

PROJECT PREPARATORY TECHNICAL ASSISTANCE

A. Justification

1. The government has requested assistance from the Asian Development Bank (ADB) to modernize public transport systems in the City of Davao in line with Presidential Administration Order No. 254.¹ This high priority project for the government builds on previous support provided by ADB to the City of Davao under a policy and advisory technical assistance (TA).² The project preparatory TA is necessary to prepare the project design, financing arrangements, social dimensions, and institutional strengthening.

B. Major Outputs and Activities

2. The Project includes the development of improved public transport operations that will cover the full urban area and cater for the growth in travel demand at the cities expanding edges. The project will overhaul the outdated services that provide a poor level of service in terms of coverage area, hours of operation, and passenger comfort and facilities. The project will improve a city-wide bus-based public transport operating system, with improved and modern franchising mechanisms that ensure supply meets demand. This will be supported through traffic management improvements to prioritize bus services along a core network of around 110 kilometers (km). The core network will form part of an integrated and system wide operation with feeder routes covering an additional 400 route-km, and associated passenger infrastructure and bus terminal facilities. The improved franchising mechanism will promote performance based contracts, integrated fare collection systems, and streamlined through service operations. The Project includes institutional strengthening to support the development and operation of a modern transport system and franchising mechanisms, as well as a social development program to support transport operators in the transition to a modern transport systems. The Project includes public-private financing arrangements for bus fleet renewal. The project preparatory TA will assist in the preparation of the loan, capacity development, social development program, and fleet renewal program.

3. The project preparatory TA will also include the development of a substantial institutional strengthening component to support the City Transport and Traffic Code through the City Transport and Traffic Management Office (CTTMO) and City Transport and Traffic Management Board. Support in public transport management, sustainable transport planning, and a training program will be developed for city officials working in the sector. Social development programs will also be prepared to assist current operators with the transition to the modern public transport system.

4. The major outputs and activities are summarized in Table A3.1.

Table A3.1: Summary of Major Outputs and Activities of the Project Preparatory TA

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
Inception	December 2015	Inception Report	December 2015
Route definition and	April 2016	Route network definition and associated	April 2016

¹ Malacañang. 2009. *Presidential Administration Order No. 254, Urban Transport Program for Highly Urbanized Cities: Metro Manila, Cebu, and Davao* (<http://www.gov.ph/2009/01/30/administrative-order-no-254-s-2009/>)

² ADB. 2012. *Technical Assistance to the Republic of the Philippines for the Davao Sustainable Urban Transport Project*. Manila (TA 8195-PHI, \$1,000,000 approved on 19 October 2012 financed by the Japan Fund for Poverty Reduction).

Major Activities	Expected Completion Date	Major Outputs	Expected Completion Date
design		facilities costing and implementation plan	
Franchising arrangements	May 2016	Bus franchising bidding documents	May 2016
Institutional strengthening	March 2016	Time-bound implementation plan for the City Transport and Traffic Code and strengthening program for City Transport and Traffic Management Office and Management Board	March 2016
Social development program	May 2016	Development of a social support system for adversely effected bus owners and/or operators	May 2016
Stakeholder consultation	May 2016	Stakeholder consultations and workshops	May 2016
Draft Final Report	May 2016	Report	May 2016
Final Report	June 2016	Report	June 2016

Source: Asian Development Bank.

C. Cost Estimate and Proposed Financing Arrangement

5. The TA is estimated to cost \$800,000 equivalent, of which \$800,000 equivalent will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The high priority project of the government is well aligned with strategic directions of ADB, as well as those for the sector and, thus, suitable for TASF financing. Proceeds of the TA will be disbursed in accordance with the *Technical Assistance Disbursement Handbook* (2010 as amended from time to time). The government will provide counterpart support in the form of counterpart staff, office accommodation, office supplies, secretarial assistance, provision of office space, communication facilities for consultants, and other in-kind contributions. The detailed cost estimate is presented in Table A3.2.

Table A3.2: Cost Estimates and Financing Plan
(\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (12 person-months)	240.0
ii. National consultants (51 person-months)	380.0
b. International and local travel	15.0
c. Reports and communications	5.0
2. Equipment (computer, printer, etc.) ^b	5.0
3. Workshops, training, seminars, and conferences ^c	25.0
4. Surveys	40.0
5. Miscellaneous administration and support costs	10.0
6. Contingencies	80.0
Total	800.0

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other sources).

^b Equipment

Type	Quantity	Cost
Computer (MIS/GIS able)	2	\$2,000
Plotter	1	\$1,000

^c Workshops, training, seminars, and conferences

Purpose	Venue
Stakeholder meetings	Davao, 4 during TA

Item	Total Cost
Bus owners and/or driver consultation	Davao, 4 during TA
Passenger consultations	Davao, 4 during TA

GIS = geographic information system, MIS = management information system, TA = technical assistance.

Source: Asian Development Bank

D. Consulting Services

6. The project preparatory TA will be implemented over a period of nine months, between October 2015 and June 2016. Consultancy services will be provided by a firm, requiring 12 person-months of international consultants and 51 person-months of national consultants. The City of Davao and the Department of Transportation and Communications (DOTC) will assign relevant counterpart staff to the project on a permanent or part-time basis, as required, as part of the formulation of the project management office for project preparation and implementation. Counterpart staff should include a project management unit (PMU) head, planning officer, finance officer, highway engineer, Land Transportation Office officer, and a Land Transportation Franchising and Regulatory Board officer.

7. An international consulting firm will be engaged to implement the TA. ADB will select and engage the consulting firm in accordance with ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). ADB will use the quality- and cost-based selection (ratio 90:10 to emphasize quality and technical aspects rather than cost) with full technical proposal to select the consulting firm. The consulting firm will be responsible for the administration of workshop training, seminars and conferences, and any surveys under the project preparatory TA. Equipment and assets purchased under the work will adhere to ADB's Procurement Guidelines (2015, as amended from time to time), and upon completion of the project, the assets will be turned over to the implementing agency.

8. Table A3.3 shows the summary of consulting services requirement.

Table A3.3: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	
Team Leader (transport planner)	8
PPP specialist	2
Institutional/capacity development specialist	2
Total	12
National	
Deputy team leader (transport planner)	8
Public transport specialist	6
Highway/traffic engineer	6
Transport modeler	6
Transport economist	2
Institutional/capacity development specialist	4
Finance	2
Public-Private Partnership specialist	2
Bid/procurement specialist	4
Legal specialist	1
Resettlement specialist	1
Environmental specialist	1
Social development specialist	8
Total	51

Source: Asian Development Bank.

9. The outline terms of reference for the project preparatory TA consultants are described below.

10. The Team Leader/Deputy Team Leader, together with the national Public Transport Specialists, will be responsible for defining the core and feeder service routes, together with the associated passenger infrastructure and terminal facilities. This work will also identify and prepare traffic management improvements along the core network. Phasing of implementation for the core network and feeder routes will be considered. All work will be carried out to a level that will allow ADB to prepare loan documentation and will include cost estimates, implementation arrangements, including bidding documents and engineering arrangements.

11. The PPP specialists will work with the transport planning team to define suitable franchising arrangements, with inputs from the Legal Specialist and prepare the necessary franchising documentation for core and feeder routes. They will work with private financing groups to define a suitable bus fleet renewal program with details of the financial structures to be used and fund flows. The Finance Specialist will undertake a review of the financial capabilities of the city and DOTC for ADB lending purposes.

12. The Transport Economist and Safeguard Specialist will prepare economic and safeguard reports, as required for the project and as inputs to the ADB loan documents preparation. The Institutional/Capacity Development Specialists will undertake a needs assessment together with the transport planning team and prepare a detailed training program for government officials.

13. The Social Development Specialist will be responsible for stakeholder meetings and consultations with the bus owners and/or drivers and associated and, where required, livelihood programs for inclusion in the loan. They will also be responsible for the public aware campaign and passenger outreach consultations.

E. Implementation Arrangements

14. The DOTC will be the executing agency and City of Davao the implementing agency for the TA. A PMU will be established within the CTTMO of Davao to support the TA and project readiness for implementation. The government will provide counterpart support in the form of surveys, counterpart staff, office accommodation, office supplies, secretarial assistance, domestic transportation, and other in-kind contributions.

15. The proposed TA processing and implementation schedule is listed in Table A3.4.

Table A3.4: Technical Assistance Processing and Implementation Schedule

Major Milestones	Expected Completion Date
TA approval	7 August 2015
Shortlisting of consultants	30 September 2015
Approval of technical and financial proposals	31 October 2015
Mobilization of TA consultants	30 November 2015
Inception mission	14–18 December 2015
Mid-term review mission	25 March 2016
Submission of TA draft Final Report	27 May 2016
Submission of TA Final Report	30 June 2016
TA physical closing date	30 September 2016
TA financial closing date	30 December 2016

TA = technical assistance

Source: Asian Development Bank