

University of the Philippines Los Baños Foundation, Inc. (UPLBFI). Second Agrarian Reform Communities Development Project (ARCDP 2) Impact Assessment Study, Volume V: Financial and Economic Analysis. December 2009.

The Financial and Economic Analysis Component under the ARCDP2 Impact Assessment Study was conducted to assess the sustainability and efficiency of the ARCDP2. The study made use of secondary data gathered from various sources: ARCDP2 Central Project Office (CPO); data generated from the evaluation of ARCDP2 components by the concerned consultants; interview with key informants such as key officials and staff of ARCDP2 in the determination of project benefits and costs, among others; and solicitation of other inputs from the econometrician of the consulting team, particularly on the determination as well as valuation of project benefits and cost components. Given the positive values obtained in measuring the financial worth of the ARCDP2, the analysis indicates that the project is sustainable because it has satisfied the three aspects of financial viability and sustainability, such as: a) financial benefits that allowed recovery of project expenditures; b) recovery of some of the project costs from the project beneficiaries; and c) recognition of financial incentives that attract participation of the project stakeholders. Further, the project satisfied the condition of being acceptable for investments since the projected streams of financial benefits and costs generally yield benefits in excess of costs over the project life. The economic sensitivity analysis revealed the high efficiency of the ARCDP2 in utilizing and allocating project's financial and human resources to achieve the desired key performance indicators and targets. The relatively high values of the net economic benefits are indicators of the project's commitment to improve general economic welfare of the ARC areas under the ARCDP2. The project remained economically viable with the Economic Internal Rate of Return (EIRR) ranging from 49% to 72% at different levels of economic benefits and costs.