

APPLICATION FOR CTF PROJECT PREPARATION GRANT

A. TASK MANAGER FOR CTF FUNDING REQUEST

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B. PROPOSAL SUMMARY

1. Geographic Focus of Proposed Activity:

<input checked="" type="checkbox"/>	Individual Country (<i>please specify</i>): The Philippines
<input type="checkbox"/>	Regional or Multi-Country (<i>please specify</i>):
<input type="checkbox"/>	Global

2. Project Title:

The Cebu Bus Rapid Transport (BRT) Demonstration Project
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3. List of Deliverables from CTF Project Preparation Grant

A1. Technical Feasibility Study and Preliminary Design
A2. Climate Change Mitigation Framework
A3. Capacity Building

C. PROPOSAL DETAILS

4. Summary of Proposed Activities

<p>By submitting this CTF Project Preparation Grant Proposal, the Government of the Philippines wishes to finance important activities in the preparation of the Cebu BRT Demonstration Project. The grant is expected to finance preparation of the following:</p> <p>A1. Technical Feasibility Study and Preliminary Design: The feasibility study (including preliminary design and operating procedures) for the project will cover the following areas:</p> <ul style="list-style-type: none">i. Service and operating plans<ul style="list-style-type: none">a. A comprehensive operations strategy for the BRT system and BRT-related routes, including targets and performance measuresb. Comprehensive operations management procedures for BRT-related routesc. Comprehensive procedures for organisation and management of the BRT running way and junctionsd. Comprehensive procedures for operations management of BRT terminals and

- bus-stops
- e.* Comprehensive procedures for enforcement
- f.* Internal organisational structure with capacity to deliver effective operations management.
- ii.* Communication plans
- iii.* Integrated transport and land use plans
- iv.* Physical components (running ways, stations, terminal/interchanges, depots and ancillary infrastructure)
- v.* Traffic engineering improvements
- vi.* Vehicle options
- vii.* BRT management systems (fare collection, dispatching, passenger information)
- viii.* Upgrading of the city's area traffic control system
- ix.* Options for ensuring that jeepney drivers/operators on the Project corridor are not adversely affected by the project.

The output of this study would be the development of a BRT conceptual plan and preliminary design for a priority corridor in the Metro Cebu Region.

A2. Climate Change Mitigation Framework: The objective is to prepare a greenhouse gas inventory and 20-year baseline for the urban transport sector in Cebu City, Philippines, and to estimate the potential impact of the development of a bus rapid transit system and ancillary traffic management improvements on this baseline.

A3. Capacity Building: Capacity development for urban transport planning for DoTC and Cebu City government.

5. Rationale for CTF grant funding, including consistency with CTF Investment Plan:

The project, which is part of the CTF Investment Plan for the Philippines, is expected to have a transformational impact and has replicability potential.

In an effort to reduce the country's carbon footprint and improve air quality, the Philippines launched a National Environmentally Sustainable Transport Strategy (NESTS) in May 2011. The strategy mandates DoTC to reform the transportation sector, by defining and implementing policies favoring non-motorized transport and mass transport systems, and leading to lower consumption of fossil fuels. NESTS was consequently prepared by DoTC in collaboration with the Department of the Environment and National Resources (DENR), the Department of Health (DoH) and the Department of Energy (DoE) with the assistance of the University of the Philippines' National Center for Transportation Studies (UPNCTS). The strategy identifies four broad areas where policies could lead to the reduction in GHG emissions: (i) introducing more efficient fuel technologies for public transport; (ii) enhancing the efficiency of vehicles and tricycles; (iii) traffic demand management (including BRTs, LRTs, enhanced public transport planning); and (iv) expanding transportation choices in Cebu city. Shifting future modal distribution and improving vehicle operating conditions provide the opportunity to help

leapfrog efforts to bend country's emissions trajectory significantly in this sector for decades, while contributing to a better quality of life in the short-to-medium term.

The incremental importance of CTF funding in the transport sector is related to how urban transport improvements affect different segments of the transport market. Bus-based public transport improvements can potentially head off CO₂ emissions from two separate segments of the transport market: "captive" riders and "choice" riders, in the terminology of urban transport experts. Captive riders are those travelers who would be taking public transport in the future even in the counterfactual (that is, absent a concerted investment). Choice riders in this case can be considered those who would not take public transport in the counterfactual, but who might be induced to make the shift of mode given the right set of policy and investment initiatives. Bus-based public transport investments can reduce the CO₂ emissions trajectories from captive riders, by reducing the total number of bus vehicle kilometers needed to meet their mobility demands (through service rationalization) and by reducing energy consumption per vehicle kilometer (through improved road management and operational improvement). Beyond that, however, bus-based transport investments can also potentially reduce the CO₂ emission trajectories of choice riders, by inducing a modal shift, if certain thresholds can be met. Past experience has shown that choice riders switch to public transport if the transport facilities themselves (stations, buses, etc.) meet their expectations for a quality service, and if the door-to-door service time is at least competitive with their private, motorized alternatives (that is, it provides good access to their origins and destinations, with high speed services, and minimal required changes and walking at both ends.) This, in turn, means improving the network connectivity of the public transport system.

The introduction of BRT in Cebu City is an integral part of NESTS to improve livability in the city through better mobility, a reduction in pollution and an increase in the productivity of the city, which has a population of about 900,000 and is only served by an informal public transit system consisting of motorized tricycles, jeepneys, and taxis. The current situation of rapidly growing vehicle ownership and use resulting in further congestion, air pollution, GHG emissions and road accidents, is unlikely to improve, without the development and implementation of a comprehensive urban transport plan, as most of the economic and land development in Cebu City continues to occur at the city's fringes, particularly in the northeast and southwest. This sprawling pattern of urban development will only exacerbate the negative conditions if not promptly addressed. The transformational impact of this mass transit system lies as much in the reduction of GHGs as in its large development potential in providing better and safer mobility, particularly for the poor, a cleaner environment and increased economic productivity.

Further, the investment cost of BRT to the public sector is high compared to the current system that is managed entirely by the informal sector and is beyond the financial capacity of local governments with tight budgets and large demands, particularly that there is no national precedent for this type of investment. Carbon finance has not been effective in mobilizing the necessary investments for large scale emissions in the transport sector.

Given that the Philippines is yet to develop a BRT system, CTF financing and support is crucial to help overcome some of the initial financial and institutional barriers and would help demonstrate at scale successful deployment for BRT systems in the Philippines. CTF will help support municipal governments in speeding and scaling up BRT investments. Key to the success of this planned deployment is an enhanced design of the BRT system that is fully integrated into the public transport

system. In the case of secondary cities such as Cebu, the BRT design will be used to influence land use planning and management in an environmentally sustainable manner. This would in turn lead to more BRTs than is currently envisioned as other cities start to recognize their benefits. In addition to Metro Manila, where the rationale for BRT systems is fairly clear, emerging metropolitan areas such as Metro Davao, Naga, Bacolod, Iloilo and Cagayan de Oro have been identified as potential sites for BRT project implementation.

6. Government Approval of Country-Specific Activities

Name of responsible official: Mr. Rene Limcaoco		
Position: Under Secretary		
Ministry/Agency: Department of Transportation and Communications (DoTC)		Country: The Philippines
Tel: 63-2-723-1507	Fax: 63-2-726-7128	Email: reneklimcaoco@yahoo.com

D. IMPLEMENTATION AND FINANCING PLAN

7. Implementation Approach

The **Executing Agency** for the CTF preparation grant will be the World Bank. The Government has requested that the World Bank serve as the executing agency to administer the project preparation grant from the CTF. The primary reason given for this request is that: a) evaluation of the technical proposals and guiding the work of selected consultant will require a very good understanding of the issues related to BRT operations and design, which at present is lacking in DoTC; b) this is the first BRT project in the Philippines, hence DoTC acknowledges that there is limited experience in both the Department and the Cebu City Government to provide necessary support for the preparation studies. DoTC hopes to tap the Bank's international experience on BRTs and access to a wide group of specialists to better guide the preparation activities; and c) DoTC is a new implementing agency and is not familiar with Bank procurement standards and guidelines required for project preparation and, therefore, may be unable to meet the tight timelines of the CTF.

The Bank will set up a Review Committee with urban transport specialists from the Bank's operational divisions and the anchor. All review findings will be shared with the Department of Transportation and Communications (DoTC) and Cebu City. The study will be conducted during the period December 2011 to September 2012.

Procurement: Procurement of consultancy services for the feasibility study will be in accordance with the World Bank's *Rules and Procedures for the Use of Consultants*, May 2008, using the relevant Bank Standard Bidding Documents. The process for selecting firms shall be through Short List and the method for evaluation is Quality and Cost-Based Selection (QCBS).

Disbursement: Disbursement of the Grant resources will be made directly by the World Bank.

Reporting: The Bank's Review Committee will prepare progress reports outlining the progress made in project implementation, including procurement, highlight the difficulties faced and organize discussion

forums to share the findings, both in the Bank and the Philippines.

8. Implementation Schedule: *beginning and end dates, as well as major activity milestones.*

Activities	Milestones/Deliverables	Timeline
A1. Technical Feasibility Study and Preliminary Design		
Preparation of a detailed work plan, including study organization and staffing, budgets and schedules, project management	Detailed project work and management plans Schedule and budget	Duration: 15 days
Preparation of a formal stakeholder public involvement and communication plan and brand concept	Communication and consultation plan Stakeholder workshops Public meetings Branding recommendations	Duration: throughout project preparation
Compilation of background information, analysis methods and model, including analysis of current and “no project” situation	Database and working models for input to analysis tasks Inception report	Duration: 1 month Start Date: on consultant commencement
BRT service and operations plan and preliminary design	Service Plan Preliminary plans for running ways Analysis of vehicle options, functional specifications, ITS applications report (including ATC system) Fare collection system and institutional arrangement	Duration: 4 months Start date: on completion of the inception report
Capital, operating and maintenance costing, revenue estimation	Report detailing development of the operating and maintenance and capital costing models Financing plan Project Appraisal report	Duration: 2 months Start date: on completion of BRT service and operation plans and preliminary designs.
Preparation of a plan for integration of BRT into land development plans, strategic and site level	Draft report on fostering sustainable development in Cebu	Duration: 2 months Start date: on completion of BRT service and operation plans and preliminary designs
Establish bus operating procedures:	Detailed report on - comprehensive operations strategy for the BRT system and BRT-related routes, including targets and performance measures - procedures for organisation and management of the BRT running way and junctions - internal organisational structure with capacity to deliver effective operations management	Duration: 3 months Start date: on completion of BRT service and operation plans and preliminary designs
Review and finalization of all study reports (including a conceptual plan and preliminary design of the pilot BRT corridor)	Final report	Duration: 10 months after commencement

A2. Climate Change Mitigation Framework		
Develop urban transport Greenhouse Gas Emissions inventory for Cebu City and for Proposed BRT Corridor; and to estimate the potential impact of the development of a bus rapid transit system and ancillary traffic management improvements on this baseline.	1) Prepare a GHG emissions inventory in Cebu City, as well as a corridor-specific inventory, based on a proposed BRT route; 2) Develop a descriptive baseline urban transport growth scenario for the City and prepare a 20-year GHG emissions forecast based on this scenario; 3) Based on new urban transport initiatives in Cebu City, develop alternative urban transport development scenarios, and prepare revised forecasts.	Duration:4 months Start date: one month after commencement
A3. Capacity Building Initiative	Milestone	Timeline
Capacity development for urban transport planning for DoTC, Cebu City government and other local governments.	Conduct workshops and capacity strengthening forums Prepare final report	Between December 2011 and September 2012

9. Financing Plan:

Major Components	CTF Request (US\$)	Co-financing		Total Cost (US\$)
		US\$	Source	
Technical Feasibility Study and preliminary design	800,000	50,000	Government In kind	850,000
Climate Change Mitigation Framework	150,000			150,000
Capacity Building Initiative	50,000			50,000
Total Financing/Costs	1,000 000	50,000		1,050,000

E. SUPPLEMENTARY INFORMATION AND MATERIALS

10. Additional Information:

In addition to the project preparation activities financed by the grant, AFD, and AusAid will finance institutional and other studies.

AusAID will finance a study/TA to determine, establish and help operationalize the institutional arrangement for the ownership, and operation and management of the Cebu BRT.

Detailed Budget (in US\$)

Description	Unit	Quantity	Unit Rate (US\$)	Amount (US\$)
A1+A2: Technical Feasibility Study + Climate Change mitigation framework				
Study Duration	Month	15		
Remuneration:				
Foreign experts including, i.a. <ul style="list-style-type: none"> - Project Manager - Institutional development expert - Design specialist - Service and operations planning specialist - Communications and branding manager - Financial and economic planning - Traffic operations - Environmental specialist - Social scientist 	PM	25	\$20,000	\$500,000
Local experts	PM	45	\$5,000	\$225,000
Support staff (secretary + technician)	PM	50	\$1,000	\$50,000
Reimbursable:				
International return flights	Trip	10	\$2,000	\$20,000
Local transportation	Month	15	\$2,000	\$30,000
Allowances (foreign experts)	PM	20	\$3,000	\$60,000
Allowances (local experts)	PM	10	\$1,000	\$10,000
Accommodation (foreign experts)	PM	20	\$1,500	\$30,000
Sub-Total				\$150,000
Miscellaneous Expenses:				
Communication	Month	15	\$200	\$3,000
Production of reports and documents	Month	15	\$500	\$7,500
Office rental and operating costs	Month	15	\$1,000	\$15,000
Sub-Total				\$25,000
Total				\$950,000
A3: Capacity Building Training				
				50,000
Grand Total				1,000,000