in El Salvador

JICA, will continue its cooperation including this project focusing on the eastern region of El Salvador that was heavily affected by the civil war during the 1980s, and aims to contribute to the development in the region.

Reference

1. Terms and Amount of Loan

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
San Miguel Bypass Construction Project	12,595	0.95	0.01	20	6	General untied

2. Executing Agency

Ministerio de Obras Públicas, Transporte, Vivienda y Desarrollo Urbano
 Address: Plantel La Lechuzza, Carretera a Santa Tecla Km. 5 1/2, San Salvador, República de El Salvador
 Phone: +503-2528-3000, e-mail: info@mop.gob.sv

3. Planned Implementation Schedule

(i) Completion of project:

December 2019 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services (including construction monitoring): January 2015

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package title: Public Works

Release date: April 2016