

Table 7.3.4-1: Duration of Major Project Activities for Each Subproject in Months

A. Airports

Activity	Puerto Princesa			Cotabato			Butuan		
	Short	Long	ML	Short	Long	ML	Short	Long	ML
Master Plan (in parallel with the final design)	6	12	9			0			0
Environmental, Cultural and Permitting Activities	3	8	5	3	8	5	3	8	5
Resettlement + Land Acquisition	24	48	36	0	0	0	3	9	6
Final Engineering + Bid Documents	9	15	12	6	12	9	6	12	9
Tendering (Bidding + Bid Evaluation + Approvals)	9	15	10.5	9	15	10.5	9	15	10.5
Construction	22	36	24	22	36	24	22	36	24

B. Hub Ports

Activity	Zamboanga			General Santos		
	Short	Long	ML	Short	Long	ML
Master Plan (in parallel with the final design)	4	8	6	0	0	
Environmental, Cultural and Permitting Activities	5	10	6	5	10	6
Resettlement + Land Acquisition	0	0	0	0	0	0
Final Engineering + Bid Documents	6	12	9	6	12	9
Tendering (Bidding + Bid Evaluation + Approvals)	9	15	10.5	9	15	10.5
Construction	18	30	24	36	48	42

C. Feeder Ports

Activity	Bongao			Jolo			Sitangkai		
	Short	Long	ML	Short	Long	ML	Short	Long	ML
Preliminary Design Studies (included in final designs)	2	4	3	2	4	3	2	4	3
Environmental, Cultural and Permitting Activities	3	8	5	3	8	5	3	8	5
Resettlement + Land Acquisition	24	48	36	12	24	15	12	24	15
Final Engineering + Bid Documents	12	18	15	12	18	15	12	18	15
Tendering (Bidding + Bid Evaluation + Approvals)	9	15	10.5	9	15	10.5	9	15	10.5
Construction	18	30	24	24	36	30	18	30	24

Notes: Short = Short duration - optimistic outlook with a minimum of delays
 Long = Long duration - pessimistic outlook including long and unforeseen delays
 ML = Most likely duration of the activity including realistic assessment of delays

7.3.23 The above schedules show that there are some important task that will need to be done in parallel with the preparation of the designs and tender documents:

- For Puerto Princesa, the airport master plan should be done in parallel with the preparation of the designs and bid documents to allow for the next stage of development which could follow soon after the present works if the traffic forecasts hold;
- For Zamboanga Hub port, a master plan should be prepared in parallel with the preparation of the designs and bid documents to insure the continued development of the port;
- For Sitangkai and Jolo feeder ports, additional planning studies will be necessary since the present study is at the pre-feasibility level of effort;
- For Jolo and Sitangkai feeder port subprojects, there are Land Acquisition and Resettlement Plans that will have to be prepared. In the case of Bongao, the Short Resettlement Action Plan will need to be implemented;
- Most of the resettlement and land acquisition activities for the airport subprojects are well advanced with some external monitoring still required. Only the Puerto Princesa Airport access road and intersection with the National Highway requires additional new work; and
- Note that there are no resettlement issues outstanding for the two hub ports.

7.3.24 The date of loan effectiveness, October 2007, is assumed to be the start date in terms of starting work on the subprojects. The duration of the projections through completion of construction is summarized in **Table 7.3.4-2**. Note that the one-year defects and liability period is not included. See **Appendix H** for the MS-Project Gantt chart.

Table 7.3.4-2: Subproject Duration Starting with Loan Effectiveness in Years

Sub-project Duration Based on MS Project	Start	End	Duration in Days	Duration in Years	Rank by Duration	
					Shortest	ΔTime
Puerto Princesa	10/16/07	04/04/12	1,632	4.4.7	4	0.25
Cotabato	10/16/07	01/04/12	1,541	4.22	3	0.01
Butuan	10/16/07	01/04/12	1,541	4.22	2	0.01
Zamboanga	10/16/07	01/02/12	1,539	4.21	1	0.00
General Santos City	10/16/07	08/05/13	2,120	5.80	8	1.59
Bongao	10/16/07	07/03/12	1,722	4.71	6	0.50
Jolo	10/16/07	02/03/13	1,937	5.30	7	1.09
Sitangkai	10/16/07	07/03/12	1,722	4.71	5	0.50
Start = Effectiveness of loan End = Of construction						

7.3.25 Jolo feeder port and General Santos City hub port have project durations in excess of 5 years reflecting the longer construction period of 30 and 42 months respectively.

7.3.5 Financial Plan

7.3.26 The financial plan for the ITDP has been developed for each of the three components of the project (Airports, Hub Ports and Feeder Ports), and the three are combined to estimate the overall project financial plan.

7.3.27 **Cost Escalation.** To all project costs price contingencies are included to obtain the overall project budget. Price contingencies cover anticipated price escalation over the implementation period of the ITDP.

7.3.28 Price escalation for local and foreign currency components are estimated separately. After 2006, local currency costs are projected to increase annually on the average 5.5% while international prices denominated in US\$ are expected to have an average annual increase of 1.9%. Price contingencies are estimated for all three airport projects together and are allocated to each subproject. Note that price escalation as shown in **Table 7.3.5-1** is not used in the economic and financial evaluations.

Table 7.3.5-1: Cost Escalation in Percent per Year

Currency	2005	2006	2007	2008	2009	2010	2011	2012
Local (Peso)	7.0	6.0	5.5	5.5	5.5	5.5	5.5	5.5
Foreign Currency	3.0	2.8	1.9	1.9	1.9	1.9	1.9	1.9

Source: ADB through 2009

7.3.29 **Financial Charges.** The financial charges include interest during construction (IDC), commitment fees and front end fees. The interest rate utilized to calculate IDC is 6 % per year. The financial charges will be entirely funded through the loan.

7.3.30 **Summary.** Based on the weighted costs of the subprojects, the physical contingency for the project is roughly 8.5 %. The total cost of the ITDP including local and foreign currency components is US\$ 254.4 million of which US\$ 166.0 million will be financed by ADB with the Government's share at 35 % (**Table 7.3.5-2**). These costs are further summarized by project component and subproject in Appendix ES-C.

7.3.6 Annual Cash Disbursement Schedule

7.3.31 The ITDP annual cash disbursement schedule is summarized in **Table 7.3.6-1** below. The two peak years are 2010 and 2011.

Table 7.3.6-1: Project Disbursement Schedule

Year	Local	Foreign	Total	Percent
2006				
2007	1,604	-	1,604	1%
2008	4,759	3,639	8,398	3%
2009	3,178	2,308	5,486	2%
2010	42,843	37,919	80,762	32%
2011	45,350	42,050	87,400	34%
2012	25,521	27,833	53,374	21%
2013	5,052	12,288	17,340	7%
Total	128,307	126,057	254,364	100%

7.4 Project Risks

7.4.1 The following are a summary of identified project risks may impact on the successful completion of the project.

7.4.2 **Project Implementation.** The Project is not expected to be subject to any significant economic risks in view of previous and expected air and sea traffic growth. To avoid delays in project implementation, the Government and ADB will closely monitor the Project. Passage of the CAAP Bill due to the length of the legislation process is subject to possible delay.

7.4.3 Lack of accurate geotechnical (Particularly off-shore) data will be increasing risks of higher cost and delays. Employment of a qualified consultant to oversee the final designs including adequate funding for geotechnical investigations, for ports.

7.4.4 **Environmental Degradation.** Environmental degradation is an important identified risk. To minimize the impacts, the Project, will implement all mitigation measures provided in the Airport EIAs, Port IEEs and the SIEE. Environmental mitigation costs are included in the project cost estimates. Monitoring of mitigation measures will be appropriately undertaken. In addition, a special topic on environmental management is included in the training subcomponent to ensure that contractors and government stakeholders pay serious attention to managing the environment.

Table 7.3.5-2: ITDP Financing Plan

	Three (Feeder Ports, Hub Ports & Airports) Subcomponents Cost in US\$ (1,000) at 52 Php per US				Financing Plan				TOTAL	
	Asian Development Bank		Government		Government		Subtotal	Subtotal		
	Local	Foreign	Local	Foreign	Local	Foreign				
I Base Costs										
A Civil Works										
1 Feeder Ports	6,346	5,511	11,857	3,889	0	3,889	0	3,889	15,747	
2 Hub Ports	7,547	6,554	14,101	4,626	0	4,626	0	4,626	18,727	
3 Airports	12,983	57,348	70,331	23,070	0	23,070	0	23,070	93,401	
Total Civil Works	26,876	69,414	96,290	31,585	-	31,585	-	31,585	127,875	
			75%			25%				
B Equipment										
1 Feeder Ports	(40)	244	204	67	0	67	0	67	271	
2 Hub Ports	(154)	940	786	258	0	258	0	258	1,044	
3 Airports	(531)	3,248	2,718	891	0	891	0	891	3,609	
Total Equipment	(724)	4,432	3,708	1,216	-	1,216	-	1,216	4,925	
			75%			25%				
Total Base Cost in 2006 Prices	26,152	73,846	99,998	32,801	-	32,801	-	32,801	132,799	
			75%			25%				
II Consulting Services										
Design & Construction Supervision 2 Contracts										
Other Consulting Services for Policy + TA										
Total Consulting Services	7,525	7,525	15,051	-	0	-	0	-	15,051	
			100%			0%				
III Resettlement & Land Acquisition										
Total Resettlement				2,755	-	2,755	-	2,755	2,755	
			0%			100%				
IV Administration of the Project by GDP										
Total Administration 3.5 % of Base Cost				3,718	930	4,648		4,648	4,648	
			0%			100%				
V Taxes and Duties										
EVAT										
Duties on equipment										
Total Taxes and Duties				17,890	0	17,890	0	17,890	17,890	
			0%			100%				
VI Contingencies										
Physical 8.51%	805	6,923	7,728	6,923	79	7,002		7,002	14,730	
Price Escalation	6,570	9,138	15,709	23,167	104	23,271		23,271	38,980	
Total Contingencies	7,376	16,061	23,437	30,090	183	30,273		30,273	53,710	
			44%			56%				
Total Including Taxes and Price Escalation	41,053	97,433	138,485	87,254	1,113	88,367		88,367	226,852	
Total Inclusive of taxes without price escalation	41,053	97,433	138,485	87,254	1,113	88,367		88,367	226,852	
			61%			39%				
VIII Financial Charges during Implementation										
Interest during Construction (IDC)		27,513	27,513						27,513	
Commitment Charges		25,504	25,504						25,504	
Front end fees		272	272						272	
		1,737	1,737						1,737	
Total including Taxes and Price Escalation	41,053	124,945	165,998	87,254	1,113	88,367		88,367	254,365	

7.4.5 **Health and Gender.** The large construction works and port development pose a few adverse social impacts in the region. One of these is the risk of having HIV/ AIDS spread among construction workers and seafarers. To help mitigate this risk, a TA on sexually transmitted disease including HIV/ AIDS, is included in this loan.

7.4.6 **Funding Risks.** The DOTC annual infrastructure budget has remained at the PhP 3.1 billion level from 2002-2005. The budget deficit problem of the national government required the imposition of new tax measures and the stringent controls on the expenditure program. With the budget deficit expected to be within manageable limits by 2009, the funding risk may have diminished, but the ability of the Government to meet counterpart funding requirements needs further commitment during the loan appraisal stage.

7.4.7 **Revenue and Market.** Small regional airports can be subject to dramatic increases or decreases in passenger and aircraft traffic in short periods of time as they are more sensitive to external economic or other "shocks" that impact on the industry. The history of traffic at the three airports has been erratic. The key in planning and design is the retention of flexibility to adapt the airport facilities and operation if required. The concept design under this Study is considered flexible and conservative.

7.4.8 Steady increase of passenger and cargo traffic at Zamboanga has been observed. For General Santos, a steady increase was observed till 2004 but followed by some decrease.

7.4.9 The growth of demand for port services in the island provinces of ARMM has not been well analyzed as there is lack of completely reliable historical data due to underreporting of cargo and passenger throughput at these ports. However, anecdotal accounts reflect an upward trend for traffic volumes.

7.4.10 **Readiness Risks.** The separate DOTC project to replicate the AFP facilities to allow the development of the original TADP project has commenced but has not significantly advanced and appears to have stopped. It should have been completed in approximately 2003 to meet the original schedule for the TADP. The fact that it has not significantly advanced up until May 2006 would suggest there is a significant risk it will not be completed prior to the commencement of schedules under this ITDP.

7.4.11 There are a few occupants on land areas designated for the new passenger terminal area, terminal access road and areas to the southwest inside the widened 300m strip. These occupants should have been relocated under the TADP. One reason they have not been may in part be associated with the lack of progress associated with the AFP replication of facilities contract (discussed above). Further discussions with the AFP and possibility additional surveys are need to quantify the extent of this problem, the exact causes and the likely speed proper solutions can be implemented.

7.4.12 The implementation of the subprojects in the ARMM requires relatively more complex institutional arrangements than the other proposed subprojects. The establishment of these arrangements may not be completed in a timely fashion.

7.4.13 **Security Risks.** The security risks may be classified as those during implementation and during operation. The increased terrorist threat has been recognized and thus precautionary measures for raising the level of alertness and the level of preparedness is considered in the preparation of the proposals. The peace and order situation in the ARMM may pose some impediment to project implementation and realization of benefits but the port and airport subproject sites are well secured while the security situation in the respective subproject areas has improved significantly in recent years.

7.4.14 **Overall Assessment.** For a large part, the projects are ready to update design. Only Jolo and Sitangkai subprojects require full-blown feasibility studies. Some LARP issues need to be resolved such as access roads, but these are generally addressed by the proposed project.

7.4.15 These projects are expected to contribute to the following:

- National Peace and Development;
- National Tourism Development;
- National Agribusiness and Fisheries Industries; and
- Upgrading of safety standards (such as to ICAO standard)

7.4.16 Because of their breadth and scale of project impact implementation of these proposals is desirable.

7.5 Program Monitoring

7.5.1 A system for recording the data and collecting the statistics for benefit monitoring and evaluation will be established as part of the responsibilities of the Project Management Office (PMO). A benchmark survey for each subproject will be completed within one year after loan effectiveness under the direction of the PMO. The DOTC will evaluate Project benefits after completion and in accordance with a schedule and terms of reference mutually agreed upon with ADB.

APPENDIXES

APPENDIX ES-A

**Project Design and
Monitoring Framework**

Appendix ES-A: PROJECT DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets / Indicators	Data Sources / Reporting Mechanisms	Assumptions and Risks
<p>Impact</p> <ul style="list-style-type: none"> - Expansion of economic activities 	<ul style="list-style-type: none"> - Increased passenger movements - Increased cargo movements - Increased Gross Regional Domestic Product 	<ul style="list-style-type: none"> - Statistics from the CAB/ATO, PPA and RPMA 	<ul style="list-style-type: none"> - Accuracy of reporting of cargo and passenger traffic passing through ports and airports will be improved or maintained (A) - Other inputs to increased economic activity may not be implemented (R)
<p>Outcome</p> <ul style="list-style-type: none"> - Improvement of intermodal transport system in southern Philippines 	<ul style="list-style-type: none"> - Improved level of transport portal efficiency - Increase in service capacity of ITDP airports, hub ports and feeder ports - Improved access to remote areas in southern Philippines - Reduction in total transport cost - Reduction in total travel time 	<ul style="list-style-type: none"> - Surveys before and after the implementation of proposed projects 	<ul style="list-style-type: none"> - Capability of personnel operating the ports will be upgraded in ARMM ports (A) - Changes in management and staffing corresponding to political changes in ARMM ports may affect the implementation and operation (R),
<p>Outputs</p> <ul style="list-style-type: none"> - Improved airports - Improved seaports - Improved air and maritime sector institutions and policy 	<ul style="list-style-type: none"> - Upgraded facilities - Improved capacity of personnel to operate the airports and seaports - Streamlined operational procedures - Sustainable financial position 	<ul style="list-style-type: none"> - Inventory surveys before and after the implementation of ITDP projects - Testing of personnel before and after the implementation of ITDP projects - Survey of users perception before and after implementation of ITDP projects - Examination of financial records 	<ul style="list-style-type: none"> - Financial reporting procedures will be improved or maintained by the airport and port officials (A) - Policy measures requiring legislation may not be achieved expeditiously (R)

A – Assumption; ARMM – Autonomous Region in Muslim Mindanao; ATO – Air Transportation Office; CAB – Civil Aeronautics Board; ITDP – Intermodal Transport Development Project; PPA – Philippine Ports Authority; R – Risk; RPMA – Regional Ports Management Authority (in ARMM)

Activities with Milestones	Inputs
<ul style="list-style-type: none">- Formation of Project Management Office (PMO)- Establishment of Project Steering Committee (PSC)- Establishment of Inter-Agency Technical Working Committee (IATWC)- Formation of an Infrastructure Monitoring and Advisory Group (IMAG) for each ITDP subproject- Formation of Port Management Advisory Councils (PMACs) for feeder ports- Selection of consultants- Consulting services (Implementation of ITDP subprojects)- Turnover of ITDP subprojects to appropriate institutions	<p>ADB: Civil Works: US\$ 123.5 million Consultants: US\$ 15.0 million Financing Charge: US\$ 27.5 million</p> <p>Government: US \$ 88.4 million</p>

The PMO will have overall responsibility for the day to day supervision of the ITDP and will be chaired by the Assistant Secretary of Planning and Development of the DOTC

The PSC, chaired by the DOTC Secretary, includes the respective heads and officials of:

- Mindanao Economic Development Council (MEDCO);
- National Economic and Development Authority (NEDA);
- Department of Public Works and Highways (DPWH);
- Department of Tourism (DOT);
- Department of Finance (DOF);
- Department of Budget and Management (DBM);
- Regional Government of the Autonomous Region in Muslim Mindanao (ARMM);
- Provincial Government of Palawan; and
- Attached agencies of DOTC, namely:
 - Philippine Ports Authority (PPA);
 - Maritime Industry Authority (MARINA);
 - Air Transportation Office (ATO); and
 - Civil Aeronautics Board (CAB)

The PSC will be supported by an Inter-Agency Technical Working Committee (IATWC) which will directly liaise with counterparts from the above agencies, and will be headed by the DOTC Assistant Secretary for Planning and Project Development.

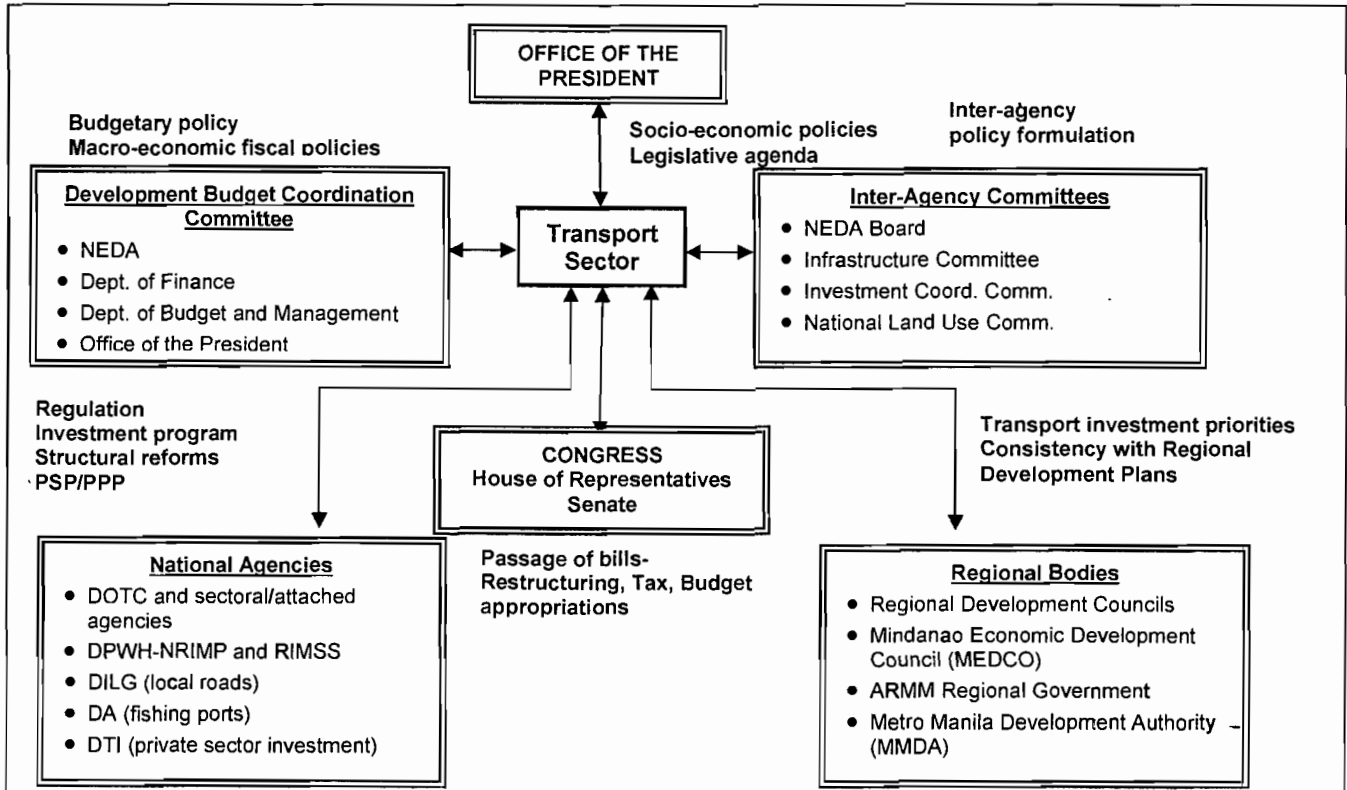
The IMAG system was designed by the Mindanao Economic Development Council, with support from USAID, to provide effective mechanisms for project monitoring and problem-solving. The IMAG will provide a venue where project implementation problems and issues are discussed and solutions jointly formulated and implemented. The IMAGs are expected to be particularly useful in: a) resolving land acquisition problems; b) resolving local material supply material problems; and c) addressing security and peace and order related problems.

PMACs, which include representatives from LGUs, the private sector and other users and stakeholder in ports; provide a forum where port-related issues that concern both the government and the private sector can be discussed. For hub and feeder port subprojects, PMAC members can form part of the IMAGs.

APPENDIX ES-B

**Agencies involved in the
Intermodal Transport
System**

Appendix ES-B: AGENCIES INVOLVED IN THE INTERMODAL TRANSPORT SYSTEM



APPENDIX ES-C

Detailed Project Cost Estimates

Three (Feeder Ports, Hub Ports & Airports) Subcomponents Cost in US\$ (1,000) at 52 Php per US			2007			2008			2009		
			Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
I	Base Costs										
A	Civil Works		Local	Foreign	Total 2007	Local	Foreign	Total 2008	Local	Foreign	Total 2009
	1	Feeder Ports									
	2	Hub Ports									
	3	Airports									
	Total Civil Works										
B	Equipment										
	1	Feeder Ports									
	2	Hub Ports									
	3	Airports									
	Total Equipment										
	Total Base Cost in 2006 Prices										
II	Consulting Services										
	Design & Construction Supervision 2 Contracts										
	Other Consulting Services for Policy + TA					0.2	0.2		0.2	0.2	
	Total Consulting Services					1,505	1,505	3,010	1,505	1,505	3,010
III	Resettlement & Land Acquisition										
			50%	50%		50%	50%				
	Total Resettlement		1,377	0	1,377	1,377	0	1,377			
IV	Administration of the Project by GOP										
						0.2	0.2		0.2	0.2	
	Total Administration 3.5 % of Base Cost					744	186	930	744	186	930
V	Taxes and Duties										
	EVAT		0		0	361		361	361		361
	Duties on equipment		0		0	0		0	0		0
	Total Taxes and Duties		0		0	361		361	361		361
			1,073,737.5	1,030.7		1,132,793.1	1,050,283		1,195,097	1,070.24	
VI	Contingencies										
	Physical 8.51%		117	0	117	339	144	483	222	144	366
	Price Escalation		109	-	109	432	67	499	346	94	440
	Total Contingencies		226	0	226	771	211	982	568	238	806
VII	Total Including Taxes and Price Escalation		1,604	-	1,604	4,759	1,902	6,661	3,178	1,929	5,107
	Total Inclusive of taxes without price escalation		1,494	-	1,494	4,326	1,835	6,161	2,832	1,835	4,667
VIII	Financial Charges during Implementation										
	Interest during Construction (IDC)					-	-	-	-	274.2	274.2
	Commitment Charges					-	-	-	-	104.8	104.8
	Front end fees						1,737	1,737			
IX	Total including Taxes and Price Escalation		1,604	-	1,604	4,759	3,639	8,398	3,178	2,308	5,486

Summary

Airports Subcomponents									
Cost in US\$ (1,000) at 52 Php per US									
		Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments
I	Base Costs								
	A Civil Works								
	1 Puerto Princesa		1	42,771	18,510	26,261	42,771	35,696	
	2 Cotabato		1	35,696	14,238	21,458	35,696		
	3 Butuan		1	14,934	5,305	9,629	14,934		
	Total Civil Works			93,401	36,053	57,348		93,401	
	B Equipment								
	1 Puerto Princesa		1	2,155	215	1,939	2,155		Bus and truck --> locally procured
	2 Cotabato		1	727	73	654	727		
	3 Butuan		1	727	73	654	727		
	Total Equipment				361	3,248		3,609	
	Total Base Cost in 2006 Prices				36,414	60,596	97,010	97,010	OK
					38%	62%			
II	Consulting Services								
	Design & Construction Supervision 2 Contracts		1	5,157	2,578	2,578	5,157		CS is 5.3 % of the Base Cost
	Other		1	-			-		
	Total Consulting Services				2,578	2,578	5,157	5,157	CS is 5.3 % of the Base Cost
III	Resettlement & Land Acquisition								
		Peuto Prin	Cotabato	Butuan					
	Total Resettlement	1,641	668	312	2,620	-	2,620	2,620	No EVAT
IV	Administration of the Project by GOP								
	Total Administration 3.5 % of Base Cost		1	3,395	2,716	679	3,395	3,395	No EVAT
V	Taxes and Duties								
	EVAT	percent	12%	102,167	100%	0%	12,260	12,260	
	Duties on equipment	percent	3%	3,609	100%	0%	108	108	On imported items --> equipment
	Total Taxes and Duties	percent					12,368	12,368	
VI	Contingencies								
	Physical 7%	percent	7%	120,550	3,969	4,470	8,439	8,439	
	Price Escalation	percent	19%	128,989			24,802	24,802	
	Total Contingencies				8,439		33,241	33,241	
VII	Total including Taxes and Price Escalation						153,791	153,791	
	Total Inclusive of Taxes without Price Escalation			128,989			128,989	128,989	
VIII	Financial Charges during Implementation						18,615	18,615	
	Interest during Construction (IDC)						17,296		
	Commitment Charges						145		
	Front-end fees						1,174		
IX	Total including Taxes and Price Escalation						172,406	172,406	

Subproject Puerto Princesa Airport - Region IVb in Palawan										
Subproject Cost Estimate in 1,000 PHP (pesos)										
	Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments		
I Base Costs										
A Civil Works										
1	General									
2	External Works									
							1,098,115			
1	General	LS	123,996	1	45%	55%	123,996			
2	Earthworks	LS	98,874	1	45%	55%	98,874			
3	New Pavements	LS	304,065	1	45%	55%	304,065			
4	Rehabilitation of Pavements	LS	235,776	1	45%	55%	235,776			
5	Drainage	LS	109,116	1	45%	55%	109,116			
6	Civil Works for Utilities	LS	117,477	1	45%	55%	117,477			
7	Miscellaneous	LS	108,810	1	45%	55%	108,810			
3	Equipment as Part of Civil Works									
							327,550			
1	Navalids		123,727.9	1	10%	90%	123,728			
2	ATC and Communications Equipment		99,030	1	10%	90%	99,030			
3	Airfield Lighting		84,792	1	10%	90%	84,792			
4	Intermodal Component		20,000	1	45%	55%	20,000			
4	Buildings									
							797,458			
1	Control Tower	m ²	276	66.98	45%	55%	18,486			
2	Admin & Operation Bldg	m ²	713	44.64	45%	55%	31,831			
3	Maintenance Building	m ²	726	53.40	45%	55%	38,767			
4	Cargo Terminal	m ²	466	55.05	45%	55%	25,654			
5	R&FFF	m ²	466	41.49	45%	55%	19,336			
6	Pass Terminal Building	m ²	9,492	52.89	45%	55%	501,966			
7	Pump room	m ²	155	158.50	45%	55%	24,568			
8	Sub Station	m ²	52	29.74	45%	55%	1,546			
9	Chiller Pump house incl chiller pumps	m ²	136	265.91	45%	55%	36,163			
10	Special Systems	LS	1	42,935	10%	90%	42,935			
11	Equipment (Generators & Baggage Handling)	LS	1	56,185	10%	90%	56,185			
5	Mitigating Measures									
							960			
1	Environmental Measures	LS	960	1	45%	55%	960			
Total Civil Works					858,503	1,365,580	2,224,082			
B Equipment										
							Imported equipment			
1	Maintenance Equipment	LS	1	2,460	10%	90%	2,460	100 kva each		
2	R&FFF Equipment	LS	1	109,588	10%	90%	109,588			
Total Equipment					11,205	100,843	112,048			
Total Base Cost in 2006 Prices					869,708	1,466,423	2,336,130	2,336,130 OK		
II Consulting Services										
Design					50%	50%		See below		
Project Management + Construction Supervision					50%	50%		See below		
Total Consulting Services					50%	50%	120,662	120,662 Allocation of the CS costs to project		
III Resettlement & Land Acquisition										
		LS	1	85,320	100%	0%	85,320			
Total Resettlement					85,320	-	85,320	85,320 No EVAT		
IV Administration of the Project by GOP										
Total Administration (Equivalent to 3.5 % of Base				3.5%	2,336,130	80%	20%	81,765	81,765 No EVAT	
V Taxes and Duties										
	EVAT	percent	12%	2,456,792	100%	0%	294,815			
	Duties on equipment	percent	3%	112,048	100%	0%	3,361	On imported items --> equipment		
Total Taxes and Duties							298,177	298,177		
VI Contingencies										
	Physical 7%	percent	7%	2,922,054			204,544			
	Price Escalation (PE)	% of costs	19%	3,126,597			590,590	45% of PE for all three airports, noted but not included		
Total Contingencies							795,134	795,134		
VII Total Inclusive of taxes without price escalation							3,126,597	3,126,597 Without price escalation		
VIII IDC (45% of total for airports)							404,729	Interest During Construction		
IX Total Subproject							3,531,327	3,531,327 Without price escalation		

Subproject Cotabato Airport - ARMM in Mindanao									
Subproject Costs In 1,000 PHP (pesos)									
		Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments
I Base Costs									
A Civil Works									
1	General								
	1 Mobilization	LS	0	1	45%	55%	-		For all projects
	2 Temporary facilities	LS		1	45%	55%			
					45%	55%			
2	External Works							1,177,252	
	1 General	LS	108,192	1	45%	55%	108,192		
	2 Earthworks	LS	340,211	1	45%	55%	340,211		
	3 New Pavements	LS	242,664	1	45%	55%	242,664		
	4 Rehabilitation of Pavements	SM	2,262	65000	45%	55%	147,080		
	5 Drainage	LS	83,201	1	45%	55%	83,201		
	6 Civil Works for Utilities	LS	95,299	1	45%	55%	95,299		
	7 Miscellaneous	LS	160,626	1	45%	55%	160,626		
3	Equipment as Part of Civil Works							207,556	
	1 Navais	LS	47,370.1	1	10%	90%	47,370		
	2 ATC and Communications Equipment	LS	85,440.2	1	10%	90%	85,440		
	3 Airfield Lighting	LS	54,845.3	1	10%	90%	54,845		
	4 Intermodal Component	LS	20,000.0	1	45%	55%	20,000		
4	Buildings							470,373	
	1 R&FFF	m ²	400	42.4	45%	55%	18,968		
	2 Power House	m ²	65	58.0	45%	55%	3,768		
	3 Cargo Terminal	m ²	450	55.1	45%	55%	24,816		
	4 Pass Terminal Building	m ²	5,000	53.7	45%	55%	268,666		
	5 Control Tower	ls	1	14,140.3	45%	55%	14,140		
	6 Administration Bld and AGL substation	m ²	150	45.2	45%	55%	6,787		
	7 Solid Waste Facility	ls	1	777.7	45%	55%	778		
	8 Pump room	ls	1	22,824.5	45%	55%	22,825		
	9 Chiller Pumphouse incl fence & pad	ls	1	28,280.7	45%	55%	28,281		
	10 Special Systems	LS	1	39,844.9	10%	90%	39,845		
	11 Equipment (Generators & Baggage Handling)		1	43,897.5	10%	90%	43,898		
5	Mitigating Measures							924	
	1 Environmental Measures	LS	1	924	45%	55%	924		
	Total Civil Works				740,373	1,115,832		1,856,205	
B Equipment									
	1 Maintenance Equipment	LS	2,460.4	1	10%	90%	2,460		Imported equipment
	2 R&FFF Equipment	units	35,350.8	1	10%	90%	35,351		
	Total Equipment				3,781	34,030		37,811	
	Total Base Cost in 2006 Prices				744,154	1,149,862	1,894,016	1,894,016	OK
II Consulting Services									
	Design				50%	50%			See below
	Project Management -> Construction Supervision				50%	50%			See below
	Total Consulting Services	LS	107,255	1	50%	50%	107,255	107,255	Allocation of the CS costs to project
III Resettlement & Land Acquisition									
		LS	34,710	1	100%	0%	34,710		
	Total Resettlement	LS			34,710	-	34,710	34,710	No EVAT
IV Administration of the Project by GOP									
	Total Administration (Equivalent to 3.5 % of Base Cost)		3.5%	1,894,016	80%	20%	66,291	66,291	No EVAT
V Taxes and Duties									
	EVAT	percent	12%	2,001,271	100%	0%	240,153		
	Duties on equipment	percent	3%	37,811	100%	0%	1,134		On imported items -> equipment
	Total Taxes and Duties	percent					241,287	241,287	
VI Contingencies									
	Physical 7%	percent	7%	2,343,558			164,049		
	Price Escalation (PE)	% of costs	20%	2,507,608			492,903		40% of PE for all three airports, noted but not included
	Total Contingencies						656,952	656,952	
	Taxes								
	Contingencies Net of Taxes								
VII	Total Including Taxes without Price Escalation						2,507,608	2,507,608	Without price escalation
VIII	IDC (40% of total for airports)	percent					359,759		Interest During Construction
IX	Total Subproject						2,867,367	2,867,367	Without price escalation

Subproject Butuan Airport - CARAGA in Mindanao									
Costs in 1,000 PHP (pesos)									
		Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments
I Base Costs									
A Civil Works									
1	General								
	1 Mobilization	LS	0	1	45%	55%	-		For all projects
	2 Temporary facilities	LS		1	45%	55%	-		
2	External Works							474,783	
	1 General	LS	63,885	1	45%	55%	63,885		
	2 Earthworks	LS	76,636	1	45%	55%	76,636		Rehabilitation of concrete deck
	3 New Pavements	LS	42,756	1	45%	55%	42,756		
	4 Rehabilitation of Pavements	LS	174,366	1	45%	55%	174,366		
	5 Drainage	LS	16,115	1	45%	55%	16,115		
	6 Civil Works for Utilities	LS	30,739	1	45%	55%	30,739		
	7 Miscellaneous	LS	70,288	1	45%	55%	70,288		
3	Equipment as Part of Civil Works							191,223	
	1 Nav aids	LS	45,249.1	1	10%	90%	45,249		
	2 ATC and Communications Equipment	LS	60,745.5	1	10%	90%	60,745		
	3 Airfield Lighting	LS	65,228.6	1	10%	90%	65,229		
	4 Intermodal Component	LS	20,000.0	1	45%	55%	20,000		
4	Buildings							109,614	
	1 Pump House, water tank	SM	67	123.6	45%	55%	8,281		
	2 Maintenance Storage Building	SM	65	12.2	45%	55%	792		
	3 Expansion and Refurbishing of Terminal Building	SM	1334	34.2	45%	55%	45,590		
	4 Refurbishing of existing Control Tower	SM	275	2.6	45%	55%	717		
	5 Expansion and Refurbishing of R&FFF	SM	389	28.2	45%	55%	10,951		
	6 Expansion and refurbishing of Power House	SM	35	107.0	45%	55%	3,745		
	7 Special Systems	LS	16262.4	1	10%	90%	16,262		
	8 Equipment (Generators & Baggage Handling)	LS	23,276.1	1	10%	90%	23,276		
5	Mitigating Measures							948	
	1 Environmental Measures	LS	948	1	65%	35%	948		Cost estimate
	Total Civil Works				275,879	500,690		776,568	
B Equipment									
									Imported equipment
	1 Maintenance Equipment	LS	2,460	1	10%	90%	2,460		
	2 R&FFF Equipment	units	35,351	1	10%	90%	35,351		
	Total Equipment				3,781	34,030		37,811	
	Total Base Cost in 2006 Prices				279,660	534,720	814,380	814,380	OK
II Consulting Services									
	Design				50%	50%			See below
	Project Management + Construction Supervision				50%	50%			See below
	Total Consulting Services				50%	50%	40,221	40,221	Allocation of the CS costs to project
III Resettlement & Land Acquisition									
		LS	16,210	1	100%	0%	16,210		
	Total Resettlement	LS	16,210	1	100%	0%	16,210	16,210	No EVAT
IV Administration of the Project by GOP									
	Total Administration (Equivalent to 3.5 % of Base Cost)		3.5%	814,380	80%	20%	28,503	28,503	No EVAT
V Taxes and Duties									
	EVAT	percent	12%	854,600	100%	0%	102,552		
	Duties on equipment	percent	3%	37,811	100%	0%	1,134		On imported items -> equipment
	Total Taxes and Duties	percent					103,686	103,686	
VI Contingencies									
	Physical 7%	percent	7%	1,003,000			70,210		
	Price Escalation (PE)	% of costs	19%	1,073,210			206,213		15% of PE for all three airports, noted but not included
	Total Contingencies						276,423	276,423	
VII Total Including Taxes without Price Escalation									
							1,073,210	1,073,210	Without price escalation
VIII IDC (15% of total for airports)									
		percent					134,910		Interest During Construction
IX Total Subproject									
							1,208,120	1,208,120	Without price escalation

Subproject Zamboanga Hub Port - Region IX in Mindanao										
Subproject Cost Estimate in 1,000 PHP (pesos)										
		Units	'nit Cos	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments	
I	Base Costs									
A	Civil Works									
1	General (RoRo Ramp + Passenger Terminal)							8,000		
	1	Mobilization RoRo/Passenger Terminal	ls	1	6,500	65%	35%	6,500	For all projects	
	2	Mobilization Passenger Terminal	ls	1	1,500	65%	35%	1,500		
	3			1	-	65%	35%	-		
2	Port Facilities (RoRo Ramp)							113,039		
	1	Direct Costs		1	91,937	65%	35%	91,937		
	2	Preliminaries		1	13,310	65%	35%	13,310	Rehabilitation of concrete deck	
	3	Site Expenses	LS	1	7,792	65%	35%	7,792		
3	Buildings							62,400		
	1	Passenger Terminal Building	SM	2,400	25	65%	35%	60,000		
	2	Paving of Parking Area	SM	1,200	2.0	65%	35%	2,400		
4	Breasting Dolphins and Other Works (Ro Ro)							9,705		
	1	Breasting Dolphins		1	2,846	65%	35%	2,846		
	2	RoRo Back up Area		1	6,859	65%	35%	6,859		
5	Mitigating Measures							490		
	1	Environmental Measures		1	490	65%	35%	490		
						65%	35%			
	Total Civil Works					125,862	67,772	193,634		
B	Equipment (Passenger Terminal)									
	1	Cargo Handling (buses & trucks)	LS	1	15,604	10%	90%	15,604	Locally procured equipment	
	2	Security	LS	1	19,350	10%	90%	19,350	Scanners.	
	3	Cargo Handling Equipment by Private Sector				10%	90%	-	By private sector not included.	
	Total Equipment					3,495	31,459	34,954		
	Total Base Cost in 2006 Prices					129,358	99,231	228,588	228,588	OK
					2,488	1,908				
II	Consulting Services									
		Planning, Design, Construction Supervision & Mon		1	42,869	21,434	21,434	42,869		
		Other		1	-			-		
	Total Consulting Services					21,434	21,434	42,869	42,869	
III	Resettlement & Land Acquisition									
	Total Resettlement									No EVAT
IV	Administration of the Project by GOP									
	Total Administration 3.5 % of Base Cost							8,001	8,001	No EVAT
V	Taxes and Duties									
		EVAT	percent	12%	271,457	100%	0%	32,575		
		Duties on equipment	percent	3%	34,954	100%	0%	1,049	On imported items --> equipment	
	Total Taxes and Duties							33,623	33,623	
VI	Contingencies									
		Physical 10%	percent	10%	313,081	17,863	14,370	31,308	31,308	
		Price Escalation	% of costs	22%	344,389			75,782	20% of PE for both hub ports, noted but not included	
	Total Contingencies							107,090	107,090	
VII	Total including taxes without price escalation						420,171	344,389	344,389	Without price escalation
VIII	IDC (20% of total for hub ports)							42,339		Interest During Construction
IX	Total Subproject							386,727	386,727	Without price escalation

Subproject General Santos City Hub Port - Region XI in Mindanao
 Subproject Cost Estimate in 1,000 PHP (pesos)

		Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments
I Base Costs									
A	Civil Works								
1	General							12,000	
	1 Mobilization	LS	1	7,500	65%	35%	7,500		For all projects
	2 Temporary Facilities	SM	300	10	65%	35%	3,000		
	3 Engineer's Facilities	SM	150	10	65%	35%	1,500		
2	Port Facilities (Wharf Extension)							263,124	
	1 Wharf Structure	SM	6489	40	65%	35%	259,560		
	2 Rubber Dock Fenders	Units	22	95	65%	35%	2,090		Rehabilitation of concrete deck
	3 Mooring Bollards (30 T)	Units	11	85	65%	35%	935		
	4 Mooring Cleats (15 T)	Units	11	25	65%	35%	275		
	5 Used Tires (2 pcs)	Units	44	6	65%	35%	264		
3	Reclamation Works							160,824	
	1 Granular Fill	CM	174605	0.7	65%	35%	122,224		
	2 Rock Bulkhead (front and side)	LM	288	100	65%	35%	28,800		
	3 Rock Bulkhead (back)	LM	195	40	65%	35%	7,800		
	4 Geotextile and others	LS	1	2,000	65%	35%	2,000		
4	Wharf Reconstruction & Reclamation Works							342,715	
	1 Wharf Structure	SM	5460	40	65%	35%	218,400		ok
	2 Other Works	LS	1	7019	65%	35%	7,019		
	3 Reclamation Works for Reconstruction	LS	1	47,296	65%	35%	47,296		
	4 Runways	LS	1	20,000	65%	35%	20,000		
	5 Paving Blocks	LS	1	18,000	65%	35%	18,000		
	6 Asphalt	LS	1	10,000	65%	35%	10,000		
	7 Drainage	LS	1	5,000	65%	35%	5,000		
	8 Port Lighting	LS	1	2,000	65%	35%	2,000		
	9 Site Development	LS	1	2,000	65%	35%	2,000		
	10 Asphalt	LS	1	7,000	65%	35%	7,000		
	11 Drainage	LS	1	3,000	65%	35%	3,000		
	12 Port Lighting	LS	1	3,000	65%	35%	3,000		
5	Mitigating Measures							1,510	
	1 Environmental Measures	LS	1	1,510	65%	35%	1,510		
	Total Civil Works				507,112	273,060		780,173	
B	Equipment								Imported equipment
	1 Security Equipment	LS	1	19,350	10%	90%	19,350		Scanners
	2 Cargo Handling		0	-	10%	90%	-		Private sector provided cargo handling equipment
	3				10%	90%	-		
	Total Equipment				0	3		19,350	
	Total Base Cost In 2006 Prices				509,047	290,475	799,523	799,523	OK
II Consulting Services									
	Planning, Design, Construction Supervision & Monitoring		1	171,475	85,738	85,738	171,475		
	Other		1	-			-		
	Total Consulting Services				85,738	85,738	171,475	171,475	
III Resettlement & Land Acquisition									
	Total Resettlement	LS	1	-	100%	0%	-	-	No EVAT
IV Administration of the Project by GOP									
	Total Administration 3.5% of Base Cost		1	27,983	22,387	5,597	27,983	27,983	No EVAT
V Taxes and Duties									
	EVAT	percent	12%	970,998	100%	0%	116,520		
	Duties on equipment	percent	3%	19,350	100%	0%	581		On imported items --> equipment
	Total Taxes and Duties	percent					117,100	117,100	
VI Contingencies									
	Physical 10%	percent	10%	1,116,081	73,427	38,181	111,608	111,608	
	Price Escalation	% of costs	25%	1,227,689			305,335		80% of PE for both hub ports, noted but not included
	Total Contingencies						416,944	416,944	
VII	Total including taxes without price escalation					1,533,025	1,227,689	1,227,689	Without price escalation
VIII	IDC (80% of total for hub ports)	percent					169,354		Interest During Construction
IX	Total Subproject						1,397,043	1,397,043	Without price escalation

Feeder Port Subcomponent
Cost in US\$ (1,000) at 52 Php per US

	Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments
I Base Costs								
A Civil Works								
1	Bongao	1	5,224	3,395	1,828	5,224	8,394	
2	Jolo	1	8,394	5,456	2,938	8,394		
3	Sitangkai	1	2,129	1,384	745	2,129		
Total Civil Works				10,235	5,511		15,747	
B Equipment Imported equipment								
1	Bongao	1	95	10	86	95		
2	Jolo	1	121	12	109	121		
3	Sitangkai	1	55	5	49	55		
Total Equipment				27	244		271	
Total Base Cost in 2006 Prices				10,262	5,755	16,018	16,018	OK
				64%	36%			
II Consulting Services								
	Planning, Design, Construction Supervision & Monitoring	1	2,495	1,248	1,248	2,495		
	Other	1	-			-		
Total Consulting Services				1,248	1,248	2,495	2,495	
III Resettlement & Land Acquisition								
		Bongai	Jolo	Sitangkai				
	Total Resettlement	35	37	62	135	-	135	135 No EVAT
IV Administration of the Project by GOP								
	Total Administration 3.5 % of Base Cost	1	561	448	112	561	561	No EVAT
V Taxes and Duties								
	EVAT	percent	12%	18,513	100%	0%	2,222	2,222
	Duties on equipment	percent	3%	271	100%	0%	8	8 On imported items --> equipment
Total Taxes and Duties							2,230	2,230
VI Contingencies								
	Physical 15%	percent	15%	21,438	2,148	1,067	3,216	3,216
	Price Escalation	percent	25%	24,654			6,193	6,193
Total Contingencies							9,409	9,409
VII Total Including Taxes and Price Escalation							30,847	30,847
Total inclusive of Taxes without Price Escalation							24,654	
VIII Financial Charges during Implementation							3,385	3,385
	Interest during Construction (IDC)						3,082	
	Commitment Charges						73	
	Front-end Fees						231	
IX Total with Financial Charges and Price Escalation							34,232	34,232

Subproject Bongao Feeder Port - ARMM in Mindanao										
Subproject Cost Estimate in 1,000 PHP (pesos)										
	Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments		
I Base Costs										
A Civil Works										
1 General							29,345			
1	Mobilization	ls	12,500	1	65%	35%	12,500	For all projects		
2	Temporary facilities & Insurance	ls	16,845	1	65%	35%	16,845			
2 Port Facilities							188,312			
1	Expansion of back up area	sq m	18	750	65%	35%	13,500			
2	Rehabilitation of pier	sq. m.	3	3,600	65%	35%	10,800	Rehabilitation of concrete deck		
3	Reclamation for motor launch berth	sq. m.	18	3,825	65%	35%	68,850			
4	Quay Wall Steel Piles for motor launch berth	lm	413.312	125	65%	35%	51,664	Bongao		
5	Quay Wall Fendering and mooring system	ls	4048	1	65%	35%	4,048			
6	Blank	lm	0	1	65%	35%	-			
7	Breasting Dolphin with buoy marker	lm	1650	1	65%	35%	1,650			
8	New Pier on Piles	sq. m.	40	945	65%	35%	37,800			
3 Buildings							19,998			
1	Cargo Warehouse for Bongao Port	sq. m.	13.78	300	65%	35%	4,134			
2	Cargo Warehouse for motor launch	sq. m.	13.78	300	65%	35%	4,134			
3	Passenger Terminal Building	sq. m.	27.55	300	65%	35%	8,265			
4	Guardhouse	units	172.5	2	65%	35%	345			
5	Standby Power House for Bongao Port	sq. m.	34.44	9	65%	35%	310			
6	Standby Power House for motor launch	sq. m.	34.44	9	65%	35%	310			
7	Public Announcement System	units	1,250	2	65%	35%	2,500			
4 Access Road and Utilities							21,132			
1	Vehicle Parking Area Motor Launch	sq. m.	3	600	65%	35%	1,800			
2	Vehicle Parking Area Bongao Port	sq. m.	3	450	65%	35%	1,350			
3	Concrete Apron	sq. m.	3	1,150	65%	35%	3,450			
4	Access Road	sq. m.	3	2,297.5	65%	35%	6,893			
5	Sidewalk	sq. m.	2	352.5	65%	35%	705			
6	Perimeter Fence at Motor Launch Berth	l. m.	4.2	120	65%	35%	504			
7	Perimeter Fence at Bongao Port	l. m.	5.6	157	65%	35%	879			
8	Main Gate at Motor Launch Berth	units	120	2	65%	35%	240			
9	Water Supply	ls	726	1	65%	35%	726			
10	Fire Fighting System	ls	1,200	1	65%	35%	1,200			
11		units	1,000	0	65%	35%	-			
12	Lighting System	units	100	25	65%	35%	2,500			
13	Storm Drainage System	lm	2.037	240	65%	35%	489			
14	Embankment for Access Road	cu. M.	0.825	480	65%	35%	396			
5 Mitigating Measures							12,850			
Social Improvements										
	Sewerage System with Septic Tanks	ls	12,060	1	65%	35%	12,060	Included in resettlement costs		
					65%	35%	-			
	Environmental mitigation	LS	790	1	65%	35%	790			
					65%	35%	-			
Total Civil Works				176,564	95,073		271,637			
B Equipment										
Standby Generator										
		units	1800	2	10%	90%	3,600	Imported equipment		
Fok Lifts										
		units	1350	1	10%	90%	1,350			
		units			10%	90%				
Total Equipment				495	4,455		4,950			
Total Base Cost in 2006 Prices				177,059	99,528	276,587	276,587	OK		
II Consulting Services										
Design				50%	50%			See below		
Project Management + Construction Supervision				50%	50%			See below		
Total Consulting Services				50%	50%	45,414	45,414	Allocation of the CS costs to project		
III Resettlement & Land Acquisition										
Total Resettlement			1828	1	100%	0%	1,828	1,828	No EVAT	
IV Administration of the Project by GOP										
Total Administration (Equivalent to 3.5 % of Base Co			3.5%	276,587	80%	20%	9,681	9,681	No EVAT	
V Taxes and Duties										
EVAT				percent	12%	322,000	100%	0%	38,640	38,640
Duties on equipment				percent	3%	4,950	100%	0%	149	149
Total Taxes and Duties				percent					38,789	38,789
VI Contingencies										
Physical 15%				percent	15%	372,298			55,845	55,845
Price Escalation (PE)				% of costs	26%	428,142			112,718	35% of PE for the 3 feeder ports, noted but not included
Total Contingencies									168,562	168,562
VII Total Inclusive of taxes without price escalation						428,142	428,142	Without price escalation		
VIII IDC (35% of total for feeder ports)						56,085		Interest During Construction only		
IX Total Subproject						484,228	484,228	Without price escalation		

Subproject Jolo Feeder Port - ARMM in Mindanao										
Subproject Cost Estimate in 1,000 PHP (pesos)										
		Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments	
I	Base Costs									
A	Civil Works									
1	General									
	1	Mobilization	ls	12500	1	65%	35%	12,500	For all projects	
	2	Temporary facilities & insurance	ls	24394	1	65%	35%	24,394		
	2	Port Facilities							289,019	
	1	Reclamation	sq. m.	15	9,050	65%	35%	135,750		
	2	Construction of banca landing quay	sq. m.	15	2,100	65%	35%	31,500	Rehabilitation of concrete deck	
	3	Construction of motor launch berth	sq. m.	35	1,500	65%	35%	52,500		
	4	Construction of fastcraft berth	sq. m.	35	800	65%	35%	28,000	Jolo	
	5	Construction of Roro Ramps	units	4200	2	65%	35%	8,400		
	6	Construction of conventiona cargo/pax berth	sq. m.	35	800	65%	35%	28,000		
	7	Rehabilitation of lighthouse & install beacon	ls	2740	1	65%	35%	2,740		
	8	Demolition of deteriorating whrf	la	2129	1	65%	35%	2,129		
	3	Buildings							54,288	
	1	Covered walkway	lm	4	208	65%	35%	832		
	2	Ticketing Booth	sq. m.	5.50	114	65%	35%	627		
	3	Passenger Vendor Area	sq. m.	23	300	65%	35%	6,900		
	4	Cargo Transit Shed	sq. m.	12	1,500	65%	35%	18,000		
	5	Passenger Terminal	sq. m.	23	600	65%	35%	13,800		
	6	Various other items	ls	14129	1	65%	35%	14,129		
	4	Access Road and Utilities							43,790	
	1	Access Road improvements	ls	32,185	1	65%	35%	32,185		
	2	Utilities		1		65%	35%	-		
	3	Water Supply System	ls	700	1	65%	35%	700		
	4	Lighting System	ls	4,400	1	65%	35%	4,400		
	5	Drainage System	ls	2,745	1	65%	35%	2,745		
	6	Public Announce System	ls	1,760	1	65%	35%	1,760		
	7	Fire Fighting System	ls	2,000	1	65%	35%	2,000		
	5	Mitigating Measures							12,490	
		Social Improvements				65%	35%			
		Sewer System, Septic and Gargage Tanks	ls	12,000	1	65%	35%	12,000	Included in resettlement	
		Environmental mitigation	ls	490	1	65%	35%	490		
		Total Civil Works							283,713	152,768
								436,481		
B	Equipment									
		Standby Generator	units	1,800	2	10%	90%	3,600	Imported equipment	
		Fok Lifts	units	1,350	2	10%	90%	2,700	100 kva each	
			units			10%	90%			
		Total Equipment							630	5,870
								6,300		
		Total Base Cost in 2006 Prices							284,343	158,438
								442,781	442,781	
									OK	
II	Consulting Services									
		Design				50%	50%		See below	
		Project Management + Construction Supervision				50%	50%		See below	
		Total Consulting Services							50%	50%
								64,877	64,877	
									Allocation of the CS costs to project	
III	Resettlement & Land Acquisition									
		Total Resettlement							LS	1,928.5
						100%	0%	1,929	1,929	
IV	Administration of the Project by GOP									
		Total Administration (Equivalent to 3.5 % of Base Cost)							3.5%	442,781
						80%	20%	15,497	15,497	
									No EVAT	
V	Taxes and Duties									
		EVAT	percent	12%	507,658	100%	0%	60,919		
		Duties on equipment	percent	3%	6,300	100%	0%	189	On imported items --> equipment	
		Total Taxes and Duties							61,108	61,108
VI	Contingencies									
		Physical	percent	15%	586,191			87,929	87,929	
		Price Escalation (PE)	% of costs	24%	674,120			161,025	50% of PE for the 3 feeder ports, noted but not included	
		Total Contingencies							248,954	248,954
VII	Total Inclusive of taxes without price escalation									
								674,120	674,120	
VIII	IDC (50% of total for feeder ports)									
								80,122	Interest During Construction	
IX	Total Subproject									
								754,242	754,242	

Subproject Sitangkai Feeder Port - ARMM in Mindanao
Subproject Cost Estimate in 1,000 PHP (pesos)

		Units	Unit Cost	Quantity	Local Expenses	Foreign Currency	Cost	Subtotals	Description and Comments
I	Base Costs								
A	Civil Works								
1	General							23,596	
1	Mobilization	ls	12500	1	65%	35%	12,500		For all projects
2	Temporary facilities and insurance	ls	11096	1	65%	35%	11,096		
2	Port Facilities							52,530	
1	Proposed Expansion of Wharf	sq. m	30	480	65%	35%	14,400		
2	Rehabilitation of concrete slabs	sq. m	3	600	65%	35%	1,800		Rehabilitaton of concrete deck
3	Reclamation	sq. m	22	1,400	65%	35%	30,800		
4	Rehabilitation of fenders and mooring bollards	ls	4242	1	65%	35%	4,242		Sitangkai
5	Continuous stair landing	units	644	2	65%	35%	1,288		
3	Buildings							17,388	
1	Cargo warehouse	sq. m	13.87	304	65%	35%	4,216		
2	Passenger terminal building	sq. m	27.73	256	65%	35%	7,100		
3	Buildings for Government offices	sq. m	25.5	224	65%	35%	5,712		
4	Powerhouse	sq. m	40	9	65%	35%	360		
4	Pavement and Utilities							16,704	
1	Pavement and at reclamations area	sq. m	3	968	65%	35%	2,904		
2	Utilities		1	-	65%	35%	-		
3	Lighting system	ls	1500	1	65%	35%	1,500		
4	Fire fighting system	ls	500	1	65%	35%	500		
5	Public announcement system	ls	500	1	65%	35%	500		
6	Water supply system	ls	600	1	65%	35%	600		
7	Sewerage System	ls	10700	1	65%	35%	10,700		Including septic tanks.
5	Mitigating Measures							490	
	Social Improvements								
	Septic Tanks	units	0	-	65%	35%	-		Included in sewer system costs
	Environmental mitigation	ls	490	1	65%	35%	490		
					65%	35%	-		
	Total Civil Works				71,960	38,748		110,708	
B	Equipment								Imported equipment
	Solar power with backup generator set	ls	1500	1	10%	90%	1,500		100 kva each
	Fok Lifts	units	1350	1	10%	90%	1,350		
		units			10%	90%			
	Total Equipment				285	2,565		2,850	
	Total Base Cost in 2006 Prices				72,245	41,313	113,558	113,558	OK
II	Consulting Services								
	Design				50%	50%			See below
	Project Management + Construction Supervision				50%	50%			See below
	Total Consulting Services				50%	50%	19,463	19,463	Allocation of the CS costs to project
III	Resettlement & Land Acquisition								
	Total Resettlement	LS	3,239	1	100%	0%	3,239	3,239	
IV	Administration of the Project by GDP								
	Total Administration (Equivalent to 3.5 % of Base Cost)		3.5%	113,558	80%	20%	3,975	3,975	No EVAT
V	Taxes and Duties								
	EVAT	percent	12%	133,021	100%	0%	15,963		
	Duties on equipment	percent	3%	2,850	100%	0%	86		On imported items --> equipment
	Total Taxes and Duties	percent					16,048	16,048	
VI	Contingencies								
	Physical	percent	15%	156,283			23,442	23,442	
	Price Escalation (PE)	% of costs	27%	179,725			48,308		15% of PE for the 3 feeder ports, noted but not included
	Total Contingencies						71,750	71,750	
VII	Total Inclusive of taxes without price escalation						179,725	179,725	Without price escalation
VIII	IDC (15% of total for feeder ports)						24,037		Interest During Construction only
IX	Total Subproject						203,762	203,762	Without price escalation

Appendix ES-D

Project Management and Coordination

Appendix ES-D: PROJECT MANAGEMENT AND COORDINATION

Prior to loan effectiveness and in agreement with ADB, the Government through the DOTC will establish a Project Steering Committee (PSC) composed of key agencies that will have an involvement with the implementation of the ITDP (**Figure D-1**). An Executive Order to be issued by the Office of the President will create the various project committees required to meet technical and financial regulatory requirements to the satisfaction of the Government and ADB. The DOTC-led PSC will coordinate the implementation of the project and will provide policy directives to the agencies given responsibility for specific components of the ITDP. This Committee, chaired by the DOTC Secretary, includes the respective heads and officials of:

- Mindanao Economic Development Council (MEDCO);
- National Economic and Development Authority (NEDA);
- Department of Public Works and Highways (DPWH);
- Department of Tourism (DOT);
- Department of Finance (DOF);
- Department of Budget and Management (DBM);
- Regional Government of the Autonomous Region in Muslim Mindanao (ARMM);
- Provincial Government of Palawan; and
- Attached agencies of DOTC, namely:
 - Philippine Ports Authority (PPA);
 - Maritime Industry Authority (MARINA);
 - Air Transportation Office (ATO); and
 - Civil Aeronautics Board (CAB)

The PSC will be supported by an Inter-Agency Technical Working Committee (IATWC) which will directly liaise with counterparts from the above agencies, and will be headed by the DOTC Assistant Secretary for Planning and Project Development who will also be the Project Director of the ITDP Project Management Office (PMO). The PMO will have day-to-day responsibility for the implementation of the ITDP and will act as the secretariat of the PSC and the Inter-Agency Technical Working Committee.

The PMO will have overall responsibility for the day to day supervision of the ITDP and will be chaired by the Assistance Secretary of Planning and Development. The IATWC will provide advisory assistance to the PMO and liaison with key agencies of the Government on a routine basis. To assist the PMO on a day to day basis, the consultant providing planning, design, tendering and construction supervision services for the Airport and Feeder Port Components will also act as the project coordination consultant to the PMO.

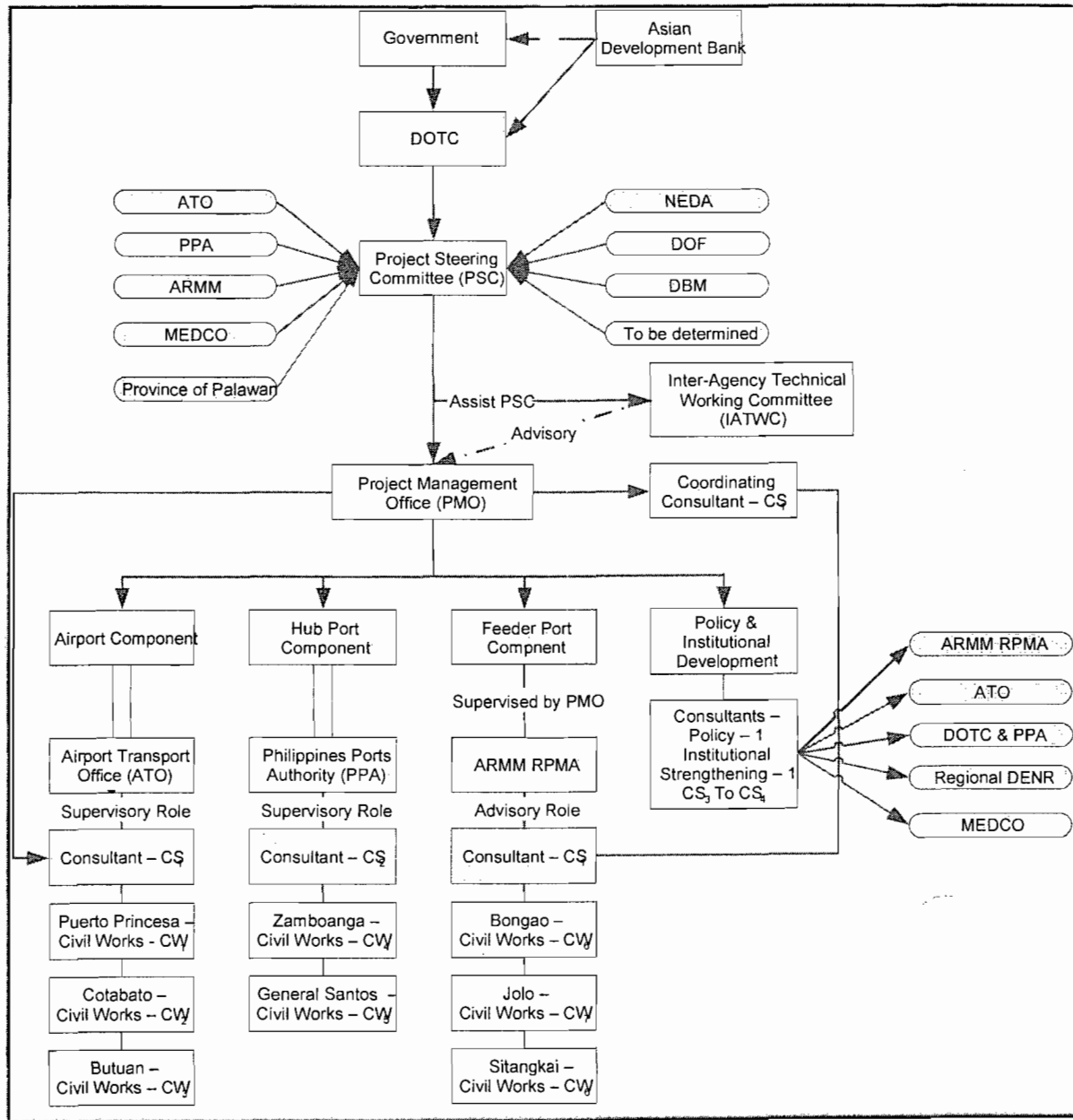


Figure D-1: ITDP Project Organization and Inter-relationships

Appendix ES-E

Implementation Schedule

Appendix ES-E: IMPLEMENTATION SCHEDULE

1. **Activities through Loan Effectiveness:** The following activities are expected to be completed by October 2007:

- Approval of the feasibility study by the Government and ADB by December 2006;
- Loan negotiations;
- Loan Approvals and signature by mid-July 2007; and
- Conditions to be met by the Government prior to loan effectiveness (assumed to take up to three months).

2. **Activities after Loan Effectiveness:** Taking into consideration these factors, the project schedule was developed based on the following major activities:

- Completing the preliminary designs and other studies necessary to finalize the designs;
- Completing on-going environmental, cultural and permitting activities described elsewhere in the report;
- Completing on-going resettlement and land acquisition activities described elsewhere in the report;
- Preparation of the final detailed final designs and bid documents for all subprojects;
- Tendering (bidding, bid evaluation and award) the civil works contracts;
- Construction of the civil works; and
- Procurement of equipment.

3. Based on these activities, **Table E-1** summarizes the time required to implement the key project activities according to: (i) a "short" or optimistic forecast of the time needed. It assumes a minimum of delays and that everything falls into place on time; (ii) a "long" or pessimistic outlook which is based on long and unforeseen delays and more time needed to implement various project activities than anticipated. A "most likely" (ML) scenario is estimated on a realistic assessment of the duration of each activity based on past experience with similar types of projects.

Table E-1: Proposed Implementation Schedule

Sub-project Duration Based on MS Project	Start	End	Duration in Days	Duration in Years	Rank by Duration	
					Shortest	Δ Time
Puerto Princesa	10/16/07	04/04/12	1,632	4.47	4	0.25
Cotabato	10/16/07	01/04/12	1,541	4.22	3	0.01
Butuan	10/16/07	01/04/12	1,541	4.22	2	0.01
Zamboanga	10/16/07	01/02/12	1,539	4.21	1	0.00
General Santos City	10/16/07	08/05/13	2,120	5.80	8	1.59
Bongao	10/16/07	07/03/12	1,722	4.71	6	0.50
Jolo	10/16/07	02/03/13	1,937	5.30	7	1.09
Sitangkai	10/16/07	07/03/12	1,722	4.71	5	0.50

Start = Effectiveness of loan End = Of construction

Appendix ES-F

Overall Economic Evaluation of the Project

Appendix ES-F: OVERALL ECONOMIC EVALUATION OF THE PROJECT

1. **Base Case:** An economic evaluation of the entire project is made to determine its overall viability. The EIRR and the ENPV at 15% are estimated by summing all the economic cost of the subproject as well as the O&M costs to estimate the annual cost. Likewise, all the subproject benefits were estimated over the life of the project. The annual cash flows are then estimated. The EIRR for the entire project is 24% as shown in table below. The ENPV is positive.

2. **Sensitivity Tests:** Three sensitivity tests are done for 20 % increase in all costs, 20 % decrease in all project benefits and a combination of both cases, which presents the worst scenario – 20% benefits with increasing costs of 20%. The EIRR drops to:

- 21% when costs are increased by 20%;
- 20% when benefits are decreased by 20% and
- 17% for the worst case scenario.

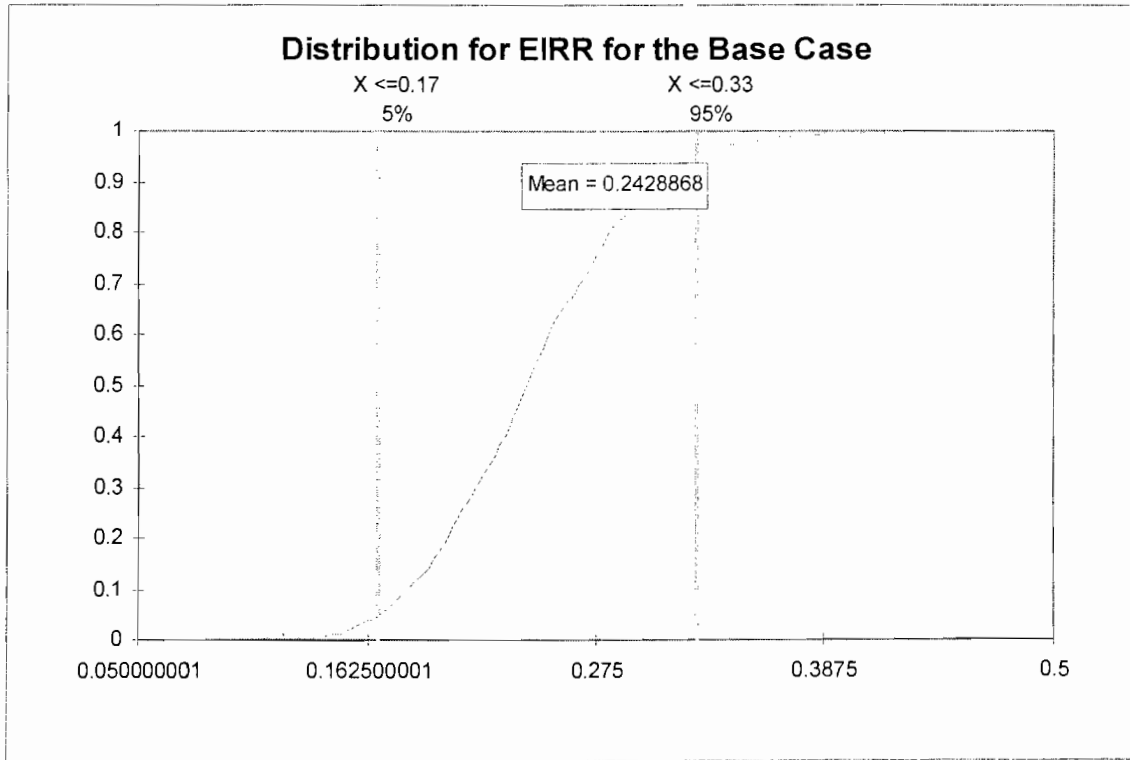
3. **Risk Assessment:** The impact on the main variable of economic viability is estimated with the following assumption:

- Normal distribution;
- Initial capital costs have a standard deviation of 0.25;
- O&M costs have a standard deviation of 0.5 since they are less well know; and
- Benefits have a standard deviation of 0.75 since they are even more difficult to estimate and less well understood than are the project costs.

4. The @risk formula calculates the spread indicating a range of values. For the Base Case, the probability of the EIRR of being less than 17% is 5% while the probability of it falling bellow 33% is 95% as shown in the table below. Similar ranges are estimated for the sensitivity tests.

Name	Minimum	Mean	Maximum	x1	p1	x2	p2	x2-x1	p2-p1
EIRR - Base Case	5%	24%	47%	17%	5%	33%	95%	16%	90%
EIRR + 20% Cost	9%	21%	42%	14%	5%	28%	95%	14%	90%
EIRR -20% Benefits	8%	20%	41%	14%	5%	27%	95%	13%	90%
EIRR + 20% Cost & -20% Benefits	7%	17%	36%	12%	5%	24%	95%	12%	90%
ENPV - Php 1,000	(3,929,287)	4,157,552	11,127,800	917,621	5%	7,313,983	95%	6,396,363	90%
ENPV + 20% Cost - Php 1,000	(5,467,760)	3,002,675	10,433,210	(301,558)	5%	6,353,277	95%	6,654,835	90%
ENPV -20% Benefits - Php 1,000	(4,681,902)	2,171,165	8,207,654	(488,848)	5%	4,855,279	95%	5,344,127	90%
ENPV +20% Cost & -20% Benefits - Php 1,000	(6,220,375)	1,016,288	7,513,066	(1,765,380)	5%	3,771,256	95%	5,536,635	90%

5. Graphically, the distribution of the EIRRs for the Base Case is shown in the figure below:



Appendix ES-G

Summary Initial Poverty and Social Analysis (IPSA)

**Appendix ES-G: SUMMARY INITIAL POVERTY AND SOCIAL ANALYSIS (IPSA)
Intermodal Transport Development Project (ITDP) for the Southern Philippines**

A. Linkages to the Country Poverty Analysis

Is the sector identified as a national priority in country poverty analysis? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Is the sector identified as a national priority in country poverty partnership agreement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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Contribution of the sector or sub-sector to reduce poverty in the Philippines:

The ITDP will directly support the current ADB country strategy for the Philippines (2004-2006), which stresses the *“high priority to improve access to remote areas of the Southern Philippines, at relatively low costs and improve the efficiency of the intermodal transport system, by reducing deficiencies in land, air and sea systems and improving network interconnections”*. The proposed project will build on the work and lessons learned from recent similar projects, including the ADB Third Airports Development Project.

In addition to pursuing poverty reduction and economic growth objectives of the GOP as described in the country’s Poverty Partnership Agreement with the ADB (2001) and the country’s current Medium-Term Development Plan (2005 - 2009), the ITDP will support the continued sector-level policy dialogue on:

- 1) Policies and regulatory issues which adversely affect the delivery of transport services;
- 2) Increased Private Sector Participation (PSP) and Public-Private Partnership (PPP);
- 3) Strengthening intermodal transport planning.

The project’s focus on southern Philippines, namely Mindanao including, the Autonomous Region in Muslim Mindanao (ARMM) and Palawan, reflects the GOP’s commitment to pursue a *“peace and development”* agenda for Mindanao, and to revitalize the transport and trade linkages under the Brunei Darussalam, Indonesia, Malaysia, the Philippines – East ASEAN Growth Area (BIMP – EAGA).

Seven of the eight proposed airport and port subprojects service areas include at least one of country’s 44 poorest provinces and many involve conflicted areas. These subprojects will provide critically needed improvements to existing transport facilities and their intermodal linkages. Moreover, by targeting isolated areas for improvement and development of transport infrastructure, the ITDP will link remote communities to provincial and regional centers and markets. More specifically, the needs of poor transport users will be addressed through: the establishment of mechanisms to lower transport costs and improve access to facilities at the ports for boats that are used by the poor; development of components suitable for PSP / PPP initiatives (such as providing small retailing facilities at low rents for poor retailers to earn income from the expanded ports); and improvement of transport facilitation and logistics used by the poor.

B. Poverty Analysis

Targeting classification:	General intervention
Sector(s):	Transport and Communications
Sub-Sector(s):	Airports, Ports and Shipping
Themes:	Sustainable economic growth, access improvement
Sub-Themes:	Fostering physical infrastructure

What type of poverty analysis is needed?

The initial short-term benefit to the poor will be the generation of jobs for unskilled and poor labor as the sub-projects are constructed. The poverty analysis estimates that 2,002 person-years of civil works jobs likely will go to poor workers for the construction of the airports sub-projects; 467 person-years of civil works jobs will go to poor workers from the construction of the hub ports; and 895 person-years of civil works jobs will go to poor workers from the construction of the feeder ports. In total, poor workers are expected to earn US\$ 4.5 million from the construction activities. To help enhance labor benefit to poor local residents and to improve gender equity during construction, it is recommended that subproject contractors be required to hire local laborers, including women, to the fullest extent possible.

The zones of influence for the hub and feeder ports being improved are quite large, and should benefit an estimated 2,970,000 poor people. The poor will face lower transport costs and should have improved access to inter-island markets, health facilities, and other social facilities. In the design of the projects, special small-scale retailing space in proposed facilities, if possible, should be added so that the poor will have increased opportunities to sell their products.

In the longer term, since most of the airport and hub port facilities being improved are for larger commercial and high-income passenger and freight movement, special efforts will be required to estimate the degree to which the poor can directly benefit from the operations of these new facilities.

For the airports, the composition of the freight moved by air was reviewed to determine how much, if any, of the freight would be produced by small poor fisherman and farmers.

For the hub ports, the same analysis as for the airports described above was conducted.

For the feeder ports, the full PSA assessed the feasibility of and recommended adding special landings and stairs to provide the purpose-designed facilities to accommodate outrigger canoes and small craft typically used by the poor. For the hub ports, the full PSA assessed the feasibility of setting aside shipping lanes exclusively for small boats and outriggers that are used by the poor, in addition to the extended port facilities described above for the feeder ports. This will improve access for the poor, giving them an opportunity to increase use of the ports' facilities, sell more marine and other products to the more central markets. This could also improve social connectivity, where members of poor households will be able to have access to schools and better health care facilities.

The specific work conducted to complete these tasks included:

1. Analysis of air and port cargo manifests for items that are likely to be produced by the poor;
2. Expert assessment of the degree to which the poor will benefit from the use of the ports to be improved;
3. Surveys, key informant interviews and focus group discussions at the ports to determine the potential benefits from the improvements that are likely to accrue to the poor
4. The preparation of a case study for the Bongao Feeder Port from which to generalize to the other 2 feeder ports. Given the port's context in the islands where the connectivity is being improve under this project, Bongao port is a good port for the case study.

The PSA provides a profile of project affected persons, likely users of the facilities, and villagers' perspectives on poverty and causes of poverty to identify their needs and demands for socio-economic development, and assess the degree of their support to the project and willingness to participate in the process for the Bongao Port Development sub-project and in all sub-projects where a Land Acquisition and Resettlement Plan (LARP) is required.

C. Participation Process

Is there a stakeholder analysis? Yes No

The proposed ITDP subprojects were identified, short-listed and selected from various national and local sources, and supported by the endorsements of regional or ARMM multi-sectoral development councils. A major portion of the ITDP loan involves airport subprojects that were adopted from the ADB Third Airport Development Project (ADB Loan 1356-PHI) for which an extensive process of participation and stakeholder involvement was followed in accordance with the ADB's procedures.

Preparation of the ITDP involved three (3) Regional Stakeholder Consultations and Workshops, involving 199 registered representatives from the private sector, NGOs, national, local and ARMM agencies. Local consultations, stakeholder discussions and/ or focus group discussions were also held at all subproject sites.

Is there a participation strategy? Yes No

To support the Phase 2 preparation of the project's Poverty and Social Analysis (PSA), a participatory process of consultation with beneficiaries and affected households, surveys and focus group discussions (FGDs) was designed for review and approval by the ADB. The results of the surveys and FGDs, including any recommended participation strategies, are reported and submitted separately in the PSA for the ADB review and approval.

D. Gender Development

Strategy to maximize impacts on women:

Yes No

The proposed types of airport and port subproject improvements, once in use, are considered to be gender neutral and women were well represented and directly involved in the subproject evaluation and selection bodies and process. Based on passenger records, women are projected to comprise a significant proportion of the transport users and beneficiaries of the completed facilities.

The impact on women, however, is very different during construction. The traditional division of gender roles and women's traditional exclusion from the construction benefits derived from transport projects were identified during focus groups discussions. The Project will seek modalities to promote gender equality and women's greater access to the employment opportunities provided by requiring civil works contractors to: (a) promote the employment of women workers during civil works and (b) carry out HIV/AIDS awareness and prevention campaigns in the ports.

Where resettlement is required, women and any households headed by women, may be particularly burdened by any socio-economic impact. Such potential impacts are addressed in the respective LARPs and LARP TORs prepared for all such activities and subject to ADB and local reviews and approvals.

Has an output been prepared?

Yes No

While the proposed improvements in physical infrastructure are considered to be gender neutral, a gender strategy is fully considered and integrated into the policy and institutional investments to be proposed under the ITDP, including proposed development of an environmental and social unit within the project's Executing Agency (Department of Transportation and Communications; DOTC).

Further, the LARPs will also identify specific measures to address resettlement and livelihood impacts on women and how women can participate in the implementation of the LARPs.

E. Social Safeguards and Other Social Risks

Item	Significant / Not Significant / None	Strategy to Address Issues	Output Required
Resettlement	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not Significant <input type="checkbox"/> None	Most land acquisition and resettlement requirements were properly planned and completed as part of the ADB 3 rd Airports Development Project. To address remaining requirements, a short LARP was prepared for the Bongao Port, SupplementalLARPs were prepared for the 3 airports and short LARP TOR prepared for Jolo and Sitangkai Port.	<input type="checkbox"/> Full <input checked="" type="checkbox"/> Short <input type="checkbox"/> None
Affordability	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not Significant <input type="checkbox"/> None	Operations and maintenance (O & M) costs for the completed subprojects is the primary affordability concern. O & M costs for the proposed types of transport facilities are expected to be reasonable and affordable to users who will cover most of these costs, supplemented as needed by national and local budgets for such basic infrastructure.	<input type="checkbox"/> Full <input type="checkbox"/> Short <input checked="" type="checkbox"/> None
Labor	<input checked="" type="checkbox"/> Significant <input type="checkbox"/> Not Significant <input type="checkbox"/> None	The proposed types of improved / expanded airport and port facilities and their generally remote locations suggest that the construction-methods selected will be labor-intensive and beneficial to local employment and economy during the construction and operation of these expanded transport facilities. It is recommended that all sub-project construction contracts should specify that local labor be utilized to the fullest extent possible to maximize these labor benefits.	<input type="checkbox"/> Full <input type="checkbox"/> Short <input checked="" type="checkbox"/> None
Indigenous People	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not Significant <input type="checkbox"/> None	All proposed subprojects involve existing transport facilities, generally located in the main city of each service area. Based on all available information and surveys, no communities of indigenous have been identified as being directly impacted by implementation of the proposed subprojects. Indigenous people do make up a larger percentage of the southern Philippines' population compared to the national average and thus should share an increased share of the project benefits.	<input type="checkbox"/> Full <input type="checkbox"/> Short <input checked="" type="checkbox"/> None
Other Risks and / or Vulnerabilities	<input type="checkbox"/> Significant <input checked="" type="checkbox"/> Not Significant <input type="checkbox"/> None	Some of the proposed ITDP subprojects involve conflicted areas that have historically caused security problems. All port and airport subprojects are well secured while the security situation in the respective areas has improved significantly in recent years.	<input type="checkbox"/> Full <input type="checkbox"/> Short <input checked="" type="checkbox"/> None

APPENDIX A

**ITDP
Terms of Reference**

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

A. Phase 1: Project Formulation

1. Phase 1 will prepare an intermodal transport³ development plan for southern Philippines, identify priority areas of intervention for the Asian Development Bank (ADB)-financed intermodal transport development project, and screen candidate subprojects. The study area will be Mindanao and Palawan. The following tasks will be carried out.

- (i) With a focus on the project area, collect updated information on the air and water⁴ transport systems in the Philippines', related to (a) networks; (b) operators and operations; (c) civil aviation, shipping and ferry, and land transport industry; (d) safety; (e) fares and tariffs; and (f) movement of goods.
- (ii) Discuss and review with the Government and other stakeholders: (a) the Government's medium- and long-term strategies and development plans for air and water transport and priorities; (b) complementarities with ongoing and planned projects;⁵ (c) transport and development/poverty reduction issues; (d) status of policies and policy reforms; (e) recommendations of recent studies;⁶ and (f) lessons from previous projects.
- (iii) Analyze air and water transport systems in the project area using data on infrastructure network, cargo and passenger flows;⁷ intermodal connections; links with Brunei, Indonesia, Malaysia, the Philippines-East ASEAN Growth Area (BIMP-EAGA)⁸ countries; transport fleets; and transport fares and tariffs.
- (iv) From the review of the Department of Public Works and Highways (DPWH) road master plan, road planning studies (footnote 3), and traffic statistics, identify the main land transport corridors, their traffic flows and problem areas, and the key links to improve for adequate connections with the port and airport networks.
- (v) Review national/regional economic development plans and data (including integrated development areas and regional development cooperation initiatives) and national/regional planning reports, which will form the basis for subsequent analyses. Identify the status of these plans.

³ In the context of the TA, intermodal transport refers to the integrated air, water, and land transport systems, consisting of inter- and intra-island routes.

⁴ Water transport includes maritime, ferry and inland water transport.

⁵ Including the Japan Bank of International Cooperation-financed roll on-roll off Ferry Network Development Project under the Trans-Visayas Intermodal Transport Network System and the Nationwide Feeder Ports Development Program, as well as the proposed ADB-financed Southern Philippines Airport Development Project and Rural Road Development Project.

⁶ The following studies will be of particular relevance for the technical assistance: ADB. 1997. *Philippine Transport Strategy Study*. Manila; ADB. 1997. *Civil Aviation Master Plan*. Manila; ADB. 2003. *Technical Assistance to the Republic of the Philippines for Rural Road Development Policy Framework*. Manila; Department of Interior and Local Government. 2003. *Mindanao Investment Plan*. Manila; World Bank. 1999. *Master Plan Study on Visayas and Mindanao Island Strategic Road Development*. Manila; Japan International Cooperation Agency. 2003. *National Ports Study*. Manila; OECF. 2000. *Master Plan for Feeder Port Development*. Manila.

⁷ Since origin and destination data are not available, the consultants will have to develop a trip matrix from available port and airport statistics using an appropriate tool.

⁸ ADB funded Regional TA 6013: Strengthening Subregional Cooperation in the Transport Sector of the Brunei, Indonesia, Malaysia, and Philippines East ASEAN Growth Area and Indonesia Malaysia Thailand-Growth Triangle countries completed. 2003 could be of particular relevance.

- (vi) Following review/update of existing data and forecasts, determine base year and future traffic for the modes of transport, and analyze the modal choice behavior and demand level to identify the main intermodal transport corridors, modes, flows and prioritize development needs. The forecasts should be adequate for selecting subprojects in phase 1 and as basis for the feasibility studies in phase 2.
- (vii) Review the institutional framework for intermodal transport infrastructure and services, and financing issues, include the role of various agencies involved in port and airport development, modalities for devolving port and airport operations to local government units (LGUs), and funding policies and mechanisms of the Government, LGUs, attached agencies, and private sector to finance the development of commercial and noncommercial transport infrastructure and services. Identify institutional constraints to such development under decentralization, including the particular situation of the Autonomous Region of Muslim Mindanao (ARMM), and implications for project financing and implementation.
- (viii) Review the legal and institutional framework, and recent and ongoing initiatives for private sector participation (PSP) in intermodal transport infrastructure and services; determine the opportunities and potential operational modalities (including risk allocation scheme) for public private partnership (PPP) in intermodal transport in southern Philippines.
- (ix) Prepare recommendations for improving of access to remote areas through sustainable commercial/missionary air and maritime feeder services, and for establishing a sustainable funding mechanism within the Project.
- (x) Hold regional and national consultation workshops with the actors and stakeholders in intermodal transport ARMM, Mindanao Economic Development Council (MEDCO), LGUs, transport operators and users, non-government organizations, private sector, and civil society.
- (xi) Integrate the results of the reviews, analyses, and consultations carried out in (i)-(x), and develop an integrated plan to overcome/mitigate problems, take account of economic development opportunities, and improve the efficiency and safety of the intermodal transport system in the project area. The consultants will include (a) the review of the output of recent relevant studies, lessons from previous projects, Government policies and programs, current organization of intermodal transport systems, current traffic demand, institutional framework (including ways to address/overcome implementation constraints), and opportunities for PSP/PPP; (b) results of consultations with all stakeholders; (c) traffic forecasts; and (d) recommended policies, infrastructure, transport network organization, transport services (including fleets), and transport safety systems (including security aspects).
- (xii) Prepare a long list of candidate subprojects for medium-term implementation including priority projects and ongoing studies of the Government, ARMM, LGUs.
- (xiii) Recommend priority areas for ADB intervention and key issues for policy dialogue.⁹ Propose a short-list of candidate subprojects for ADB financing, using these steps: (a) develop criteria for screening and ranking them by technical, economic, financial, environmental, and poverty/social/resettlement aspects, as

⁹ Such key issues will include policy and institutional constraints to intermodal transport development under decentralization, project implementation and sustainability, and channeling project benefits to the poor.

well as Government priorities, project readiness, and geographic focus of ADB's country strategy and program; (b) prepare the needed data to support the screening/prioritization criteria; and (c) screen and rank subprojects in the long list, and make recommendations for including them in the Project.

- (xiv) For each candidate subproject (a) determine the scope of work for the corresponding feasibility studies and environmental and social evaluation during phase 2; (b) identify the implementing agency (IA) for subproject preparation, review its project preparation capability, and assess its need for strengthening in technical, economic, financial, environmental, and social fields; identify the IA for subproject implementation and review its financial and implementation capacity; (c) identify the environmental category of the subproject using ADB's rapid environmental assessment checklist; review the IA's environmental management and monitoring capacity; and (d) prepare an initial social assessment (ISA) using ADB's *Handbook on Poverty and Social Analysis*; identify and analyze any constraints to land acquisition and resettlement activities that may affect subproject preparation and implementation, and recommend ways to overcome them.

2. At a tripartite meeting at the end of phase 1, the Government and ADB will jointly review the consultant methodology, findings, and recommendations, and will agree on (i) priority areas of intervention for the ensuing Intermodal Transport Development Project, (ii) a list of candidate subprojects to be further prepared for ADB financing, (iii) the corresponding IAs for project preparation (phase 2 of the TA) and implementation; and (iv) the principles guiding the financing arrangements for each subproject (contributions of the Government, DOTC attached agencies, ARMM, and LGUs) and on lending arrangements, if required. Feasibility studies to be undertaken during phase 2 will also be listed at the tripartite meeting, and the scope and terms of reference of phase 2 will be finalized. The consultants will incorporate the comments, and prepare a phase 1 final report/inception report for phase 2, including needed changes in the scope of work in phase 2.

B. Phase 2: Project Preparation

3. Phase 2 will consolidate the subprojects selected in phase 1 to develop a project suitable for ADB financing.¹⁰ The following tasks will be undertaken.

- (i) Carry out technical, economic, and financial appraisal of the selected subprojects. In maximizing PSP, and prepare feasibility studies following ADB guidelines. In particular: (a) review the key outputs from phase 1, socioeconomic data collected, and assumptions and methodology used for traffic forecasting; (b) review the scope of each subproject, including suitable components for PSP, and prepare capital and recurrent cost estimates; include coastal road connections to achieve the anticipated benefits and service quality; (c) prepare the economic analysis of the proposed project and each subproject following ADB's *Guidelines for the Economic Analysis of Projects*; determine the economic benefits and analyze their distribution among beneficiaries; carry out risk analysis following ADB's guidelines, and recommend measures to eliminate or mitigate such risks; (d) prepare the financial analysis of the proposed project and each subproject following ADB's *Guidelines for Financial Governance and Management of Investment Projects*, including impact on the financial performance of project

¹⁰ Subproject grouping and contract packages will be based on the *Guidelines for Procurement under ADB Loans*.

operating entities and detailed financial projections; (e) analyze tariffs and fares and recommend cost recovery measures for the project operating entities to consider; and for setting up financial and operational performance targets for more autonomy and accountability; and (f) develop PSP components, and provide guidelines on a legal and regulatory framework, project structuring and risk sharing, incentives for the private sector, financing, procurement, and contractual arrangements for these components.

- (ii) Using the environmental categorization in phase 1, review in detail the Government's environmental reports. Ascertain their conformity with ADB's *Environmental Assessment Guidelines* (2003), make appropriate technical comments to help Government finalize an environmental impact assessment (EIA)/initial environmental examination (IEE) report, and prepare a summary IEE/summary EIA report for each subproject. Recommend capacity building in environmental management and monitoring for IAs.
- (iii) Determine the need for land acquisition and compensation/resettlement for the selected subprojects; prepare a compensation policy framework and procedural guidelines, indicating general compensation and implementation procedures for the whole project, and individual land acquisition and resettlement plans for each subproject, in accordance with applicable laws and regulations and ADB's Policy on Involuntary Resettlement.
- (iv) In line with ADB's Policy on Indigenous People, prepare a policy framework for the Project, and a development plan for each subproject affecting indigenous people,
- (v) Conduct desk/field investigations for poverty and social analysis (PSA), consult with local stakeholders, and prepare a PSA report meeting the requirements of ADB's *Handbook on Poverty and Social Analysis*, using available national, regional and local statistics, include for the Project in general and each subproject area a socio-economic profile, a poverty profile, and a stakeholder analysis. The PSA will also identify (a) poverty issues related to livelihood, trade, and transport patterns in the Project areas based on statistical analysis and fieldwork; and (b) complementary physical/nonphysical interventions that may, if included in the Project, add to its poverty reduction potential, e.g., activities that would be suitable for funding under the Japan Fund for Poverty Reduction. Finally, on the basis of field investigations, the PSA will provide a social assessment of (a) the qualitative dimension of gender, age, ethnicity, education, livelihood patterns, and social vulnerability; and (b) the way local socioeconomic and political patterns may cause risks or opportunities in implementing the Project.
- (vi) Assess quantitatively the poverty impact of the Project, using ADB's methodology. With the project area or project influence area as the basis for analysis, outline the mechanisms, including micro- and macro-effects, through which the Project will help reduce poverty. Identify relevant indicators; formulate the methodology, plan, timing, and resource requirements to monitor the impact on poverty in the project influence area, and ensure that such indicators are introduced in the project framework and the project performance monitoring system (PPMS). Also, phase 2 will fine-tune the framework outlined in Appendix 1 to develop the PPMS.
- (vii) On the basis of the feasibility studies' cost estimates, help finalize the financing arrangements for each subproject: the contribution of the private sector, Government and attached agencies, ARMM, and LGUs and on lending

arrangements, if required. Propose ways to ensure proper maintenance of the subprojects, including through PSP and financial incentives, if necessary.

- (viii) Prepare a detailed implementation schedule for each project component, as well as for the overall Project. Prepare the project disbursement schedule. Identify critical project preparation activities and prepare a time-bound action plan to expedite them.
- (ix) Recommend appropriate arrangements for project implementation for DOTC and the various IAs (DOTC attached agencies, LGU, ARMM) as well as modalities for involvement of the private sector national and LGU agencies in charge of regional and infrastructure development. Propose an organizational scheme.
- (x) Recommend ways to strengthen the coordination and monitoring capacity of the DOTC and the implementation capacity of the IAs; focus on project preparation and implementation for resource persons in the IAs; draft terms of reference for project coordination and implementation consulting services under the Project, and assist the IAs in preparing invitations for consultants.
- (xi) Identify performance parameters for benefit monitoring and evaluation of the Project and formulate a project framework in accordance with ADB guidelines.
- (xii) Prepare an action plan for policy dialogue on areas identified in phases 1 and 2 as contributing to the weak performance of the sector; ensure full understanding of the constraints and policy alternatives to address them. Draft terms of reference to help the Government and concerned stakeholders address the issues in a time-bound manner.
- (xiii) Identify strengthening and training requirements for project-operating entities to meet the Government's policy objectives and to improve their financial and operational status; draft terms of reference for consulting services for capacity building.

C. Timing and Reporting Requirements

17. The TA will be implemented over 11 months: 4 for phase 1, and 5 for phase 2 (with a 2 month interval between the phases). The consultants will submit to the Government and ADB (i) an inception report at the end of month 1 after the TA starts; (ii) a first interim report at the end of month 4 covering phase 1, and a draft ISA; (iii) a second interim report including phase 1 final report and phase 2 inception report at the end of the 6th month of phase 2 including the Government/ADB comments and agreements on proposed subprojects for phase 2, as well as the final ISA; (iv) a draft final report for the whole TA at the end of the 4th month of phase 2, including drafts of the summary IEE/summary EIA, PSA, land acquisition and resettlement policy framework and procedural guidelines, land acquisition and resettlement plans, an indigenous people's policy framework and development plan, if required; and (v) a final report at the end of the 5th month of phase 2, including summary EIA/summary IEE, ISA, PSA, land acquisition and resettlement policy framework and procedural guidelines, land acquisition and resettlement plans, and indigenous people's policy framework and development plans, if required. Brief monthly progress reports will be submitted at the end of months when no other reports are due. Tripartite meetings involving the Government, ADB, and the consultants will discuss the findings of the inception, interim (2), and draft final reports. The consultants will submit (i) 20 copies of each report to the Government; and (ii) 10 copies of the inception report, interim reports, monthly progress reports, draft final report, and final report to ADB. An electronic copy of the final report on CD-ROM in .pdf format will also be submitted to ADB.

APPENDIX B

**Administrative Order
No. 140**



MALACAÑAN PALACE

MANILA

BY THE PRESIDENT OF THE PHILIPPINES

ADMINISTRATIVE ORDER NO. 140

**DIRECTING THE DEPARTMENT OF TRANSPORTATION AND
COMMUNICATIONS TO EXPEDITE THE INTERMODAL TRANSPORT
DEVELOPMENT PROJECT**

WHEREAS, the Government of the Philippines is implementing the Sustainable Logistics Development Program (SLDP) Road and Roll-on-Roll-Off Ferry Network and Coastal Service developed by the Development Bank of the Philippines in pursuit of one of the 10 points of the legacy agenda of the Arroyo administration, namely, to link the entire country through a network of transport and digital infrastructure;

WHEREAS, the Government of the Philippines prioritizes tourism investments in the Visayas, Palawan, Bicol and the small islands of Northern Mindanao;

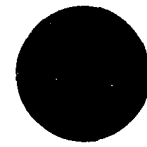
WHEREAS, the Government of the Philippines, with the technical assistance from the Asian Development Bank (ADB), is currently implementing the Intermodal Transport Development Project to improve the accessibility of Southern Philippines and contribute to the reduction of poverty in the areas of Mindanao and Palawan;

WHEREAS, the objectives of this study, among others, should be as follows:

- a. Prepare an integrated transport development plan for Mindanao and Palawan that will identify priority projects that will improve efficiency of intermodal (air, sea and land) transportation system in synchrony with the master plan for the SLDP and the priority tourism investments;
- b. Formulate recommendations on priority transport infrastructure projects for funding by ADB;

WHEREAS, the Department of Transportation and Communications (DOTC) is tasked to implement said project in two phases, to wit:

- a. Phase I involves the preparation of an intermodal transport development plan for Southern Philippines, identification of priority areas of intervention for the ADB, and screen potential subprojects that may be undertaken for the development of intermodal transport in Southern Philippines.
- b. Phase II involves the consolidation of subprojects identified in Phase I for the development of an intermodal transport development project for ADB financing.



WHEREAS, there is a need for the DOTC to expedite this project and closely coordinate with all relevant government agencies to ensure its effective implementation;
NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. The DOTC is hereby directed to expedite the ADB Intermodal Transport Development Project for Southern Philippines and organize a Project Management Office (PMO) for the ADB Intermodal Transport Development Project for the purpose.

Section 2. The PMO shall be headed by a senior official of the DOTC, with a deputy who is a senior official of the Mindanao Economic Development Council (MEDCO).

Section 3. The PMO shall prepare an integrated development plan for Mindanao and Palawan and formulate recommendations on priority transport infrastructure projects for funding by the ADB.

Section 4. The Secretary of DOTC and the Chairman of MEDCO are hereby authorized to call upon all other agencies whose assistance and support may be deemed necessary to the effective performance of its functions and such agencies as are hereby directed to extend full cooperation thereto.

Section 5. This Administrative Order shall take effect immediately.

Done in the City of Manila, this 13th day of February, in the year of our Lord Two Thousand and Six.

Gloria Arroyo



By the President:

Eduardo R. Ermita

EDUARDO R. ERMITA
Executive Secretary



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APPENDIX C

Coordination of Meetings and Workshops held in Phase 2

**Joint Steering Committee
and Technical Working
Committee Meeting on
Phase 2 Inception
Mission Report**

ADB INTERMODAL TRANSPORT DEVELOPMENT PROJECT (TA 4344-PHI)

DRAFT MINUTES OF THE JOINT STEERING COMMITTEE AND TECHNICAL WORKING COMMITTEE MEETING ON THE PHASE 2 INCEPTION REPORT 08 February 2006, DOTC, Mandaluyong City

I. Background

- 1.1 The findings and recommendations of the Consultant Team as contained in the First Interim Report (Draft Final Report of Phase 1) of the Technical Assistance (TA) on the Intermodal Transport Development for Mindanao and Palawan were discussed on 08 November 2005. A National Workshop was also held on 09 November 2005 to inform key stakeholders of the Phase 1 results.
- 1.2 The High-Level Tripartite Meeting between Asian Development Bank (ADB) and the Government of the Philippines (GOP) was held on 08 December 2005 at the Astoria Plaza Hotel, Pasig City to jointly review the consultant methodology, findings, and recommendations, and will agree on: (i) priority areas of intervention for the ensuing Intermodal Transport Development Project (ITDP); (ii) a list of candidate subprojects to be further prepared for ADB financing; (iii) the corresponding Implementing Agency/ies (IAs) for the project preparation phase (Phase 2 of the TA) and implementation; and (iv) the principles guiding the financing arrangements for each subproject (contributions of the GOP, DOTC attached agencies, ARMM, and LGUs) and on-lending arrangements.

II. Call to Order and Approval of the Meeting Agenda

- 2.1 The joint Meeting was held on 08 February 2006 at the DOTC Building, Mandaluyong City and presided over by Director Idefonso Patdu, Jr., DOTC. Mr. Shihiru Date, Transport Specialist, ADB attended the meeting.
- 2.2 The meeting agenda is provided in **Annex 1**, while **Annex 2** presents the list of participants.

III. Approval of the Minutes of the Tripartite Meeting

- 3.1 The meeting approved the draft Minutes of the Tripartite Meeting with the following corrections on Para. 6.5:

"Ms. Charlie Escaño, the MEDCo representative, informed the meeting of their concurrence with the procedures and criteria used to select the recommended shortlist of subprojects for detailed studies under Phase 2 and have no objection to the subprojects selected. Nevertheless, she requested the DOTC to explore other sources of funding for the three airport projects left out of the recommended shortlist, namely: Dipolog, Pagadian and Sanga-Sanga Airports. MEDCo also requested for the expansion of the BIMP-EAGA review to consider recent agreements to revive the traditional air and sea linkages and new arrangements."

- 3.2 **Annex 3** presents the approved Minutes of the Tripartite Meeting, as corrected.

IV. Comments of the First Interim Report

- 4.1 The Meeting was informed of the submission of written comments by the PPA and the CAB. The Consultant Team confirmed that these comments, including those provided by the ADB, were incorporated in the Second Interim Report, which was submitted last 03 February 2006 to the DOTC and ADB.

V. Phase 2 Inception Report

- 5.1 Dr. Charles Feibel, Team Leader, discussed the scope, specific tasks and project studies to be completed in Phase 2. Mr. George Esguerra, Assistant Team Leader, described the proposed intermodal transport sector reforms and institutional strengthening agenda. The presentation material for this agenda item appears as **Annex 4**.
- 5.2 On the road policy reform agenda, Mr. Date requested the Consultant Team to take into account the extensive work achieved under the ADB Regional Assistance on ASEAN Road Safety and the ADB Sixth Road Project for road safety issue; and the World Bank-funded National Roads Improvement and Management Project on axle load studies. The Consultant Team confirmed that these previous studies were reviewed, including the recently completed projects of the Japan International Cooperation Agency (JICA). As agreed, Phase 2 work will include the further review of these issues as well as the identification of critical road sections to be recommended for improvement.
- 5.3 On the domestic air services, the CAB representative, Mr. Porvenir Porciuncula requested the Consultant Team to include the review on the potential of introducing seaplanes following some proposals to the CAB on the use of Dornier bi-planes. The ITDP Team agreed to consider the possible use of this type of aircraft.
- 5.4 Mr. Date emphasized the required firming up of a time-bound sector reform program, particularly on civil aviation. With the inability of the DOTC and ATO to successfully pursue the agreed aviation sector and institutional reforms, any new loan to the DOTC will require a comprehensible action program to pursue sector restructuring. Substantial progress in the adoption of the sector reform agenda has to be demonstrated by the time of loan application. Moreover, infrastructure sustainability through the adequate provision of budgets for capital investment and maintenance needs to be assured.
- 5.5 Further on institutional reforms, Mr. Date reiterated the need to focus attention on governance issues in project implementation, rather than limiting the scope of the institutional study to project management capability. He cited lessons learned from previous ADB-funded airport projects where long delays were experienced due mainly to problems in the procurement and award of civil works and consulting services. The Consultant Team was reminded to explore various modalities to ensure the transparency and integrity of the bidding and award process, including the involvement of the Procurement Watch, an NGO group assisting the government in ensuring fair and honest procurement of goods and services as well as civil works.
- 5.6 The PPA representatives informed the meeting of its upcoming Board Meeting at which one of the agenda items is to confirm PPA's interest in pursuing port development for the hub ports of Zamboanga and General Santos. Expecting the participation of the PPA in the future ITDP loan package, Mr. Date confirmed that a sector loan approach will be followed instead of a project loan. Sector lending is expected to achieve a wider impact on the intermodal transport sector than a project loan through its integrated focus on sector policies, development perspectives, and development plans and programs.
- 5.7 For a sector loan, the level of subproject preparation planned for under Phase 2 by the Consultant Team is deemed suitable. **Table 1** presents the Phase 2 studies to be prepared under a sector loan. However, should the PPA port component be excluded,

the future ADB loan will be likely a stand-alone project loan, which will require the full elaboration of the project studies for the airport and feeder port subprojects with additional TA time and resources for the Consultant Team. These studies include the preparation of full land acquisition and resettlement plans (RAPs), poverty and social analyses (PSAs), initial environmental examinations (IEEs) and indigenous people policy frameworks and development plans.

- 5.8 On the query from the DOTC on the extent of poverty alleviation initiatives, Dr. Feibel informed the meeting that the Consultant Team will recommended facilities within the subproject site for handling boats and facilities for small businesses and/or for underprivileged passengers and marginal cargo shippers. In addition, off-site facilities (within 0.5 kilometer distance) to support poverty reduction objectives will be recommended. Mr. Date confirmed that under Phase 2 of the TA, these poverty reduction proposals will be identified and recommended, while the preparation of the designs and actual implementation will be undertaken as part of the loan project.
- 5.9 Regarding the overlays of runways in the Cotabato and Butuan airport subprojects, particularly for Cotabato Airport, the Consultant Team intends to include these as part of the subproject improvement package. However, the Consultant Team highlighted and the meeting agreed that the runway overlaying of Cotabato and Butuan Airports should be undertaken immediately using funds earlier committed by the DOTC.
- 5.10 The ARMM representative, Mr. Moslemin Bansuan, Executive Assistant V, Manila Liaison Office, expressed their appreciation for the current efforts to promote peace and development in ARMM provinces. He welcomed the ADB initiatives to develop the intermodal transport system within ARMM and the poverty alleviation objectives of the ITDP. He assured the meeting of the continued close cooperation and support of the ARMM Regional Government to the Consultant Team in undertaking the Phase 2 activities.

VI. Other Matters

- 6.1 Director Patdu informed the meeting of the dispatch to the Philippines of a JICA Preliminary Mission to discuss the scope of work and arrangements for the "Study on the Development of the Road RORO Terminal System for Mobility Enhancement," which will cover at least 28 RORO ports.
- 6.2 The NEDA representative, Ms. Rorelita Maralit, informed the meeting of the forthcoming NEDA Infrastructure Committee (Technical Committee) meeting by the end of February 2006. The meeting agreed to ask NEDA to arrange for the formal presentation of the Intermodal Transport Development Plan for the Southern Philippines at the Infrastructure Committee meeting.

VII. Schedule of the Next Meeting

- 7.1 The meeting was informed of the proposed Wrap-up Meeting of the ADB TA Review Mission by the first week of March 2006, which will be preceded by a field visit to Davao and Zamboanga cities.
- 7.2 The draft final report for Phase 2 is proposed to be presented to another joint meeting of the Steering Committee and its Technical Working Committee by mid-May 2006.

gde/15Feb06

Table 1: ITDP Phase 2 Subprojects and Scope of Work

Subproject	Present Status	Phase 2 SOW: Technical Studies	Phase 2 SOW: Environmental / Social Safeguards & Poverty Alleviation Initiatives		
			Environmental Safeguards	Social Safeguards	
Airport Subprojects					
1	Feasibility Study	<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Due Diligence of Designs Assist DOTC to extend issued Environmental Compliance Certificate (ECC) 	<ul style="list-style-type: none"> Due Diligence Review of Designs External RAP Monitoring by DOTC Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> No detailed studies
2	Feasibility Study	<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Due Diligence of Designs Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> Due Diligence Review of Designs External RAP Monitoring by DOTC Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> No detailed studies
3	Feasibility Study	<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Due Diligence of Designs Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> Due Diligence Review of Designs External RAP Monitoring by DOTC Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> No detailed studies
Hub Port Subprojects					
1	Feasibility Study	<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review Pre-Feasibility Study RoRo 	<ul style="list-style-type: none"> Initial Environmental Examination 	<ul style="list-style-type: none"> All PAPs were reportedly resettled by City after Dec. 15 fire. Assess resettlement actions taken by the city to date and general conformity to Government and ADB procedures. Analyze cargo and passengers for PSA 	<ul style="list-style-type: none"> Recommend facilities within the subproject site for handling smaller or outriggered boats and/ or facilities for small businesses for use by "poor" passengers and for cargo consumed or produced by the poor to support poverty alleviation objectives.
2	Feasibility Study	<ul style="list-style-type: none"> Update Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Initial Environmental Examination 	<ul style="list-style-type: none"> No land acquisition or resettlement required. Analyze cargo and passengers for PSA 	<ul style="list-style-type: none"> Not applicable (large commercial port)

DOTC - Department of Transportation and Communications
 ECC - Environmental Compliance Certificate
 RAP - Resettlement Action Plan
 PAP - Project-affected Persons
 PSA - Poverty and Social Analysis
 FS - Feasibility Study
 RoRo - Roll-On, Roll-Off
 IPDP - Indigenous People's Development Plan
 RAP TOR - Resettlement Action Plan Terms of Reference
 TOR - Terms of Reference

Subproject	Present Status	Phase 2 SOW: Technical Studies	Phase 2 SOW: Environmental / Social Safeguards & Poverty Alleviation Initiatives		
			Environmental Safeguards	Social Safeguards	Poverty Alleviation Initiatives
Feeder Port Subprojects					
1	No Feasibility Study	• Pre-Feasibility Study	<ul style="list-style-type: none"> • Due Diligence of Designs • Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> • Prepare RAP, if required.* • Prepare PSA Case Study. • Prepare IPDP TOR, if required.* • Prepare RAP TOR, if required.* • Analyze cargo and passengers for inputs to PSA. • Prepare IPDP 	For all 3 subprojects: Recommend facilities within the subproject site for handling smaller or outriggered boats and facilities for small businesses and/or for "poor" passengers and cargo produced or consumed by the poor and recommend additional off-site facilities (within 1/2 km) to support poverty alleviation objectives.
2	No Feasibility Study	• Pre-Feasibility Study	• Initial Environmental Examination	• Analyze cargo and passengers for inputs to PSA.	
3	No Feasibility Study	• Pre-Feasibility Study	• Initial Environmental Examination	<ul style="list-style-type: none"> • Prepare RAP TOR, if required.* • Analyze cargo and passengers for inputs to PSA. • Prepare IPDP TOR, if required.* 	

* It is anticipated that the Project Team will prepare at least one RAP, if resettlement is required due to proposed subproject design features. If resettlement is required in more than one subproject, RAP TORs will be prepared in these ports.

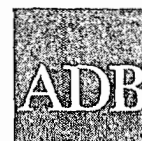
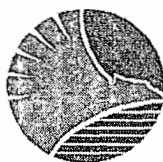
DOTC - Department of Transportation and Communications
 ECC - Environmental Compliance Certificate
 RAP - Resettlement Action Plan

PSA - Poverty and Social Analysis
 FS - Feasibility Study
 RoRo - Roll-On, Roll-Off

IPDP - Indigenous People's Development Plan
 RAP TOR - Resettlement Action Plan Terms of Reference
 TOR - Terms of Reference

Overall ITDP Project Safeguards		Environmental Safeguards	Social Safeguards	Poverty Alleviation Initiatives
1	Summary IEE	Yes		
2	Land Acquisition and Resettlement Policy Framework*		Yes	
3	Poverty and Social Analysis (PSA)		Yes	
4	Consultation	Yes	Yes	Yes
5	Indigenous People Policy Framework (IPPF)		Yes	

*Draft Land Acquisition and Resettlement Policy Framework and Procedural Guidelines (LARPPFG) provided in First Interim Report requires review and approval by DOTC and concerned LGUs prior to project appraisal.



ITDP STEERING COMMITTEE AND INTER-AGENCY
TECHNICAL WORKING COMMITTEE
MEETING NO. 2006-01
on the
PHASE 2 INCEPTION REPORT
08 February 2006, DOTC, Mandaluyong City
2:00 pm – 5:00 pm

AGENDA

- I. Call to Order
- II. Minutes of the 8 December 2005 Tripartite Meeting - For approval
- III. Business Arising from the Minutes - For deliberation
- IV. Comments on the First Interim Report - For information
- V. Phase 2 Inception Report - For deliberation
 - Scope of Phase 2
 - Phase 2 Tasks
 - Project organization, staffing and schedule
 - Project studies to be completed in Phase 2
 - Issues and Recommendations
- VI. Other Matters
- VII. Schedule of Next Meeting

Republic of the Philippines
DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS
Columbia Tower, Ortigas Avenue, Mandaluyong City, Metro Manila

ATTENDANCE

Meeting
Date
Time
Venue

Feb 6, 2017
9:15 am

NAME	AGENCY/ OFFICE	ADDRESS	TELEPHONE NO.	SIGNATURE
Charles A. Escobar	MEDCO	Manila City	2218109	[Signature]
Felixberto H. Roque	LB		09209606686	[Signature]
Crispin E.D. Diaz	PCU		917 09573262977	[Signature]
Vicky Imelmedo	LBG	Manila City	810-3500	[Signature]
Shihim Date	ADB	6 ADP Ave	632-6782	[Signature]
Alce Benoloy	PCI		8576210	[Signature]
KRISTINE VICARINO	NEDA	Pasig City	6389307	[Signature]
ERASTO J. FERNANDEZ PPA		CAG. DE ORD. CITY		[Signature]
REYNAND C. PARAFINA	PPA	H.O. South Harbor Mld	3019073	[Signature]
MELODY B. ESPERIDION	PPA	Head Office	3019073	[Signature]
CORAZON D. DOCTOLERO	ATD	Main Office	8799126	[Signature]
RORELITA R. MARALIT	NEDA - INFRA STAFF	PASIG CITY	6312192	[Signature]
Marlene Vinluan	NEDA	Pasig City	6312198	[Signature]
MARJEMIN BANSUAN	ARMM	PCI Bldg. Rada St. Manila City		[Signature]
FRANZ ARSI	DPWH - ADM	COT. CITY	0928003919	[Signature]
TIM APLAL	ARMM LAISON OFFICE	MAKATI		[Signature]
CHARLENE C. TORIBLENDE	DPWH - ADM	COT. CITY	4211637	[Signature]
Tungku Mangulamas	DPWH - ARMM	COTABATO CITY	4211637	[Signature]
PENGSON ASIHU	DPWH - ADM		0917770088	[Signature]

ADB INTERMODAL TRANSPORT DEVELOPMENT PROJECT (TA 4344-PHI)

MINUTES OF THE HIGH-LEVEL TRIPARTITE MEETING
08 December 2005, ADB Headquarters, Mandaluyong City**I. Background**

- 1.1 At a tripartite meeting at the end of Phase 1, the Government of the Philippines (GOP) and ADB will jointly review the consultant methodology, findings, and recommendations, and will agree on: (i) priority areas of intervention for the ensuing Intermodal Transport Development Project; (ii) a list of candidate subprojects to be further prepared for ADB financing; (iii) the corresponding Implementing Agency/ies (IAs) for the project preparation phase (Phase 2 of the TA) and implementation; and (iv) the principles guiding the financing arrangements for each subproject (contributions of the Government, DOTC attached agencies, ARMM, and LGUs) and on-lending arrangements, if required.
- 1.2 The findings and recommendations of the Project Team as contained in the First Interim Report (Draft Final Report of Phase 1), which was submitted on 04 November 2005 to DOTC and ADB, were discussed last 08 November 2005 during the DOTC-led Inter-Agency Technical Working Committee meeting. A National Workshop was also held on 09 November 2005 to inform key stakeholders of the Phase 1 results.

II. Call to Order and Approval of the Meeting Agenda

- 2.1 The High-Level Tripartite Meeting was held on 08 December 2005 at the ADB Headquarters, Mandaluyong City and jointly presided over by Assistant Secretary Robert Castañares, DOTC and Mr. Shihiru Date, Transport Specialist, ADB.
- 2.2 The meeting agenda is provided in **Annex 1**, while **Annex 2** presents the list of participants.

III. Opening Statements

- 3.1 Mr. Date conveyed his appreciation to the Project Team for satisfactorily completing the Phase 1 project formulation work within the prescribed schedule. Likewise, he thanked the participating government agencies, particularly the DOTC for its stewardship through the project committees and the counterpart DOTC Team.
- 3.2 Mr. Date outlined the progress to date of the ITDP TA, notably: the analysis of intermodal transport infrastructure, services and hinterland access in Mindanao and Palawan; the preparation of an integrated, intermodal transport development plan; the identification of the priority list of subprojects using the survey and matrix-based project evaluation and screening; the final ranking of the priority list of ports and airports project through a participatory approach with the conduct of regional stakeholder consultations and through the inputs of officials in the project committee meetings; and the proposed investment package and policy reform agenda.
- 3.3 Furthermore, Mr. Date requested an update on the signing of the Administrative Order (AO) creating formally the project committees. While citing the convening by DOTC of the project committees to discuss the reports prepared by the

Consultant have been very productive, Mr. Date emphasized that the AO is a government commitment for the effective implementation and monitoring of the TA.

- 3.4 On project financing, Mr. Date reported preliminary discussions with officials from the Japan Bank for International Cooperation (JBIC) indicated the difference in geographic focus of Japanese assistance and the unlikelihood of joint financing by both lending institutions for the Intermodal Transport Development Plan implementation. In addition, he reiterated the earlier plan to consider the small port development package identified under the Plan for financing under the Japan Fund for Poverty Reduction, a grant facility managed by the ADB. Mr. Date confirmed the new lending policy of the ADB allowing local cost financing, which could raise ADB funding from the usual 65% of the total project cost to a maximum of 95%. Finally, Mr. Date emphasized that the ADB has not set a limit on the possible loan package; and the size of capital assistance and the financing arrangement (DOF re-lending or direct lending to IAs) are matters for the GOP to decide.
- 3.5 In his opening remarks, Assistant Secretary Castañares expressed the sincere appreciation of GOP to the ADB for the TA to establish the intermodal transport plan for the Southern Philippines. He likewise congratulated the Project Team, comprising of experts from Louis Berger Group and Pacific Consultants International for the excellent work under Phase 1. On the recommended shortlist of subprojects, he reiterated the government's investment policy that only infrastructure projects identified under the Medium-Term Philippine Development Plan, 2004-2010 and its accompanying Medium-Term Public Investment Program, 2005-2010 would be considered for implementation.

IV. Highlights of the First Interim Report

- 4.1 The meeting proceeded with the discussion of the findings and recommendations contained in the First Interim Report. Mr. George Esguerra, Assistant Team Leader, presented the major conclusions in the review and formulation of the Intermodal Transport Development Plan and the recommended policy reform measures and institutional strengthening initiatives for further detailing under Phase 2. The presentation material for this agenda item appears as **Annex 3**.
- 4.2 Dr. Charles Feibel, Team Leader, discussed the technical approaches and the methodology in the identification, selection and prioritization of port and airport subprojects. He presented the recommended shortlist of subprojects as follows:
- Airports: Puerto Princesa, Cotabato and Butuan
 - Hub Ports: Zamboanga and General Santos
 - Feeder Ports: Bongao, Jolo, and Sitangkai.

Dr. Feibel also discussed the TA resources available for Phase 2, particularly the remaining person-month inputs of the Project Team, and the preliminary cost estimate of the total project package. Taking into consideration the available resources, Dr. Feibel presented the different levels of project preparation (e.g. pre-feasibility study, update of feasibility study, due diligence review/updating) that is proposed for each of the subprojects in the recommended shortlist in Phase 2. **Annex 4** presents the presentation material of Dr. Feibel.

V. DOTC Technical Working Committee Report

- 5.1 Director Idefonso Patdu, Jr. briefed the meeting on the results of the Inter-Agency Technical Working Committee Meeting on the First Interim Report last 08 November 2005. He likewise informed ADB that the DOTC submitted to the Office of the President the required certification on the counterpart fund support to the ADB TA as a requirement to the proposed issuance of the AO on the project committees.
- 5.2 Director Patdu further explained that the DOTC recently communicated to ADB their commitment to update/monitor by project staff/local consultants the Land Acquisition and Resettlement Action Plan (LARP) for the proposed airport subprojects and continue the LARP implementation monitoring as parallel activity to Phase 2.

VI. Government Agency Statements

- 6.1 Mr. Date requested comments from the representatives of PPA, NEDA, MEDCo and DBM, particularly concerning the recommended shortlist of subprojects, agency interest to proceed with the investment loan as well as anticipated land acquisition/resettlement problems.
- 6.2 Mr. Roberto Aquino, PPA-Planning, cited that, while the relocation of informal settlers is not a problem for the General Santos Port Project, the expansion of Zamboanga Port will pose some problems on land acquisition and squatter relocation. Presently, PPA is working directly with the Zamboanga City Government for the relocation of informal settlers. He stated that a full environmental impact assessment is required to complement the updating of the feasibility study to be undertaken under Phase 2.
- 6.3 On port tariff, Mr. Domingo Basig, PPA-Port Operations, clarified that there is really no confusion on the application of RORO rates. However, he conceded to the view by the Project Team of some problems arising because of mixed operations (e.g. CHA-RO, STO-RO, etc.). As further explained by Mr. Esguerra, the Phase 2 policy reform formulation will focus on various RORO operations and their applicable tariff structure and rates.
- 6.4 PPA requested confirmation that ARMM has been involved in the selection and prioritization of feeder port projects and their capacity to provide counterpart funds for projects. The meeting was informed of the involvement of ARMM in the ITDP activities, particularly its Regional Ports Management Authority. Regarding ARMM funding, Director Patdu informed the meeting of previous DOTC annual budgetary support to ARMM feeder port projects. He mentioned the possibility of continuing such support for ARMM port projects under ITDP, subject to the policy decision on the NEDA/ICC.
- 6.5 Ms. Charlie Escaño, the MEDCo representative, endorsed the recommended shortlist of subprojects for detailed studies under Phase 2. Nevertheless, she requested the DOTC to explore other sources of funding for the three airport projects left out of the recommended shortlist, namely: Dipolog, Pagadian and Sanga-Sanga Airports. MEDCo also requested for the expansion of the BIMP-EAGA review to consider recent agreements to revive the traditional air and sea linkages and new arrangements.

- 6.6 NEDA expressed its position that the proposed loan should be a sector/program loan instead of a project loan. This view was further supported by the representatives from DBM, noting the preference of the Department of Finance (DOF) to this loan arrangement. Both NEDA and DBM reminded PPA of the need for DOF-Corporate Affairs Group review of its financial capacity to borrow in anticipation of the ITDP loan.
- 6.7 Noting earlier statements of the PPA management of their interest to pursue the 10-port development program under its port modernization plan using foreign loans, Mr. Aquino expressed a view that the final decision to apply for capital assistance, which is to be made by the PPA Board, will have to await the completion of the feasibility study updates. Moreover, as reminded by NEDA and DBM, he cited the need for PPA to assess the impact of the proposed ADB loan on its long-term corporate financial viability as well as on PPA's neutrality or non-neutrality with respect to the consolidated public sector deficit.
- 6.8 Director Rosalinda Adriatico, DBM, reminded the Project Team to take into account in the detailed project studies the government's requirement for financial sustainability. Besides this, full budget cover for the loan component and counterpart funds can only be assured when the projects are incorporated in the IA's medium-term public investment program as approved by the NEDA Board.
- 6.9 DOTC informed ADB that should the proposed 2006 level of capital expenditure of DOTC be approved, new capital assisted projects may be considered for loan processing by 2007 for actual disbursement by 2009. With the additional funds generated from the EVAT, it is expected that the national government will be in a better financial position to proceed with the implementation of priority infrastructure projects, including the identified port and airport projects under ITDP.
- 6.10 Mr. Date, in summing up the agreements and next steps, reminded the meeting of the importance of continuing the transport policy reform program, particularly the restructuring of the civil aviation organization (corporatization of ATO) as earlier committed by GOP under the Davao International Airport Development Project and the Third Airports Development Project, and formulating new policy initiatives to promote intermodal transport in the Southern Philippines. Likewise, Mr. Date pointed to the immediate need for the implementing agencies to confirm their interest and commitment to pursue the recommended port and airport subprojects under an ADB loan package. He requested DOTC, ARMM (if required) and PPA to confirm such interest by early January 2006 so as not to delay the expected start of Phase 2 work from 04 January 2006.
- 6.11 Assistant Secretary Castañares, in closing, thanked the ADB for providing the TA and for hosting the Tripartite Meeting.

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ADB Intermodal Transport Development Project

**Phase 2
Inception Report**

08 February 2006

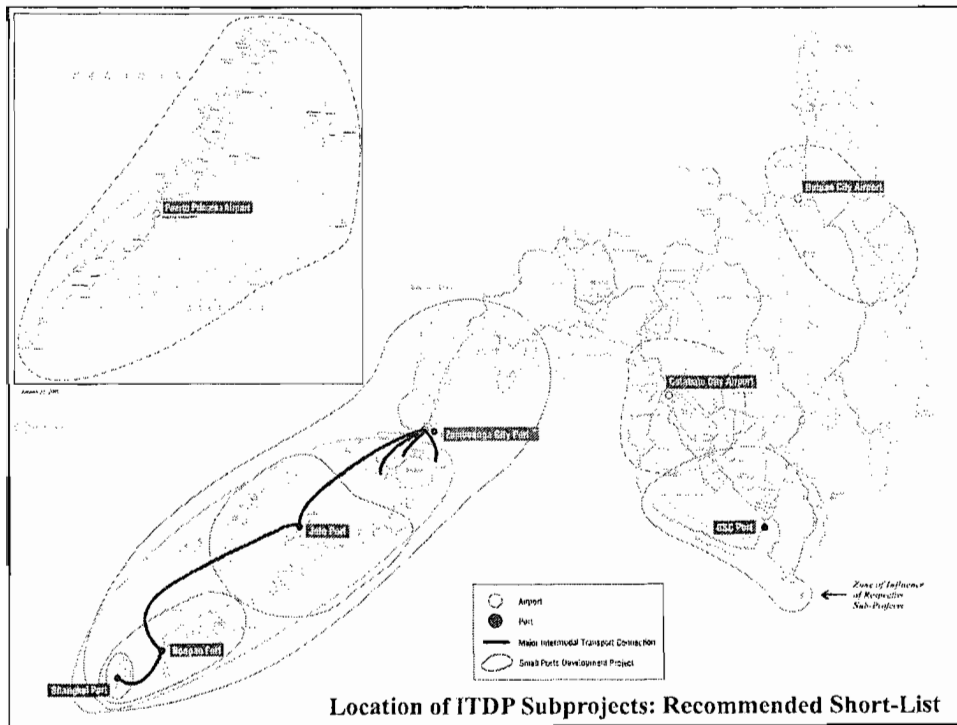
Scope of PPTA

- **Intermodal Transport Development Project**
 - **Phase 1:** Project Formulation (July – Nov. 2005)
 - **Phase 2:** Project Preparation (Jan. – June 2006)

- **Phase 1 scope:**
 - Identify priority interventions (investment, policy reform and institutional strengthening)
 - Identify suitable areas of intervention for ADB
 - Select candidate subprojects
 - Recommend investment program for evaluation and preparation in Phase 2

Scope of PPTA

- Tripartite meeting decides on shortlist of sub-projects and policy reform and institutional strengthening agenda
- Scope of Phase 2:
 - Feasibility studies of selected subprojects (technical, economic and financial analyses, assessment of environmental, social and poverty impacts)
 - Finalize implementation program, including capacity building, and policy and institutional reform agenda



Road Policy Reform

- Philippine Road Safety Action Plan (proposed follow-up work under JICA assistance)
- Axle Load Regulation and Cargo Truck Routes (proposed follow-up work under JICA assistance)
- Road management boards/units (NRIMP) _____
- New MVUC fees (under review of Congress)
- Critical Intermodal Road Links

Maritime Policy Agenda

- RORO ferry services (JICA Domestic Shipping Development Plan Study recommendations)
- RORO tariff rates and vehicle descriptions, including LGU-imposed fees and taxes
- Role of private ports in SRNH/RRTS program (EO 170-B)
- BIMP-EAGA sea linkages

Civil Aviation Reform Agenda

- Airport re-classification (JICA Airport Master Plan recommendations)
- Domestic air services (new aircraft fleet)
- Corporatization of ATO and management of airports (clusters, devolution of feeder airports, independent authorities)
- Revision of air transport charges and fees
- BIMP-EAGA and other regional air linkages

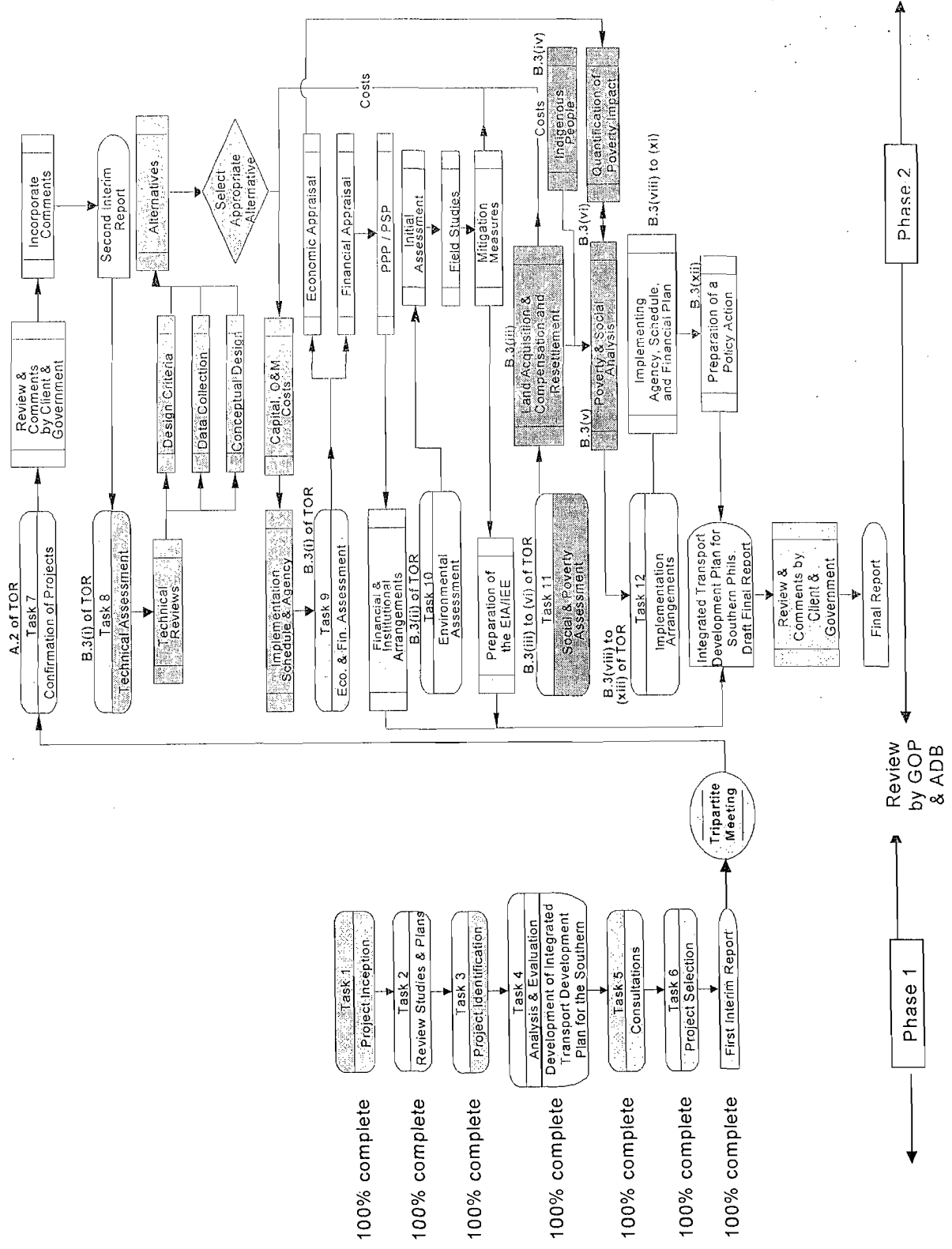
Institutional Strengthening

- Support to DOTC relative to AO 123 on RORO planning, development and implementation
- Support to maritime and aviation institutional reforms
- Project management capacity building
- Enhanced role of MEDCo and IMAGs in ITDP implementation and monitoring
- ARMM capacity building through on-going WB and JBIC Social Fund Program

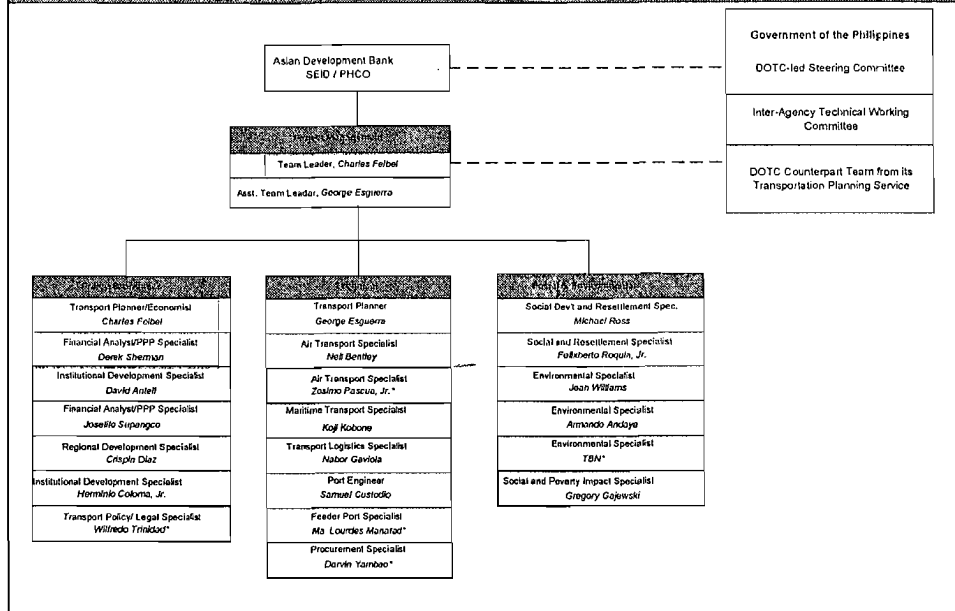
Tasks to be undertaken in Phase 2

- Task 7: Confirmation of projects for feasibility analysis;
- Task 8: Technical assessment;
- Task 9: Economic and financial assessments;
- Task 10: Environmental assessment;
- Task 11: Resettlement, land acquisition and poverty impact; and
- Task 12: Implementing arrangements and Final Report preparation.

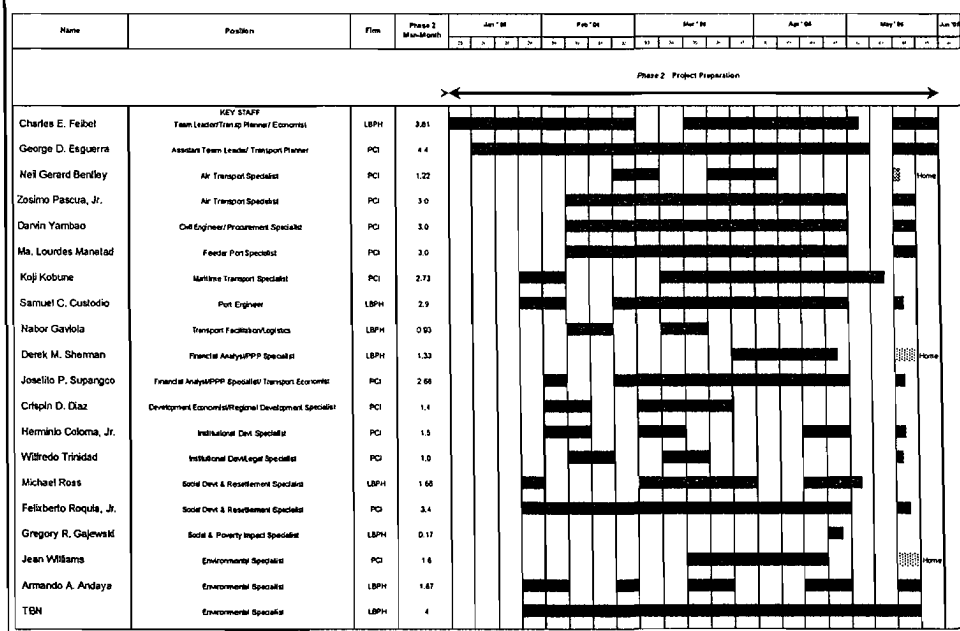
ITDP Task Flow Chart



Project Team Organization



Phase 2 Staffing Schedule



Phase 2 Task Schedule Overview

Task	Jan '06				Feb '06				Mar '06				Apr '06				May '06			
	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44
Phase 2 Project Preparation																				
Program Management:																				
2nd Interim Report Preparation																				
Monthly Reports																				
Draft Final Report Preparation																				
Final Report Preparation																				
Subproject Studies																				
Collect Available Information, Outlines, Schedules, Develop FS Template																				
Site Visit, Collect Data for FS, Environmental, Social and Conceptual Design																				
Prepare Conceptual Design																				
Cost Estimation																				
Feasibility Study																				
Preparation Environmental/Social Documents																				
Preparation Drafts for Final Report																				
Environmental Impacts Studies:																				
Conduct due diligence review of EOCs (3 Airports & Bangso)																				
Prepare Subproject IEEs (ZAM, GSG, JOLO, SIT)																				
Social Impact Studies:																				
Conduct due diligence review of RAPs																				
Prepare RAP and/or RAP TORs																				
Indigenous People's Dev. Plan and/or IFDP TORs																				
ITDP Safeguard Documents:																				
ITDP Summary IEE																				
Conduct Public Consultations on SIEE																				
ITDP Institutional Capacity Study																				
ITDP Poverty and Social Analysis (PSA)																				
Policy Analysis and Recommendations																				
Air / Sea / Intermodal / Road Institutional Issues:																				
Review Issues																				
Position Paper																				
Workshops																				
Revise/Prep drafts for Draft Final Report																				

Poverty Alleviation Initiatives

- **Complimentary Subproject Initiatives:** identified through “bottom-up” approach to improve access and facilities use at the Zamboanga hub port and three feeder ports by the “poor” and enhance social development benefits to adjacent communities. Up to US\$ 2 million in recommended detailed preparation and investment costs.
- **Small Port Development Sub-Package:** Separately prepared and funded by JPFR grant with estimated budget of US\$2 million. Objective to improve access and economic benefits for low-income, remote areas that are historically conflict-affected.

Environmental and Social

- Based on Phase 1 results, ITDP is “Environmental Category B” project and Summary Initial Environmental Examination (IEE) will be prepared for overall project. Also, additional subproject-level environmental and social safeguard documents.
- Draft Land Acquisition and Resettlement Policy Framework and Procedural Guidelines (LARPFPG) provided in First Interim Report requires review and approval by DOTC and concerned LGUs prior to project appraisal.

ITDP Phase 2 Studies to Prepare Recommended Short-Listed Subprojects (1)						
Subproject	Present Status	Phase 2 SOW: Technical Studies	Phase 2 SOW: Environmental / Social Safeguards & Poverty Alleviation Initiatives			
			Environmental Safeguards	Social Safeguards	Poverty Alleviation	
Airport Subprojects						
1	Puerto Prince	Feasibility Study	<ul style="list-style-type: none"> • Updated Feasibility Study • Due Diligence Review 	<ul style="list-style-type: none"> • Due Diligence of Designs • Assist DOTC to extend issued Environmental Compliance Certificate (ECC) 	<ul style="list-style-type: none"> • Due Diligence Review of Designs • External RAP Monitoring by DOTC • Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> • No detailed studies
2	Cotabato	Feasibility Study	<ul style="list-style-type: none"> • Updated Feasibility Study • Due Diligence Review 	<ul style="list-style-type: none"> • Due Diligence of Designs • Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> • Due Diligence Review of Designs • External RAP Monitoring by DOTC • Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> • No detailed studies
3	Butuan	Feasibility Study	<ul style="list-style-type: none"> • Updated Feasibility Study • Due Diligence Review 	<ul style="list-style-type: none"> • Due Diligence of Designs • Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> • Due Diligence Review of Designs • External RAP Monitoring by DOTC • Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> • No detailed studies

**ITDP Phase 2 Studies to Prepare
Recommended Short-Listed Subprojects (2)**

Subproject	Present Status	Phase 2 SOW: Technical Studies	Phase 2 SOW: Environmental / Social Safeguards & Poverty Alleviation Initiatives		
			Environmental Safeguards	Social Safeguards	Poverty Alleviation Initiatives
1 Zamboanga (Break Bulk Wharf FS & RoRo No FS)	Feasibility Study	<ul style="list-style-type: none"> • Updated Feasibility Study • Due Diligence Review • Pre-Feasibility Study RoRo 	<ul style="list-style-type: none"> • Initial Environmental Examination 	<ul style="list-style-type: none"> • Prepare RAP or RAP TOR (TBD) All PAPs were reportedly resettled by City after Dec. 15 fire • Analyze cargo and passengers for PSA 	<ul style="list-style-type: none"> • Assess possibility of handling smaller / outriggered boats and facilities for small businesses and/or facilities for "poor" passengers and cargo
2 General Santos City	Feasibility Study	<ul style="list-style-type: none"> • Update Feasibility Study • Due Diligence Review 	<ul style="list-style-type: none"> • Initial Environmental Examination 	<ul style="list-style-type: none"> • No land acquisition or resettlement required. • Analyze cargo and passengers for PSA 	<ul style="list-style-type: none"> • Not applicable (large commercial port)

**ITDP Phase 2 Studies to Prepare
Recommended Short-Listed Subprojects (3)**

Subproject	Present Status	Phase 2 SOW: Technical Studies	Phase 2 SOW: Environmental / Social Safeguards & Poverty Alleviation Initiatives		
			Environmental Safeguards	Social Safeguards	Poverty Alleviation Initiatives
1 Bongao	No Feasibility Study	<ul style="list-style-type: none"> • Pre-Feasibility Study 	<ul style="list-style-type: none"> • Due Diligence of Designs • Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> • Prepare RAP or RAP TOR (TBD) • Prepare PSA Case Study • Prepare IPDP or IPDP TOR (TBD) 	<ul style="list-style-type: none"> • Assess adding special landings, stairs and/or extended RoRo ramps for smaller / outriggered boat access and facilities for small businesses and/or facilities for "poor" passengers and cargo
2 Jolo (Sulu)	No Feasibility Study	<ul style="list-style-type: none"> • Pre-Feasibility Study 	<ul style="list-style-type: none"> • Initial Environmental Examination 	<ul style="list-style-type: none"> • Prepare RAP or RAP TOR (TBD) • Prepare IPDP (TBD) • Analyze cargo and passengers for PSA 	<ul style="list-style-type: none"> • Assess adding special landings, stairs and/or extended RoRo ramps for smaller / outriggered boat access and facilities for small businesses and/or facilities for "poor" passengers and cargo
3 Sitangkai	No Feasibility Study	<ul style="list-style-type: none"> • Pre-Feasibility Study 	<ul style="list-style-type: none"> • Initial Environmental Examination 	<ul style="list-style-type: none"> • Prepare RAP or RAP TOR (TBD) • Prepare IPDP or IPDP TOR (TBD) • Analyze cargo and passengers for PSA 	<ul style="list-style-type: none"> • Assess adding special landings, stairs and/or extended RoRo ramps for smaller / outriggered boat access and facilities for small businesses and/or facilities for "poor" passengers and cargo

**ITDP Phase 2 Studies to Prepare
Recommended Short-Listed Subprojects (4)**

Overall ITDP Safeguards		Environmental Safeguards	Social Safeguards	Poverty Alleviation Initiatives
1	Summary IEE	Yes		
2	Land Acquisition and Resettlement Policy Framework		Yes	
3	Poverty and Social Analysis (PSA)		Yes	
4	Consultation	Yes	Yes	Yes
5	Indigeneous People Policy Framework (IPPF)		Yes	

Issues and Recommendations

- Sector Loan or Project Loan
- Airport Terminals
- Airport Runway Overlays
- Initial Environmental Examinations (IEE)
- Resettlement Action Plans (RAP)
- Indigenous Peoples Development Plans (IPDP)
- Poverty and Social Analysis (PSA)

Identified Project Scope for Airport Subprojects

	Puerto Princesa	Cotabato	Butuan
Runway, airstrip, taxiway and apron	New 7.5 m runway shoulders on both sides; 300 m airstrip with 150 m graded portion; aircraft parking apron	Runway widening to 45 m; 138 m runway extension and inclusion of RESAs; runway overlay; establishment of 150 m airstrip	Runway widening to 45 m; 38 m runway extension; repairs of cracks in runway, taxiway and apron
Airside land development	Road improvements; drainage works; perimeter fencing	Road improvements, drainage works; perimeter fencing	Road improvements, drainage works; perimeter fencing
Passenger terminal	New building with security screening equipment	Refurbishment of existing terminal with security screening equipment	Refurbishment of existing terminal with security screening equipment
Other buildings/structures	New control tower; cargo terminal; RFFS; administration building	Refurbishment of control tower, RFFS and other structures	Refurbishment of control tower, RFFS and other structures
Other landside development	Vehicle parking area; new access road to main highway		
ANF, ATC and other equipment	Category 1 approach lighting to runway 27; PAPI lighting; obstacle lights; communications equipment; three new CFR vehicles; metrological equipment	Simple approach lighting; runway lighting; PAPI lighting; communications equipment; one new CFR vehicle; metrological equipment	PAPI lighting; communications equipment; one new CFR vehicle; metrological equipment
Other components	Operational and management improvements; off-site intermodal access improvements	Operational and management improvements; off-site intermodal access improvements	Operational and management improvements; off-site intermodal access improvements
Estimated cost, US\$ million	54.0	26.3	10.2

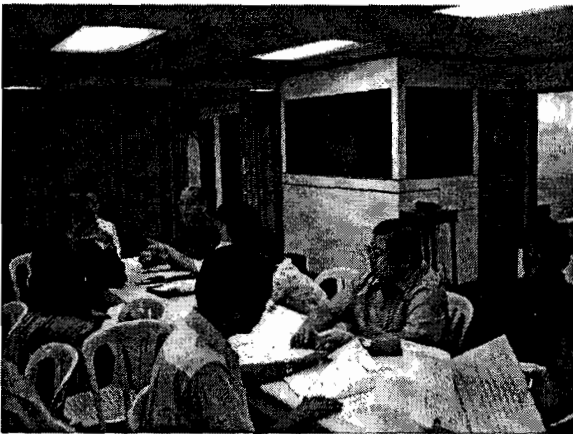
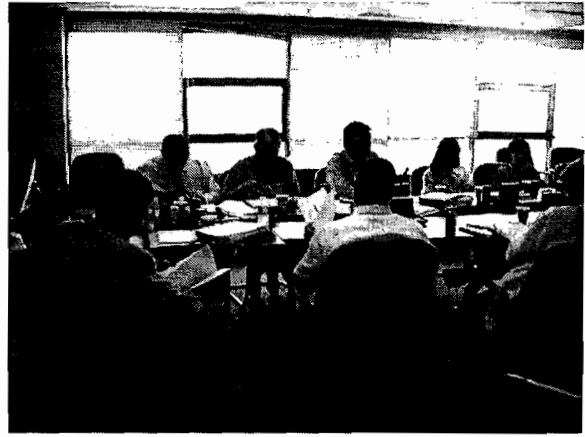
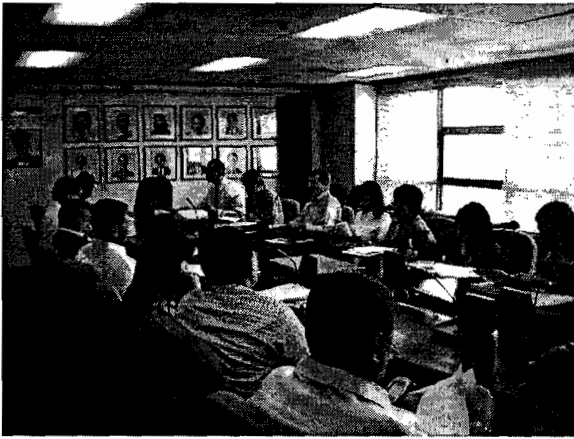
Identified Project Scope for Hub Port Subprojects

	Zamboanga	General Santos
Berth	Wharf extension for inter-island ships; construction of new pier; rehabilitation/improvement of wharf for small sea crafts and wooded vessels; new RoRo facility	New wharf deck on piles
Back-up area	Reclamation and paving of storage area	Reclamation of container yard
Passenger terminal	New terminal building or improvement of one of the existing terminals	New terminal building for long-distance ferry (5,325 m ²)
Other landside development	Improvement of utilities	Improvement of utilities
Equipment	Port security	one gantry crane; port security
Other components	Operational and management improvements; off-site intermodal access improvements	Operational and management improvements; off-site intermodal access improvements
Estimated cost, US\$ million	28.9	29.8

Identified Project Scope for Feeder Port Subprojects

	Jolo	Bongao	Sitangkai
Berth	Construction of new wharf, additional RoRo ramp	Pier expansion (30 m x 70 m deck on piles)	Wharf extension; rehabilitation of port structures; construction of breasting dolphins
Back-up area		Expansion of back-up area	
Passenger terminal	New terminal building (2,400 m ²)	New terminal building for long-distance ferry	New terminal building
Other buildings/structures	Cargo terminal (1,350 m ²)		Rehabilitation of cargo shed and storage area
Other landside development	Improvement of utilities, including water supply and lighting; traffic management facilities	Additional gate; vehicle parking area; access road improvement; improvement of utilities	Improvement of utilities, including water supply and lighting
Equipment	Cargo handling facilities		
Other components	Operational and management improvements	Operational and management improvements	Operational and management improvements
Estimated cost, US\$ million	14.7	17.9	0.5

Pictures Taken During Joint Steering Committee and Technical Working Committee Meeting on the Phase 2 Inception Report – February 8, 2006



**Joint Steering Committee
and Technical Working
Committee Meeting on the
ADB Phase 2 Inception
Mission Wrap-up Meeting**

ADB INTERMODAL TRANSPORT DEVELOPMENT PROJECT (TA 4344-PHI)

MINUTES OF THE JOINT STEERING COMMITTEE AND TECHNICAL WORKING COMMITTEE MEETING ON THE ADB PHASE 2 INCEPTION MISSION REPORT 07 March 2006, DOTC, Mandaluyong City

I. Background

- 1.1 The findings and recommendations of the Project Team on Phase 1 intermodal transport plan, and sector reforms and institutional strengthening agenda, including the Inception Report for Phase 2 (Project Preparation) as contained in the Second Interim Report were discussed on 08 February 2006. This joint meeting of the DOTC-led Steering Committee and its Technical Working Committee accepted the Study Team's methodology on the identification of priority subprojects for detailed studies, recommendations on the selected subprojects and the scope of work for Phase 2 studies.
- 1.2 The ADB fielded an Inception Mission of Phase 2 of the Technical Assistance (TA) for the Intermodal Transport Development Project from 8 February - 7 March 2006, headed by Mr. Shihiru Date, Transport Specialist, which included discussions with officials from the NEDA, DOTC and MEDCO, and field visits to Davao and Zamboanga.

II. Call to Order and Approval of the Meeting Agenda

- 2.1 The joint Meeting was held on 07 March 2006 at the DOTC Building, Mandaluyong City and presided over by Director Ildelfonso Patdu, Jr., DOTC. Mr. Shihiru Date attended the meeting for the ADB Inception Mission.
- 2.2 The meeting agenda is provided in **Annex 1**, while **Annex 2** presents the list of participants.

III. Approval of the Minutes of the Second Interim Report Meeting

- 3.1 The Meeting approved the draft Minutes of the Joint Meeting of the Steering Committee and Technical Working Committee on the Second Interim Report, including the Inception Report for Phase 2.
- 3.2 **Annex 3** presents the approved Minutes of the Second Interim Report Meeting.

IV. Project Preparation and Implementation Issues

- 4.1 Mr. Date briefed the Meeting on the objectives, activities and key findings of the ADB Inception Mission for Phase 2 of the TA. The report of the ADM Inception Mission is contained in the draft Aide Memoire distributed the meeting participants. **Annex 4** contains the draft Aide Memoire.
- 4.2 Mr. Date cited the progress of the TA in Phase 1 and the agreed Scope of Work for Phase 2. He noted that a proposed ADB loan likely in 2008 may contain three major civil works components, namely: (i) airports component: Puerto Princesa, Cotabato, and Butuan; (ii) hub ports component: Zamboanga, and General Santos; and (iii) feeder ports component: Jolo, Bongao, and Sitangkai. He further noted that, in the two ports components, a bottom-up approach to improve access and facilities to identify the poverty reduction interventions during feasibility study preparations. These interventions may be of multi-sector and small-scale investment type, which will be expected to further developed in the loan during the detailed design phase. Apart from these three

components, a cluster of about 30 small community interventions of port infrastructure is planned to be packaged and proposed for a grant from Japan Fund for Poverty Reduction (JFPR) of \$2 million.

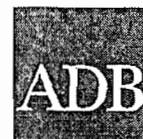
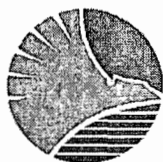
- 4.3 On the proposed borrowing from ADB, the Meeting noted the PPA Board Resolution in February 2006 approving the priority port investment projects which included the ports of General Santos and Zamboanga for possible ADB financing.
- 4.4 Mr. Date likewise confirmed that a sector loan approach will be adopted in the project preparation basically due to the large number of subprojects involved. **Annex 5** shows the extent of feasibility studies for these subprojects to be prepared in Phase 2.
- 4.5 On the land acquisition and resettlement action plans (LARPs) for the subprojects, the DOTC confirmed that it has organized the former staff of the Third Airport Development Project with the support of DOTC Planning Service and ATO to conduct the required due diligence review on the already completed LARP and implement external monitoring of these LARPs in Phase 2, with the possible assistance of local consultants.
- 4.6 Regarding the LARP for Zamboanga Port, noting the earlier concern raised by the ADB on the illegal settlers of Zamboanga port area, who have been removed due to a fire in December 2005, ADB requested the DOTC to verify the ownership of the land and to complete a due diligence report on the resettlement of the displaced families with assistance from the City of Zamboanga (who is presently resettling these families) by mid-March 2006 to determine whether a LARP according to ADB policy will be required.
- 4.7 The ADB Inception Mission noted that, during Phase 1, DOTC reconfirmed that the civil aviation reform agenda and other policy reforms should be revisited in the TA, since the several previous ADB interventions have proposed these and they were accepted by the GOP, however, these reforms have yet to be implemented. Any technical support to DOTC to follow up with the Philippine Congress and facilitate smooth passage may be enhanced through the TA, in Phase 2. The Study Team was asked to coordinate closely with the JICA airport master plan study team on their recommendations and prepare a schedule of activities, within Phase 2, to facilitate smooth passage of the draft policy reform bill in the Congress.
- 4.8 The DOTC informed the ADB Mission of the issuance of the Administrative Order by the Office of the President on the importance of the Intermodal Transport Development Project for Southern Philippines and instructed the DOTC to organize the necessary coordination mechanism to effectively pursue the proposed priority projects. The DOTC likewise informed the Meeting of the reactivation of the Third Airports Development Project-Project Management Office (PMO) into the ITDP-PMO.

4.9 Mr. Date reminded the Meeting of key milestones for Phase 2 as follows:

Start of Phase 2	3 January 2006
Field visits to Zamboanga and Davao	27-28 February 2006
End of inception mission of Phase 2	7 March 2006
Field visits to subproject sites	March-May 2006
End of Phase 2	early June 2006

4.10 The Meeting agreed with the ADB Mission's conclusions that the implementation of the TA is on track. The Meeting also confirmed the agreements on the remaining activities for Phase 2.

gde/06 April 2006



**INTERMODAL TRANSPORT DEVELOPMENT PROJECT
(TA 4344-PHI)**

**Phase 2 Inception Mission Wrap-up Meeting
07 March 2006, Conference Room, 16th Floor, DOTC, Mandaluyong City
10:00 am – 12:00 nn**

AGENDA

- I. Call to Order
- II. Draft Minutes of the Joint Meeting of the Steering Committee and Technical Working Committee on the Phase 2 Inception Report
- III. Project implementation issues in Phase 2
- IV. Schedule of remaining events of the TA
- V. Other Matters

ADB Intermodal Transport Development Project (TA 4344-PHI)
Wrap-Up Meeting
Conference Room, DOTC, Mandaluyong City
March 07, 2006, 10:00 am to 12:00 nn

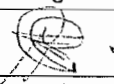
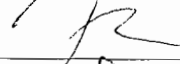
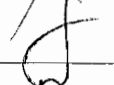

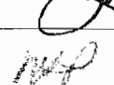
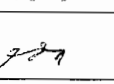
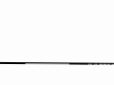
	Name	Agency/Office	ADDRESS	Tel. No.	Signature
1	YOLANDA U. BANSON	PPA	South Harbor Port Area, MIA	5278350 loc 320	
2	Mrs. Carmela Valencia	PPA	"	"	
3	Rebecca T. Garsuta	DPWH	Port Area, MIA	3043069	
4	BEUNDA A. PINOY	DBM	San. Miguel Lake	735-4882	
5	PORVENIR P. PORCIONCOSA	CSB		853 6781	
6	Kristine M. Villarino	NEDA	Ortigas Center, Pasig City	6389307	
7	Shihim Date	ADB	6 ADB Ave	632-6782	
8	Hubert Damatac	ATO	MIA ROW, PASAY CBD	8311021	
9	Corazon D. Doctotero	ATO	do	8799126	
10	Helen N CAMUS	ATO		8799109	
11	Alexandre L. Ampatuan Sr.	RPM-ARMM	ORG, Cotabato city	PA7064-421-1322 8928620 2502	
12	Koji Kobune	to ITDP	Makati		
13	Vicky Montenegro	IBG	Makati City	816 3804	
14	Charles Felt	ITDP		816 3804	
15	Mrs. Resa	ITDP		816 3804	
16	EC Galwanjit	DOTC			
17	R.S. LAVIDES	ATPD	DOTC	725 0464	
18	R. DAVID	RTPD	DOTC	727 7956	
19	D. LILLI	PMIS	DOTC		
20	F. PANGILINAN JR.	DOTC-ATPD		725 0464	
21	Glenda David	DOTC/TPS			
22	W.M. TRINIDAD	PCI	Makati	816 3804	
23	G. Esquerra	PCIP		816 3804	
24	R.O. Romero	Use ARB	DOTC		
25	Dir Pathe, Jr	TPS/DOJC		7271703	

ADB Intermodal Transport Development Project (TA 4344-PHI)

Wrap-Up Meeting

Conference Room, DOTC, Mandaluyong City

March 07, 2006, 10:00 am to 12:00 nn

	Name	Agency/Office	ADDRESS	Tel. No.	Signature
26.	Ruel T. Mallari	Usec for Maritime	DOTC	7266221	
27.	PAUL BIEN	DOTC - TPS	DOTC	727-1703	
28.	WILLIAM KIM	DOTC - TPC	DOTC	727-1703	
29.	ROBERT G. DEUTIN	DOTC	DOTC - WTPD	727 7956	
30.	JOSEPHINE R. BONDOC	DOTC - WTPD	unit G2 Columbia Tower Ortigas Ave. Mand. City	7277955	
31.	LOURDES PAGALUNGAN	DOTC - WTPD	Columbia Tower, Mand. City	727-79-55	
32.	Elsinta P. Arguwin	DOTC - WTPD	- same -	- same -	
33.					
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ADB INTERMODAL TRANSPORT DEVELOPMENT PROJECT (TA 4344-PHI)

MINUTES OF THE JOINT STEERING COMMITTEE AND TECHNICAL WORKING
COMMITTEE MEETING ON THE PHASE 2 INCEPTION REPORT
08 February 2006, DOTC, Mandaluyong City**I. Background**

- 1.1 The findings and recommendations of the Consultant Team as contained in the First Interim Report (Draft Final Report of Phase 1) of the Technical Assistance (TA) on the Intermodal Transport Development for Mindanao and Palawan were discussed on 08 November 2005. A National Workshop was also held on 09 November 2005 to inform key stakeholders of the Phase 1 results.
- 1.2 The High-Level Tripartite Meeting between Asian Development Bank (ADB) and the Government of the Philippines (GOP) was held on 08 December 2005 at the Astoria Plaza Hotel, Pasig City to jointly review the consultant methodology, findings, and recommendations, and will agree on: (i) priority areas of intervention for the ensuing Intermodal Transport Development Project (ITDP); (ii) a list of candidate subprojects to be further prepared for ADB financing; (iii) the corresponding Implementing Agency/ies (IAs) for the project preparation phase (Phase 2 of the TA) and implementation; and (iv) the principles guiding the financing arrangements for each subproject (contributions of the GOP, DOTC attached agencies, ARMM, and LGUs) and on-lending arrangements.

II. Call to Order and Approval of the Meeting Agenda

- 2.1 The joint Meeting was held on 08 February 2006 at the DOTC Building, Mandaluyong City and presided over by Director Idefonso Patdu, Jr., DOTC. Mr. Shihiru Date, Transport Specialist, ADB attended the meeting.
- 2.2 The meeting agenda is provided in **Annex 1**, while **Annex 2** presents the list of participants.

III. Approval of the Minutes of the Tripartite Meeting

- 3.1 The meeting approved the draft Minutes of the Tripartite Meeting with the following corrections on Para. 6.5:

"Ms. Charlie Escaño, the MEDCo representative, informed the meeting of their concurrence with the procedures and criteria used to select the recommended shortlist of subprojects for detailed studies under Phase 2. However, she reiterated MEDCo's request for the DOTC to explore other sources of funding for the three airport projects left out of the recommended shortlist, namely: Dipolog, Pagadian and Sanga-Sanga Airports, should these airports finally be excluded in this project. MEDCo also requested for the expansion of the BIMP-EAGA review to consider recent agreements to revive the traditional air and sea linkages and new arrangements."

- 3.2 **Annex 3** presents the approved Minutes of the Tripartite Meeting, as corrected.

IV. Comments of the First Interim Report

- 4.1 The Meeting was informed of the submission of written comments by the PPA and the CAB. The Consultant Team confirmed that these comments, including those provided by the ADB, were incorporated in the Second Interim Report, which was submitted last 03 February 2006 to the DOTC and ADB.

V. Phase 2 Inception Report

- 5.1 Dr. Charles Feibel, Team Leader, discussed the scope, specific tasks and project studies to be completed in Phase 2. Mr. George Esguerra, Assistant Team Leader, described the proposed intermodal transport sector reforms and institutional strengthening agenda. The presentation material for this agenda item appears as **Annex 4**.
- 5.2 On the road policy reform agenda, Mr. Date requested the Consultant Team to take into account the extensive work achieved under the ADB Regional Assistance on ASEAN Road Safety and the ADB Sixth Road Project for road safety issue; and the World Bank-funded National Roads Improvement and Management Project on axle load studies. The Consultant Team confirmed that these previous studies were reviewed, including the recently completed projects of the Japan International Cooperation Agency (JICA). As agreed, Phase 2 work will include the further review of these issues as well as the identification of critical road sections to be recommended for improvement.
- 5.3 On the domestic air services, the CAB representative, Mr. Porvenir Porciuncula requested the Consultant Team to include the review on the potential of introducing seaplanes following some proposals to the CAB on the use of Dornier bi-planes. The ITDP Team agreed to consider the possible use of this type of aircraft.
- 5.4 Mr. Date emphasized the required firming up of a time-bound sector reform program, particularly on civil aviation. With the inability of the DOTC and ATO to successfully pursue the agreed aviation sector and institutional reforms, any new loan to the DOTC will require a comprehensible action program to pursue sector restructuring. Substantial progress in the adoption of the sector reform agenda has to be demonstrated by the time of loan application. Moreover, infrastructure sustainability through the adequate provision of budgets for capital investment and maintenance needs to be assured.
- 5.5 Further on institutional reforms, Mr. Date reiterated the need to focus attention on governance issues in project implementation, rather than limiting the scope of the institutional study to project management capability. He cited lessons learned from previous ADB-funded airport projects where long delays were experienced due mainly to problems in the procurement and award of civil works and consulting services. The Consultant Team was reminded to explore various modalities to ensure the transparency and integrity of the bidding and award process, including the involvement of the Procurement Watch, an NGO group assisting the government in ensuring fair and honest procurement of goods and services as well as civil works.
- 5.6 The PPA representatives informed the meeting of its upcoming Board Meeting at which one of the agenda items is to confirm PPA's interest in pursuing port development for the hub ports of Zamboanga and General Santos. Expecting the participation of the PPA in the future ITDP loan package, Mr. Date confirmed that a sector loan approach will be followed instead of a project loan. Sector lending is expected to achieve a wider impact on the intermodal transport sector than a project loan through its integrated focus on sector policies, development perspectives, and development plans and programs.
- 5.7 For a sector loan, the level of subproject preparation planned for under Phase 2 by the Consultant Team is deemed suitable. **Table 1** presents the Phase 2 studies to be prepared under a sector loan. However, should the PPA port component be excluded,

the future ADB loan will be likely a stand-alone project loan, which will require the full elaboration of the project studies for the airport and feeder port subprojects with additional TA time and resources for the Consultant Team. These studies include the preparation of full land acquisition and resettlement plans (RAPs), poverty and social analyses (PSAs), initial environmental examinations (IEEs) and indigenous people policy frameworks and development plans.

- 5.8 On the query from the DOTC on the extent of poverty alleviation initiatives, Dr. Feibel informed the meeting that the Consultant Team will recommended facilities within the subproject site for handling boats and facilities for small businesses and/or for underprivileged passengers and marginal cargo shippers. In addition, off-site facilities (within 0.5 kilometer distance) to support poverty reduction objectives will be recommended. Mr. Date confirmed that under Phase 2 of the TA, these poverty reduction proposals will be identified and recommended, while the preparation of the designs and actual implementation will be undertaken as part of the loan project.
- 5.9 Regarding the overlays of runways in the Cotabato and Butuan airport subprojects, particularly for Cotabato Airport, the Consultant Team intends to include these as part of the subproject improvement package. However, the Consultant Team highlighted and the meeting agreed that the runway overlaying of Cotabato and Butuan Airports should be undertaken immediately using funds earlier committed by the DOTC.
- 5.10 The ARMM representative, Mr. Moslemin Bansuan, Executive Assistant V, Manila Liaison Office, expressed their appreciation for the current efforts to promote peace and development in ARMM provinces. He welcomed the ADB initiatives to develop the intermodal transport system within ARMM and the poverty alleviation objectives of the ITDP. He assured the meeting of the continued close cooperation and support of the ARMM Regional Government to the Consultant Team in undertaking the Phase 2 activities.

VI. Other Matters

- 6.1 Director Patdu informed the meeting of the dispatch to the Philippines of a JICA Preliminary Mission to discuss the scope of work and arrangements for the "Study on the Development of the Road RORO Terminal System for Mobility Enhancement," which will cover at least 28 RORO ports.
- 6.2 The NEDA representative, Ms. Rorelita Maralit, informed the meeting of the forthcoming NEDA Infrastructure Committee (Technical Committee) meeting by the end of February 2006. The meeting agreed to ask NEDA to arrange for the formal presentation of the Intermodal Transport Development Plan for the Southern Philippines at the Infrastructure Committee meeting.

VII. Schedule of the Next Meeting

- 7.1 The meeting was informed of the proposed Wrap-up Meeting of the ADB TA Review Mission by the first week of March 2006, which will be preceded by a field visit to Davao and Zamboanga cities.
- 7.2 The draft final report for Phase 2 is proposed to be presented to another joint meeting of the Steering Committee and its Technical Working Committee by mid-May 2006.

gde/15Feb06

ASIAN DEVELOPMENT BANK

TA-4344-PHI: INTERMODAL TRANSPORT DEVELOPMENT PROJECT
TA Inception Mission of Phase II
(8 February – 7 March 2006)Draft Aide Memoire

I. INTRODUCTION

1. The inception mission of phase II of the TA (the Mission) for the TA-4344-PHI: Intermodal Transport Development Project (the Project) was organized during 8 February – 7 March 2006¹. Asian Development Bank (ADB) representatives included Shihiru Date, Transport Specialist and Mission Leader, Lanfranco Blanchetti, Social Development Specialist, and Aileen Francisco, Assistant Project Analyst. The Mission had discussions in Manila with officials from the Government of Philippines (GOP), comprising National Economic and Development Authority (NEDA); Department of Transportation and Communications (DOTC); and Mindanao Economic Development Council (MEDCO), and field visits to Davao and Zamboanga.

2. A list of persons attending the meetings is in **Appendix 1**. This Aide Memoire (AM) reflects discussions held and the understandings reached during the Mission, all of which are subject to confirmation by the higher authorities of the GOP and ADB. The ADB representatives wish to express their appreciation for the courtesy and cooperation extended by DOTC during this Mission.

II. BACKGROUND

3. During the 2003 Country Programming Mission, the GOP requested ADB to provide technical assistance (TA) to prepare the Intermodal Transport Development Project for southern Philippines as part of the 2004 non-lending program. The corresponding Fact-Finding Mission was completed in October 2003, and TA-4344-PHI: Intermodal Transport Development Project was approved by ADB on 31 May 2004 for US\$1,000,000.

4. **TA Purpose and Output.** The TA will help the GOP formulate and prepare an Intermodal Transport Project that will improve access to the southern Philippines by (i) preparing an integrated transport development plan for Mindanao, and Palawan that will identify key priorities to improve the efficiency of the intermodal (air, sea, and land) transport system, (ii) formulating recommendations on priority areas for ADB intervention and a program of subprojects suitable for an ensuing ADB-financed project; and (iii) preparing selected subprojects.

5. **Methodology and Key Activities.** The two-phase methodology proposed for the PPTA places high emphasis on sound project formulation and subproject selection. Following an integrated transport system approach and building on the recommendations of the planning studies available for the various transport subsectors, Phase 1 is to (i) identify the priority interventions (capital investment, policy reform, and institutional strengthening) to improve the complementary road-port-airport network and related transport services in Mindanao and Palawan, (ii) identify suitable areas of intervention for ADB, (iii) select candidate subprojects, and (iv) recommend an investment program for evaluation and preparation in phase 2. During a

¹ The wrap-up meeting was held on 7 March 2006 at DOTC.

tripartite meeting at the end of Phase 1, reviewing the consultants' findings and recommendations jointly, the GOP and ADB will confirm the focus of Phase 2 and agree on a list of candidate subprojects, and the principles guiding the corresponding implementation and financing arrangements. The implementing agencies will then be requested to confirm their participation in the Project within 2 months. In view of the type and status of preparation of the selected subprojects, GOP and ADB will jointly decide whether a *project* or *sector* loan approach will be followed for project preparation during Phase 2, and the scope and terms of reference of Phase 2 will be finalized accordingly.

6. **Implementation Arrangements.** DOTC is the EA for the TA. A counterpart team led by the Transport Planning Service of DOTC assisted by the PMO-Ports was established to coordinate TA activities and work with the consultants on a daily basis. In order to promote transfer of knowledge to DOTC staff, the EA will provide full-time counterpart staff that will work with the consultants as an integrated team. A steering committee comprising DOTC, DOT, NEDA, DOF, and DOTC attached agencies, DPWH, DILG, MEDCO and ARMM was established to oversee the TA implementation. Integrated transport plan will be submitted to the Inter-Agency Technical Committee on Transport Planning (IATCTP) chaired by NEDA. Local stakeholders, including local governments, non-government organizations, private sector and civil society, will be involved through national and regional consultation workshops. Local governments participating in the Project as subproject implementing agencies, if any, will be also represented in the steering committee during Phase 2.

7. Louis Berger Philippines (the Consultant) was selected to carry out the TA. The Consultant was mobilized on 4 July 2005, completed the Phase 1 on 3 November 2005, and commenced Phase 2 on 9 January 2006.

III. PROGRESS OF THE TA IN PHASE I AND THE SCOPE OF WORK FOR PHASE 2

8. **Summary of Phase 1 work.** As outlined in para. 5, in Phase 1 the Consultant completed the analysis of existing intermodal transport system for Mindanao and Palawan, with focus on transport infrastructure in intermodal aspects, services, and hinterland access, made a refined long list of 44 subprojects, and proposed 14 airport and port subprojects in a preliminary shortlist, including the small port/boat landing facility package. From this proposed shortlist, the GOP-ADB Tripartite Meeting of 8 December 2005 approved 8 airport and port subprojects (see **Appendix 2**) for feasibility studies in Phase 2. As agreed with the NEDA, the Intermodal Transport Development Plan prepared under Phase 1 will be presented to the joint meeting of the Infrastructure Committee-Technical Board and the IATCTP in March 2006.

9. Paras 10 to 16 outline the scope of works for Phase 2.

10. **Subprojects for Phase 2.** These identified subprojects will be considered for a proposed loan likely in 2008 in three major civil works components: (i) airports component: Puerto Princesa, Cotabato, and Butuan; (ii) hub ports component: Zamboanga, and General Santos; and (iii) feeder ports component: Jolo, Bongao, and Sitangkai. In the two ports components, a bottom-up approach to improve access and facilities to identify the poverty reduction interventions during feasibility study preparations. These interventions may be of multi-sector and small-scale investment type, that will be expected to further develop in the loan, in detailed design. Apart from these three components, a cluster of about 30 small community

interventions of port infrastructure² is planned to be packaged and proposed for a grant from Japan Fund for Poverty Reduction (JFPR) of \$2 million.

11. **PPA borrowing from ADB.** In their resolution no 2049 on 9 February 2006 (**Appendix 4**), PPA decided to borrow ADB financing directly for the improvements of hub ports of Zamboanga, and General Santos. With this, the investment package is agreed among all concerned implementing agencies, subject to final approval of NEDA infrastructure committee in March 2006.

12. **Sector loan approach.** ADB confirmed that a sector loan approach will be adopted in the project preparation basically due to the large number of subprojects involved. Appendix 3 shows the extent of feasibility studies for these subprojects prepared in Phase 2.

13. **Land acquisition and resettlement action plans (LARPs).** In December 2005, DOTC agreed to recruit consultants for LARP for the proposed airport subprojects only where LARP have been completed (for airport projects, except for Zamboanga, only due diligence on the already completed LARP and external monitoring will be conducted), and implement external monitoring of these LARP in Phase 2. DOTC should update the status of this activity within March 2006.

14. **Zamboanga port's LARP.** During the field visits of 27 and 28 February 2006, ADB learnt that the illegal settlers of Zamboanga port area have been removed due to a fire in December 2005 (see **Appendix 5**). However, since this area is within the scope of improvements in the port, the ownership of the land has to be verified by DOTC within mid March 2006, and also complete a due diligence report on the resettlement of the displaced families with assistance from the City of Zamboanga (who is presently resettling these families). Based on this report ADB will decide if the port study needs a LARP according to ADB policy.

15. **Policy reform.** During Phase 1, DOTC reconfirmed that the civil aviation reform agenda and other policy reforms should be revisited in the TA, since the several previous ADB interventions have proposed these and accepted by GOP, however, yet to be implemented. Any technical support to DOTC to follow up with the Philippine Congress and facilitate smooth passage may be enhanced through the TA, in Phase 2. The Consultant should coordinate closely with JICA study team on the national aviation master plan on their recommendations and prepare a schedule of activities, within Phase 2, to facilitate smooth passage for the draft policy reform bill in the Congress.

16. **Administration Order (AO).** The draft AO, to be signed within September 2005 by the Presidents Office delegating the authority to DOTC to chair the SC and IATWC, has been delayed, so far. However, there have been no conflicts or disagreements in the TA implementation in either IATWC or SC. DOTC should follow up with the Presidents Office and update ADB on the status of the AO within March 2006.

IV. IMPLEMENTATION SCHEDULE

17. The key milestones for Phase 2, which started in the first week of January 2006, are indicated below.

² These are in line with the objectives of the Project in terms of enhancement of intermodal aspects and poverty reduction.

Start of Phase 2
Field visits to Zamboanga and Davao
End of inception mission of Phase 2
Field visits to subproject sites
End of Phase 2

9 January 2006
27-28 February 2006
7 March 2006
March-May 2006
early June 2006

V. CONCLUSION AND FOLLOW-UP ACTIONS

18. The TA is on track. There is agreement between the Mission, the EA, and the Consultant on the remaining activities for Phase 2. The Consultant should submit a schedule of field visits proposed for Phase 2, and work closely with DOTC on the items discussed in paras 13 to 16.

Shihiru Date
Transport Specialist/ Mission Leader
Asian Development Bank

7 March 2006

Table 1: ITDP Phase 2 Subprojects and Scope of Work

Subproject	Present Status	Phase 2 SOW: Environmental / Social Safeguards & Poverty Alleviation Initiatives			
		Phase 2 SOW: Technical Studies	Environmental Safeguards	Social Safeguards	
Airport Subprojects					
1	Puerto Princesa Feasibility Study	<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Due Diligence of Designs Assist DOTC to extend issued Environmental Compliance Certificate (ECC) 	<ul style="list-style-type: none"> Due Diligence Review of Designs External RAP Monitoring by DOTC Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> No detailed studies
2	Cotabato Feasibility Study	<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Due Diligence of Designs Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> Due Diligence Review of Designs External RAP Monitoring by DOTC Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> No detailed studies
3	Butuan Feasibility Study	<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Due Diligence of Designs Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> Due Diligence Review of Designs External RAP Monitoring by DOTC Analyze cargo for inputs to PSA 	<ul style="list-style-type: none"> No detailed studies
Hub Port Subprojects					
1	Zamboanga (Break Bulk Wharf FS & RoRo No FS) Feasibility Study	<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review Pre-Feasibility Study RoRo 	<ul style="list-style-type: none"> Initial Environmental Examination 	<ul style="list-style-type: none"> All PAPs were reportedly resettled by City after Dec. 15 fire. Assess resettlement actions taken by the city to date and general conformity to Government and ADB procedures. Analyze cargo and passengers for PSA 	<ul style="list-style-type: none"> Recommend facilities within the subproject site for handling smaller or outriggered boats and/or facilities for small businesses for use by "poor" passengers and for cargo consumed or produced by the poor to support poverty alleviation objectives.
2	General Santos City Feasibility Study	<ul style="list-style-type: none"> Update Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Initial Environmental Examination 	<ul style="list-style-type: none"> No land acquisition or resettlement required. Analyze cargo and passengers for PSA 	<ul style="list-style-type: none"> Not applicable (large commercial port)

DOTC - Department of Transportation and Communications
 ECC - Environmental Compliance Certificate
 RAP - Resettlement Action Plan
 PAP - Project-affected Persons
 PSA - Poverty and Social Analysis
 FS - Feasibility Study
 RoRo - Roll-On, Roll-Off
 IPDP - Indigenous People's Development Plan
 RAP TOR - Resettlement Action Plan Terms of Reference
 TOR - Terms of Reference

Subproject	Present Status	Phase 2 SOW: Technical Studies	Phase 2 SOW: Environmental / Social Safeguards & Poverty Alleviation Initiatives		
			Environmental Safeguards	Social Safeguards	Poverty Alleviation Initiatives
Feeder Port Subprojects					
1	No Feasibility Study	• Feasibility Study	<ul style="list-style-type: none"> • Due Diligence of Designs • Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> • Prepare RAP, if required.* • Prepare PSA Case Study. • Prepare IPDP TOR, if required. • Prepare RAP TOR, if required.* • Analyze cargo and passengers for inputs to PSA. • Prepare IPDP 	For all 3 subprojects: Recommend facilities within the subproject site for handling smaller or outtriggered boats and facilities for small businesses and/or for "poor" passengers and cargo produced or consumed by the poor and recommend additional off-site facilities (within 1/2 km) to support poverty alleviation objectives.
2	No Feasibility Study	• Pre-Feasibility Study	• Initial Environmental Examination	<ul style="list-style-type: none"> • Prepare RAP TOR, if required.* • Analyze cargo and passengers for inputs to PSA. • Prepare IPDP TOR, if required. 	
3	No Feasibility Study	• Pre-Feasibility Study	• Initial Environmental Examination	<ul style="list-style-type: none"> • Prepare RAP TOR, if required.* • Analyze cargo and passengers for inputs to PSA. • Prepare IPDP TOR, if required. 	

* It is anticipated that the Project Team will prepare at least one RAP, if resettlement is required due to proposed subproject design features. If resettlement is required in more than one subproject, RAP TORs will be prepared in these ports.

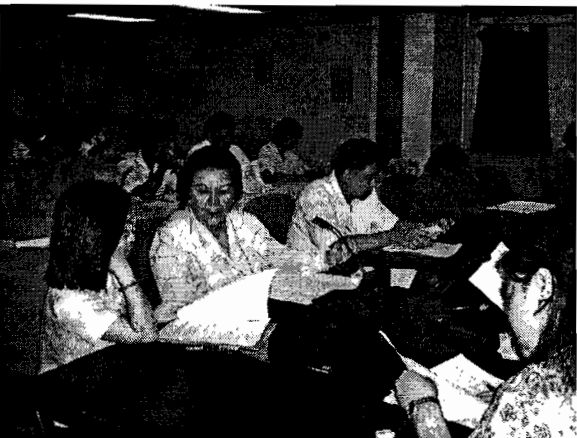
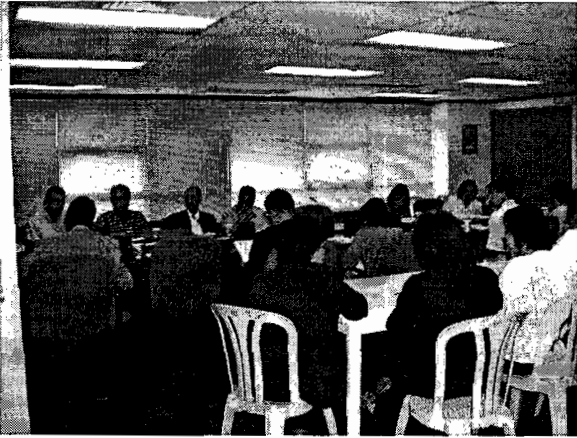
DOTC - Department of Transportation and Communications
 ECC - Environmental Compliance Certificate
 RAP - Resettlement Action Plan

IPDP - Indigenous People's Development Plan
 RAP TOR - Resettlement Action Plan Terms of Reference
 TOR - Terms of Reference

Overall ITDP Project Safeguards		Environmental Safeguards	Social Safeguards	Poverty Alleviation Initiatives
1	Summary IEE	Yes		
2	Land Acquisition and Resettlement Policy Framework*		Yes	
3	Poverty and Social Analysis (PSA)	Yes	Yes	
4	Consultation	Yes	Yes	Yes
5	Indigenous People Policy Framework (IPPF)		Yes	

*Draft Land Acquisition and Resettlement Policy Framework and Procedural Guidelines (LARPPG) provided in First Interim Report requires review and approval by DOTC and concerned LGUs prior to project appraisal.

Pictures Taken During Joint Steering Committee and Technical Working Committee Meeting on ADB Phase 2 Inception Mission Wrap-up – March 7, 2006



**Steering Committee
Meeting on the ITDP
Draft Final Report**

ADB INTERMODAL TRANSPORT DEVELOPMENT PROJECT (TA 4344-PHI)

MINUTES OF STEERING COMMITTEE MEETING ON THE ITDP DRAFT FINAL REPORT 16 May 2006, Linden Suites, Pasig City

I. Background

- 1.1 The findings and recommendations of the Project Team as enclosed in the Draft Final Report (Phase 2) of the Technical Assistance on the Intermodal Transport Development Project for Mindanao and Palawan were discussed on 16 May 2006. A National Stakeholders Presentation was held on 17 May 2006.

II. Call to Order

- 2.1 A meeting between Asian Development Bank (ADB) and the Government of the Philippines (Government) was held on 16 May 2006 at the Linden Suite Hotel, San Miguel Avenue, Ortigas Center, Pasig City to jointly review the Consultant's findings and recommendations on the Draft Final Report (Phase 2).
- 2.3 The meeting agenda is provided in **Annex 1** while the list of participants is presented in **Annex 2**.
- 2.4 The results of the Feasibility Studies on the ITDP subprojects, namely: airports, hub ports, feeder ports and Environmental of Social Safeguards were presented by the ITDP Team Leader, Mr. Charles Feibel. The recommendation on Policy and administrative reform as well as its implementation plan was presented by Mr. George D. Esguerra, ITDP Assistant Team Leader. The presentation material for this agenda item appears as **Annex 3**.

III. Comments of the Draft Final Report

- 3.1 The following were the issues raised during the steering committee meeting:
- a) ARMM representative request clarification on the meaning of Southern Philippines if the said term include the whole of Mindanao and Palawan. The Project Team affirmed and informed the ARMM representative that Palawan belongs to Region IV-B by political boundaries.
- b) ARMM representative also queried on the non-inclusion of the ports around Lake Lanao in the Feeder Ports Study. The Project Team said that 135 projects were identified in the long list in Phase 1 screening which was reduced to 44 and down to 14 short-listed projects. The screening process was done in consultation with LGU in a series of workshops conducted. The steering committee finally selected 8 project from the 14 short-listed. ADB representative, Mr. Shihiru Date reiterated that the selection process was done by the LGUs/ Stakeholders themselves in a series of consultation meetings/ workshops conducted. He said ADB is willing to finance priority projects but the Government does not have the financial capability. It is really the call of the Government to access loan from ADB for development investment of highly needed projects. He also mentioned that the FIRR of ports are all negative and reform agenda to increase the tariff is needed to attain sustainability. In the case of Lake Lanao ports, the same could be included in a grant project to be financed by the Japan Fund for Poverty Alleviation.

- c) MEDCO Undersecretary Virgilio Leyretana suggested that in as much as the ITDP project is an investment against poverty and also an investment to peace, the implementation of the same should be fast tracked in the light of its importance to Mindanao and Palawan.
- d) ARMM representative stressed the inclusion of Jolo airport in the ITDP study to provide an air corridor connecting to Manado, Indonesia and BIMP-EAGA. Usec. Leyretana replied that the inclusion of said project depends on the absorptive capability of the Government to handle the implementation. At present Zamboanga port provides a sea link to Sandakan, Malaysia.
- e) ATO representative stressed the inclusion of the upgrading of CFR (crash fire and rescue) vehicles capability in the scope of airport project. Mr. Esguerra said that CFR upgrading is included in the detailed submittal of Draft Final Report under Volume 2.
- f) Dr. Hussein Lidasan, queried on the non-inclusion of tributaries/ riverine facilities in the intermodal transport system. He also asked if transport facilitation such as CIQS (Custom, Immigration, Quarantine Safety and Security) soft measures in aid of transport is included in the ITDP study.

Mr. Date replied that riverine connections, for example, the Liguasan Marsh in Cotabato, Lake Lanao and small boat landings in Sulu Archipelago will be looked into by the study for recommendation for future study.

Mr. Feibel said that soft measures on transport facilitation was not considered but policies on regional cooperation were addressed in ITDP study. He said a technical assistance study directly related to BIMP-EAGA and transport facilitation has been recommended by the Project Team.

- g) DPWH representative queried if the study considered road connections since increased service level of airports and ports will also require an increase in the carrying capacity of the road.

Mr. Feibel said that major highways that bring traffic to airports and ports were considered. A technical assistance study for road networks has been recommended by the Project Team.

Mr. Date said that the portfolio of 6th Road Project of DPWH is in the pipeline. He said every year ADB sends two missions for the programming of priority projects and inclusion in the pipeline for implementation.

- h) Mr. Felicisimo Pangilinan Jr. of DOTC inquired why there is 20% increase in terminal area expansion of Puerto Princesa Airport.

Mr. Neil Bentley, ITDP Air Transport Specialist, said that the basis of Puerto Princesa terminal expansion is based on the hourly peak demand which was based on the actual schedules of the airlines.

- i) ARMM representative requested the inclusion of Polloc Port in the ITDP project for the following reasons: a) Cotabato is being the site of the agro-industrial center, and b) Cotabato is the gateway to the capital of ARMM which has the highest poverty incidence.

b) Cotabato is the gateway to the capital of ARMM which has the highest poverty incidence.

Mr. Feibel said that the Polloc Port is among the ports included in the 135 projects in the long list. The ARMM LGUs participated in the selection and screening process where the list was shortened to 14 sub-projects, and that the Polloc port could be included in possible future ITDP project.

3.2. On the policy and institutional reforms, as well as the ITDP implementation plan, the following issues/ comments were raised:

a) Dir. Patdu queried what NG-GOCC model is doable under the present situation. Also, he inquired if ITDP recommendation on maritime reforms is in line with PPA policy directions. He informed the body that DOTC is preparing the long list of port for inclusion in the study of RoRo ports for mobility enhancement which is scheduled to start in July this year.

Mr. Esguerra said that a typical NG-GOCC model is the sector loan for Air Quality projects. He said that the Project Team will schedule a meeting with PPA to discuss the recommendations on maritime transport policy reforms.

b) Usec. Leyretana recommended the immediate implementation of the necessary transport policy reforms to enhance the flow of goods not only within the country but also between two countries.

Mr. Esguerra said that the reform on port/ airport tariff setting should be implemented and the CABOTAGE LAW should be revised based on mutual recognition relative to the ASEAN framework agreement.

c) Mr. Pangilinan Jr. queried if the Project Team conducted traffic demand study between BIMP-EAGA and the Philippines.

Dir. Patdu said that there is a separate group chaired by DOTC handling the study on BIMP-EAGA. Usec. Leyretana said that there was a study on BIMP-EAGA conducted 12 years ago.

3.3. For Agenda No. 5, Mr. Shihiru Date, ADB Transport Specialist, presented the minutes on the quarterly report, see **Annex 4**. He further explained on the field visits conducted by ADB. With regard to the request for inclusion of riverine transport, he said ADB will coordinate with other lending agencies doing grant assistance in Mindanao because ADB has still no experience while USAID, for example, has lot of experience. With regard to social problems on affected persons, ADB requested DOTC to complete the requirements for project readiness for implementation. Mr. Date stressed the lack of internal monitoring in DOTC that needs to be addressed.

3.5 Mr. Date further said that ADB supports the policy recommendations on Air Sector and is willing to finance projects to have reform/ bill approved between the months of July to September of this year.

3.6 Mr. Esguerra said that the recommendations on policy reforms will be included in the State of the Nation Address (SONA) of the President on July 2006.

3.7 Mr. Porvenir Porciuncula of Civil Aeronautics Board moved for approval of the report. The motion was seconded by MEDCO.

ADB Intermodal Transport Development Project
 Steering Committee Meeting
 The Linden Suites, Pasig City
 16 May 2006
 8:00 am to 12:00 nm

Name	Designation	Office / Company	Telephone/Cell No.	Fax No.	Signature
Dir. Dan yacob N. Mansur	R.D	NTC - dotc branch	0917 983024	NA	
ARMANDO ANDAYA	ITDP - Envir. Sp.	LBG			
Ramon M. Mantad	ITDP - P. Ports Specialist	LBG			
Della P. Capricornio	PM - DOTC	DOTC	927 79 60	448 7760	
CRISPIN B. BANAAG JR.	PLANNING OFFICER	DPWH	304-31-28		
BEL PINOY	DBM - Specialist	DBM	735-4882		
C. Feibel	Team leader ITDP	Louis Bugarin Group			
CAMILLO O. NAFUNE	ITDP - RESEARCH ASST.	LOAC			
Vicky Naranjo	Office Manager	LBG - ITDP			
Geraldine B. Bayot	ITDP Research Asst	PCI			
Koji Kabune	ITDP	=			
SUMANTO JURUN	ITDP	PCI			
Shihim Pate	Transport Specialist	ADB	632-6782		
Dir. Pama P. Dimapanat	Dir. IV	DOTC - ARMM	09177205082		
Dir. M. D. Lagyesco	Asst Dir	- do -	09183785841		
SUAB P. TUTUH	P.R. LTO - ARMM	DOTC - ARMM	0916902339		
PAIDONA A. SINDON	DOTC - ARMM	- do -	0981-395-744		
Raul G. Glorioso	ATO Engr. III	ATO	831-102109089828X	8777-121	
POKVENIR PERCUMBACA	Chief, TPO	CAB	8535761	8536261	
Darwin Yambao	Civil Engr.	PCI	916-0723		
OLIVER ESPARTE	ITDP				
Francis P. Yapora	OTC - Asst. Dir.	DBM			
Celinda David	Sr. Env. Tech. Sp. S	DOTC	7271763		
Gilvus Pascua	Air Transport Specialist	PCI	0927484888X		
Melsdy Espinidin	PPA - Economist	PPA			

ADB Intermodal Transport Development Project
 Steering Committee Meeting
 The Linden Suites, Pasig City
 16 May 2006
 8:00 am to 12:00 nn

	Name	Designation	Office / Company	Telephone/Cell No.	Fax No.	Signature
26.	REYNALDO RAMIREZ	Principal tyva	PPS	3019073	3019073	RWR
27.	JOSE R. MARBUSA	Principal tyva	PPS	7221203		JRM
28.	JOSE R. MARBUSA	PRINC. TRD	DOTC	7266648		JRM
29.	W. AVILA	Mgr. II	DOTC	2291703		WAV
30.	RAPHAEL L. NAVILES	Chief, KTRD	DOTC	7250414		RNL
31.	JOSEPHINE R. BONDOC	Chief, WTRD	DOTC	7277955	(Telex)	JRB
32.	E. C. GALVANTAN	pm jr	DOTC			ECG
33.	LEY LEXRETANA	USEC	MECO	0920-902-0729		LL
34.	CHARNE ESCANO	USEC	MTRCO	2218709		CE
35.	H. S. LINDASAN		DOB	9708874		HL
36.	C. DIAZ	ITDP	ADB ITDP			CD
37.	NEIL BENTLEY	ITDP	PEI	09215372777		NB
38.	S. C. MUSTODIO	ITDP	LBG			SCM
39.	C. R. JARSON	Supervising TRD	DOTC	7277956		CRJ
40.	P. BIEN	Comp. Prog. Div	DOTC	727-1703		PB
41.	F. PANGILIHAN JR.	Comp. Prog. TRD	DOTC	725-0464		FPH
42.	DARTE A. LULU	PMS-REP	PMS, DOTC			DAL
43.	JOSE NAR CML					JNC
44.	SONNY COLONIA	cto LBS				SC
45.	ARMY VIVERAS	ITDP	URCP			AV
46.	D. BUNDO	ITDP	LBG			DB
47.						
48.						
49.						
50.						



**STEERING COMMITTEE MEETING ON THE
ITDP DRAFT FINAL REPORT**

**May 16, 2006, The Linden Suites, Pasig City
8:00 a.m. – 12:00 nn.**

A G E N D A

- I. Registration
- II. Call to Order
 - Introduction of Participants
 - Opening Statement of the Committee Chairperson
 - Approval of the Draft Agenda -
- III. Approval of the Minutes of the Previous Meeting/Business Arising from the Minutes
- IV. Highlights of the ITDP Draft Final Report
 - A. ITDP Subprojects (*Charles Feibel, ITDP Team Leader*)
 - Airports
 - Hub Ports
 - Feeder Ports
 - Feasibility Analysis Results
 - Environmental and Social Safeguards
 - B. ITDP Sector Loan (*George Esguerra, ITDP Asst. Team Leader/Transport Planner*)
 - Policy and Administrative Reform
 - Implementation Plan
- V. Minutes of the Quarterly Progress Meeting (*Shihiru Date, Transport Specialist, SEID-ADB*)
- VI. Schedule of Future Meetings
 - National Consultation – May 17, 2005 (8:00 am -12 nn, Linden Suites Hotel)
 - Tripartite Meeting – June 7, 2005 (___:___ pm - ___:___ pm, ADB)
- VII. Other Matters

**ADB Intermodal Transport Development Project (ITDP)
Phase 2**

**Highlights of the ITDP Draft Final Report:
The subprojects**

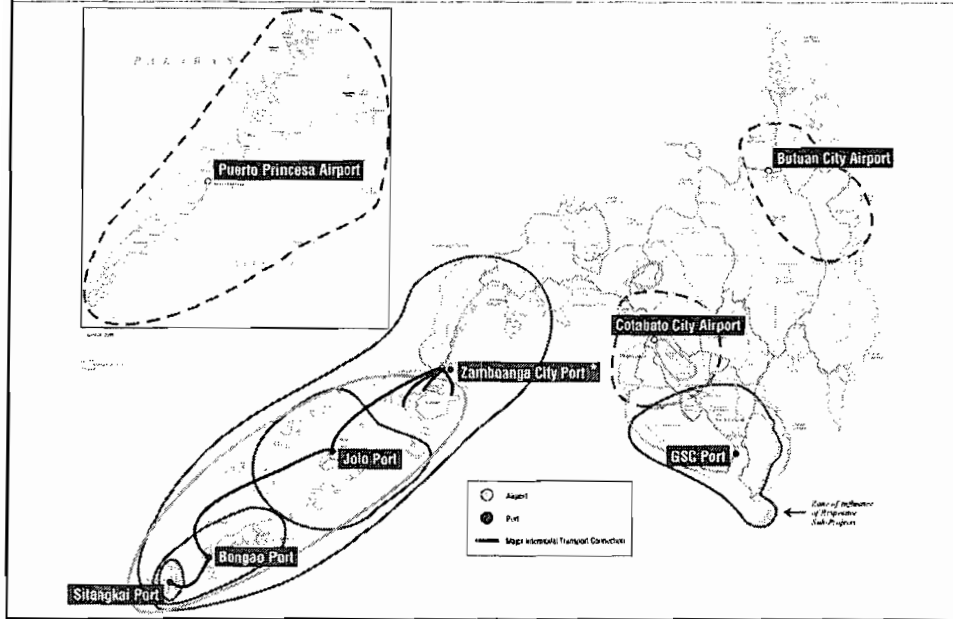
**Charles Feibel, Team Leader, ITDP
The Louis Berger Group Phils., Inc.**

16 May 2006

ITDP Phase 1

- 135 potential subprojects identified
- Intermodal Transport Development Plan (hubs & corridors) Analysis and Stage 1 Screening
- 44 Refined Long-List (Multi criteria Screening with Surveys)
- 14 Preliminary Short-List (resource constraints & PPA)
- 8 Short-Listed Subprojects

8 Subprojects and Zones of Influence



Phase 2 Scope of Work for Puerto Princesa, Cotabato and Butuan Airport Subprojects

- All Airports have existing feasibility studies, EISs and LARPs

Technical Studies	Environmental / Social Safeguards	
	Environmental Safeguards	Social Safeguards
<ul style="list-style-type: none"> ▪ Updated Feasibility Study ▪ Due Diligence Review 	<ul style="list-style-type: none"> ▪ Due Diligence Review of Designs, EIS Reports ▪ Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> ▪ Due Diligence Review of Designs, LARPs ▪ External LARP Monitoring by DOTC ▪ Surveys & analyze cargo for inputs to PSA

**Phase 2 Scope of Work for
Zamboanga and General Santos Hub Ports**

- Both Hub Ports have existing Feasibility Studies

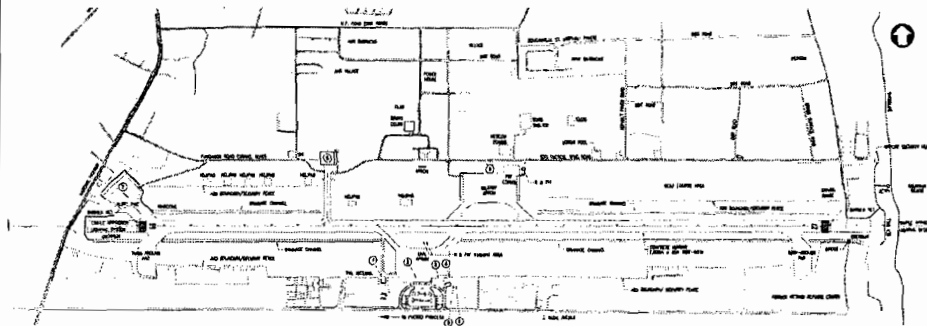
Technical Studies	Environmental / Social Safeguards	
	Environmental Safeguards	Social Safeguards
<ul style="list-style-type: none"> ▪ Updated Feasibility Study ▪ Due Diligence Review ▪ Prefeasibility Study RoRo – Zambo 	<ul style="list-style-type: none"> ▪ IEEs 	<ul style="list-style-type: none"> ▪ No land acquisition or resettlement required. ▪ Analyze cargo and passenger for PSA

**Phase 2 Scope of Work for
Bongao, Jolo and Sitangkai Feeder Ports**

- Feeder Ports do not have existing Feasibility Studies

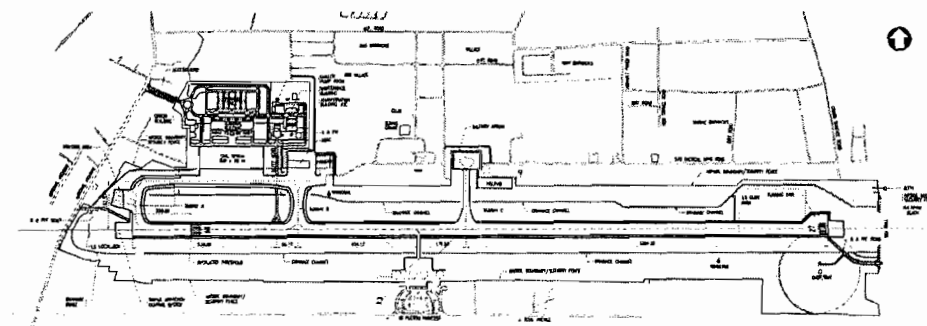
Technical Studies	Environmental / Social Safeguards	
	Environmental Safeguards	Social Safeguards
<p><u>Bongao</u></p> <ul style="list-style-type: none"> ▪ Feasibility Study 	<p><u>Bongao</u></p> <ul style="list-style-type: none"> ▪ IEE 	<p><u>Bongao</u></p> <ul style="list-style-type: none"> ▪ Prepared LARP ▪ Prepared PSA Case Study
<p><u>Jolo & Sitangkai</u></p> <ul style="list-style-type: none"> ▪ Prefeasibility Studies 	<p><u>Jolo & Sitangkai</u></p> <ul style="list-style-type: none"> ▪ IEE 	<p><u>Jolo & Sitangkai</u></p> <ul style="list-style-type: none"> ▪ Prepare LARP TOR ▪ Analyze cargo and passengers for inputs to PSA

Existing Puerto Princesa Airport



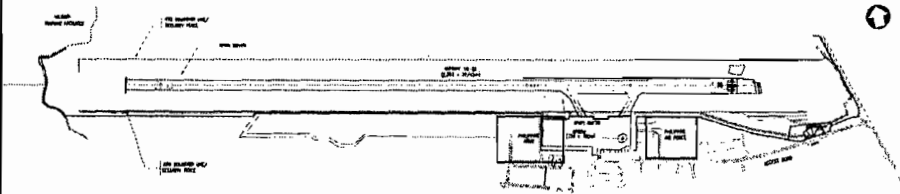
- Gateway to major tourism resource of the Philippines
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 900,000

Proposed Puerto Princesa Airport Development



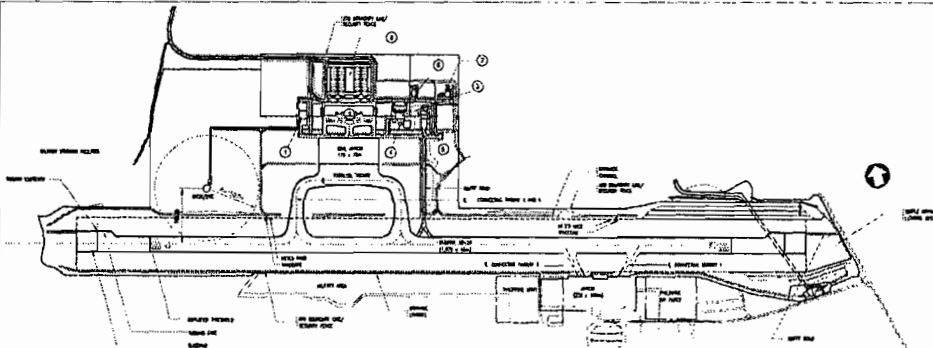
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| <ul style="list-style-type: none"> ▪ Expanded New Terminal (international) Complex including control tower, cargo, admin & maintenance facilities ▪ Expanded Apron (20%) ▪ Expanded New Access Road ▪ Widen Runway Strip ▪ Install ILS (one way) – other Nav aids, ATC, communication equipment and lighting | <ul style="list-style-type: none"> ▪ Runway overlay ▪ 2,600 meter runway; A340 ▪ Base Cost = \$44.9 million ▪ EIRR = 20.8% ▪ FIRR = 0.6% ▪ Airport meets ICAO standards ▪ Needs updated master plan |
|---|--|

Existing Cotabato Airport



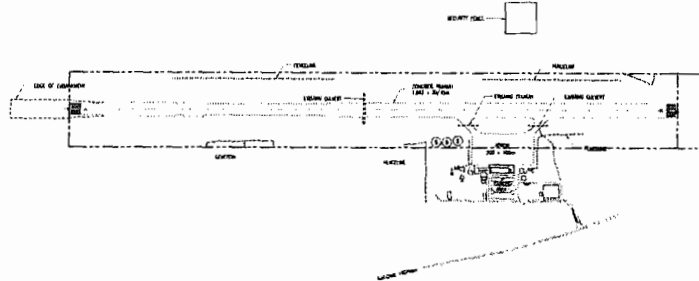
- Gateway to Central Mindanao and ARMM
- Relevant to peace & development (MILF)
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 2.4 million

Proposed Cotabato Airport Development



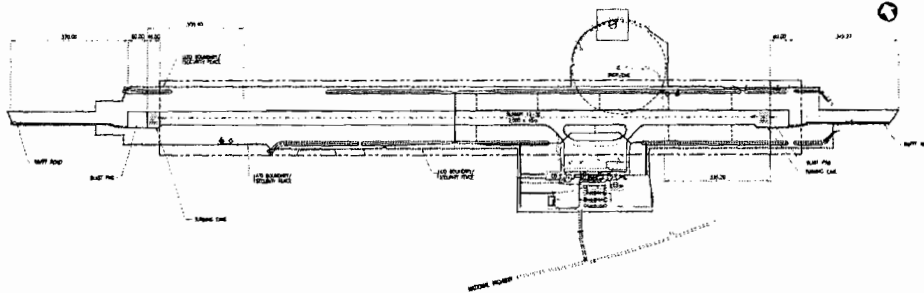
- | | |
|--|---|
| <ul style="list-style-type: none"> ▪ New Terminal Complex including control tower, cargo, admin & maintenance facilities ▪ New Access Road ▪ 110m extension and rehab of runway and widen to 45m, and widen runway strip ▪ Nav aids, ATC, communication equipment and lighting | <ul style="list-style-type: none"> ▪ 1,970 meter runway; A320 ▪ Base Cost = \$36.4 million ▪ EIRR = 15.3% ▪ FIRR = negative ▪ Airport meets ICAO standards |
|--|---|

Existing Butuan Airport



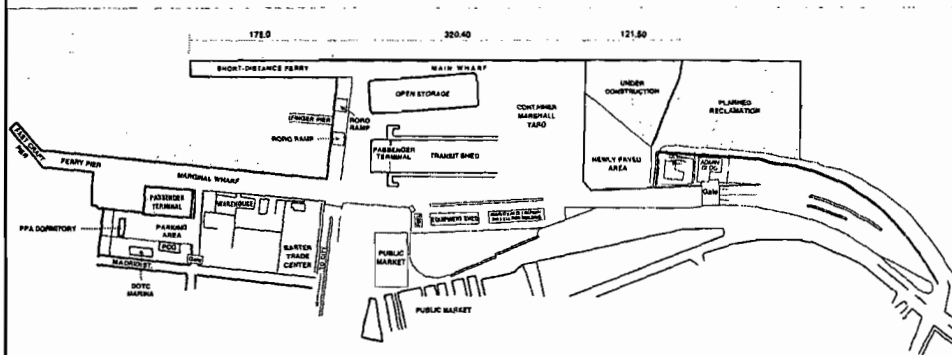
- Gateway to Caraga Region
- Fast growing traffic
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 1.4 million

Proposed Butuan Airport Development



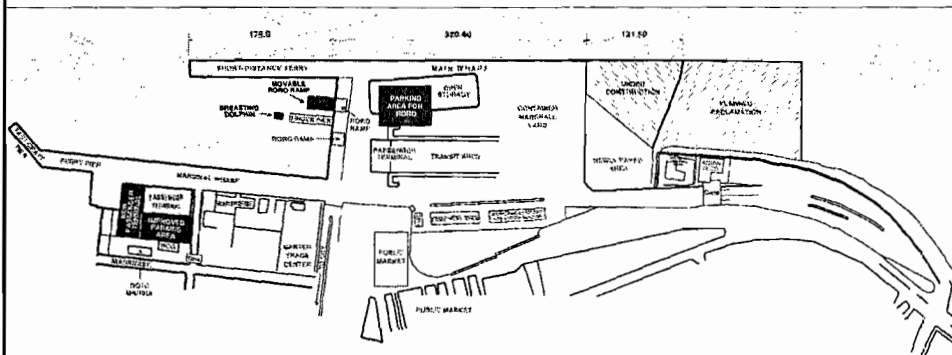
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| <ul style="list-style-type: none"> ▪ Improving Passenger Terminal (expand), control tower and CFR buildings ▪ New Access Road ▪ Runway widen to 45m, overlay and 100m extension ▪ Nav aids, ATC, communication equipment and lighting | <ul style="list-style-type: none"> ▪ 2,000 meter runway; A320 ▪ Base Cost = \$15.7 million ▪ EIRR = 36.6% ▪ FIRR = negative ▪ Airport meets ICAO standards |
|---|---|

Existing Zamboanga Hub Port



- Gateway to Sulu Archipelago
- Role in peace & development and EAGA
- Passengers: 3.2 million, 2nd to Port of Manila (more than Cebu Airport)
- Hub of SRNH
- RoRo Ramp only useable at High Tide
- ZOI population: 2.85 million

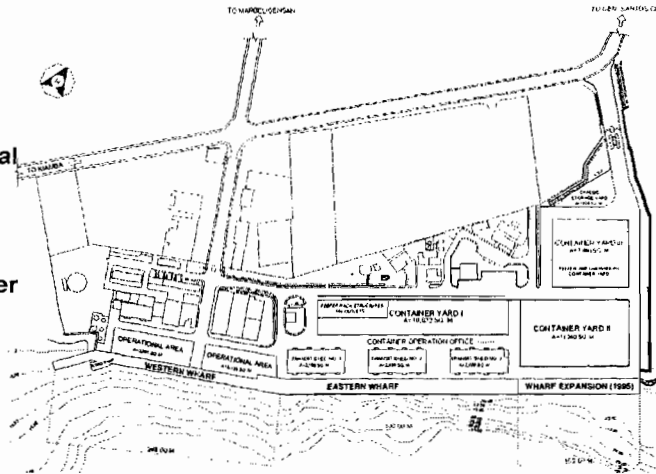
Proposed Zamboanga Hub Port Development



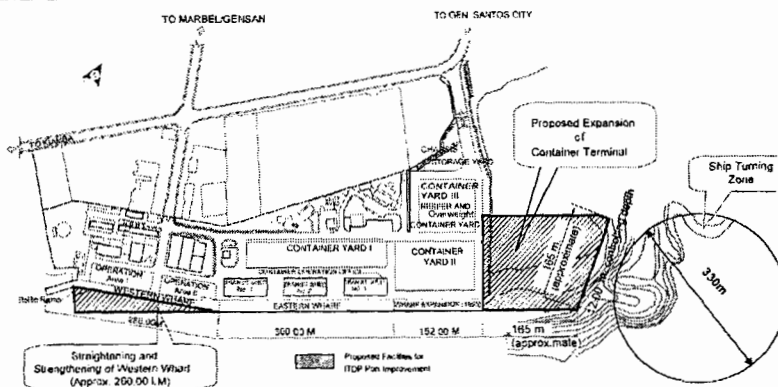
- Moveable ramp for (1) RoRo ramp with backup area and breasting dolphin
- New larger air conditioned passenger terminal (2,400 m²) with expanded and improved parking lot
- Considered pontoon pier for fast craft but not yet needed
- Base Cost = \$4.4 million
- EIRR = 18.3%
- FIRR = 1.25%

Existing General Santos Hub Port

- Gateway to SOCSARGEN
- Important to national agribusiness and fisheries development
- Congested container pier (3rd highest traffic in Mindanao)
- ZOI population: 2.4 million

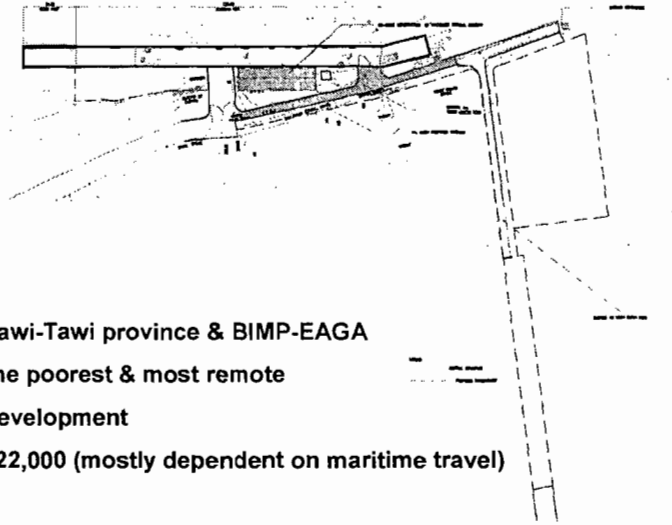


Proposed General Santos Hub Port Development



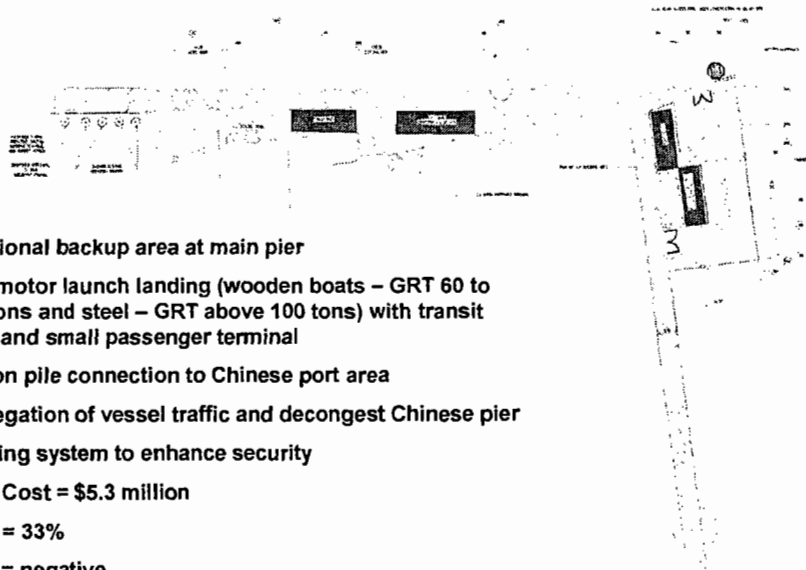
- Straightening and strengthening of western wharf (approx. 260m)
- Proposed expansion of container terminal (7th & 8th berth – 165m each at 12m depth)
- Considered passenger terminal but traffic (200,000) does not justify
- Base Cost = \$15.4 million
- EIRR = 37.3%
- FIRR = negative
- Long duration project due to staging of implementation

Existing Bongao Feeder Port



- Gateway hub to Tawi-Tawi province & BIMP-EAGA
- Province one of the poorest & most remote
- Role in peace & development
- ZOI population: 322,000 (mostly dependent on maritime travel)

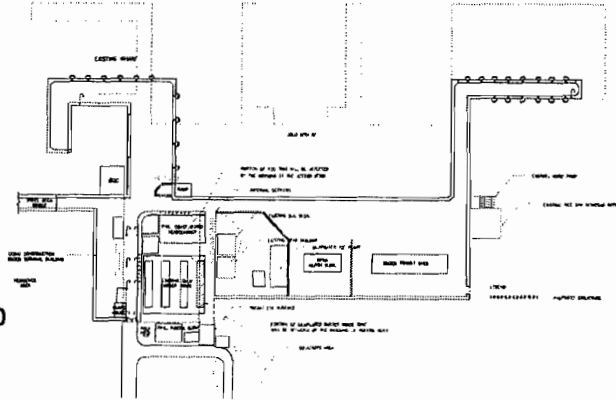
Proposed Bongao Feeder Port Development



- Additional backup area at main pier
- New motor launch landing (wooden boats – GRT 60 to 125 tons and steel – GRT above 100 tons) with transit shed and small passenger terminal
- Pier on pile connection to Chinese port area
- Segregation of vessel traffic and decongest Chinese pier
- Lighting system to enhance security
- Base Cost = \$5.3 million
- EIRR = 33%
- FIRR = negative

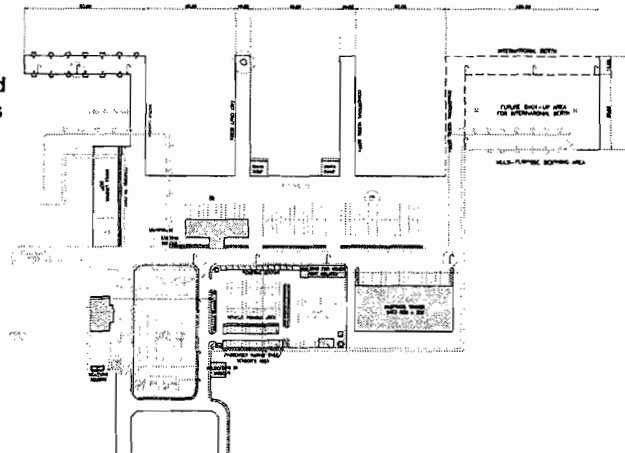
Existing Jolo Feeder Port

- Gateway hub to Sulu province
- Most conflict-affected and one of ten poorest provinces
- Role in peace and development
- RoRo link in SRNH
- ZOI population: 620,000 (highly dependent on maritime travel)



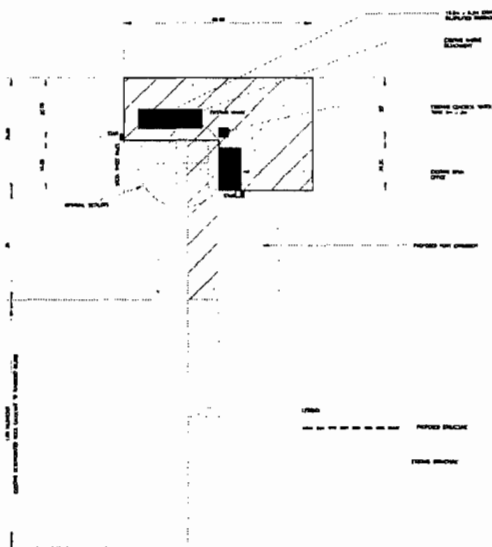
Proposed Jolo Port Development

- Major reconstruction and expansion of all facilities in existing port
- Increased backup area and staging areas
- New passenger traffic access road and parking
- Segregation of traffic
- Improved lighting
- Long duration project due to staging of reconstruction
- Base Cost = \$8.5 million
- EIRR = 22%
- FIRR = negative

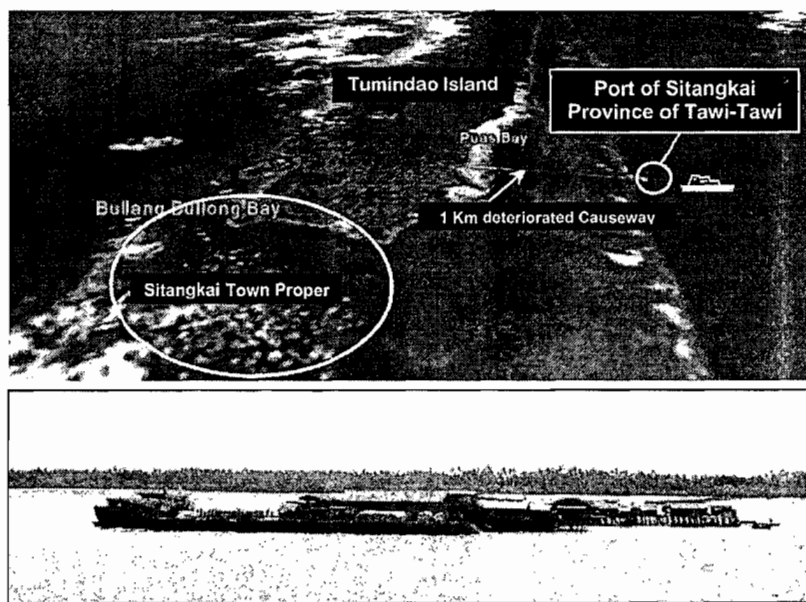


Existing Sitangkai Feeder Port

- One of most remote ports in province
- Collector sub-hub port for Sitangkai municipality (including Sibutu Island Group)
- Residents dependent on maritime travel
- Role in development of seaweed industry and peace & development
- Enhance strategic coast guard presence
- Limited stair landing for bancas
- ZOI population: 53,000

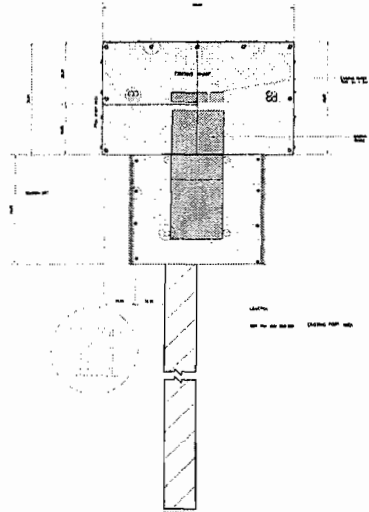


Vicinity Map of Sitangkai Feeder Port



Proposed Sitangkai Feeder Port Development

- Expand apron
- Construction of segregated stairlanding
- New passenger terminal and larger transit shed
- Lighting and water supply
- Base Cost = \$2.2 million
- EIRR = 30%
- FIRR population: negative



Summary of Key Information

	Airports			Hub Ports		Feeder Ports		
	Puerto Princesa	Cotabato	Butuan	Zamboanga	Gen. Santos	Bongao	Jolo	Sitangkai
Executing Agency	DOTC	DOTC	DOTC	PPA	PPA	DOTC	DOTC	DOTC
Implementing Agency	DOTC	DOTC	DOTC	PPA	PPA	DOTC/ RPMA	DOTC/ RPMA	DOTC/ RPMA
Base Cost: (\$millions)	\$ 44.9	\$ 36.4	\$ 15.7	\$ 4.4	\$ 15.4	\$ 5.3	\$ 8.5	\$ 2.2
EIRR (base) (SPADP)	20.8% (19%)	15.3% (15%)	36.6% (33%)	18.3%	37.3%	33%	22%	30%
FIRR	0.62%	neg.	neg.	1.25%	neg.	neg.	neg.	neg.
Other Factors	• ICAO • Tourism	• ICAO • Peace	• ICAO • Traffic	• EAGA • Peace	• EAGA • Agri/ Fish	• Peace • Poverty	• Peace • Poverty	• Peace • Poverty

**Summary of Key Environmental Issues
Puerto Princesa, Butuan and Cotabato Airports**

Main Environmental Issues & Mitigation Identified	Environmental Management Capacity
<p>EIS reports compliant. Design modifications proposed under ITDP (small increase in terminal size and apron 20% larger at Puerto Princesa and small increase in terminal size at Butuan) are minor and do not change conclusions of original EIS. No additional issues have been identified. EMP costs updated.</p>	<p>DOTC PMO's environmental management capacity strengthening. ECCs require DOTC to establish environment unit. Reg. ATO for each subproject will also need strengthening. Recommend setting up SEMS.</p>
<ul style="list-style-type: none"> ▪ TADP: existing EIS, LARP and ECCs ▪ DENR Category: B ▪ No Subprojects in ECA or a ECP ▪ EMPs: PhP 2.8 million 	

**Summary of Key Environmental Issues
Gen. Santos and Zamboanga Hub Ports**

Main Environmental Issues & Mitigation Identified	Environmental Management Capacity
<p>Adverse impacts identified low to moderate significance and can be mitigated. Measures identified, costed in EMP. EMP incl. septic tank for animal waste in Gen. Santos. No land acquisition.</p>	<p>EU for PPA recommended. PMOs have structures for SEMS in place; PPA-PMO General Santos to fill currently vacant SEMS positions</p>
<ul style="list-style-type: none"> ▪ No Subprojects in ECA or ECP ▪ DENR Category: B ▪ PPTA prepared IEEs ▪ EMP: PhP 2 million 	

**Summary of Key Environmental Issues
Bongao, Jolo and Sitangkai Feeder Ports**

Main Env. Issues & Mitigation Identified	Environmental Management Capacity
<ul style="list-style-type: none"> • Bongao, Jolo and Sitangkai - Adverse impacts identified are low to moderate significance and can be mitigated. Measures identified and costed in EMP. • Jolo - Additional measures: new mosque to be constructed and plaque provided for historic lighthouse (does not require relocation and not structurally affected). • Bongao - EMP incl. septic tanks for h'holds adjacent to port and consideration of sunlight access for houses affected by port wall. 	<p>EU for RPMA-ARMM recommended. Port Managers to appoint SEMS for duration of the Project</p> <ul style="list-style-type: none"> ▪ No Subprojects in ECA or a ECP ▪ DENR Category: B ▪ PPTA prepared IEE and LARP (Bongao) and LARP TOR (Jolo/ Sitangkai) ▪ EMP: PhP 1.8 million
<p>ITDP overall:</p> <ul style="list-style-type: none"> ▪ Recommend Category B ▪ SIEE prepared (also IEEs) ▪ Capability building included (DENR,IA/SEMS) ▪ EMPs 6.6 million 	

**Summary of Key Social / Resettlement Issues
Puerto Princesa Airport Subproject (1)**

<ul style="list-style-type: none"> • Due diligence review of LARP prepared in 2002 under TADP 	
Main Issues and Status	Actions Required
<ul style="list-style-type: none"> • Most land acquisition and resettlement completed. Expropriation on-going for 5 ha (no structures). • New access road, 15 structures to be removed from AFP land, structures owned by renters (temporary occupancy contracts) estimated compensation PhP 5 million. Likely to affect 11 households totaling 606 m², all on land rented from AFP. • Additional ROW area required for improving the intersection of access road with Highway will be determined following preparation of detailed base map of the 200 m highway section and preliminary design. 	<ul style="list-style-type: none"> • Addendum to existing LARP covering access road and its intersection with the National Highway, approval by Government and ADB • External LARP monitoring to be completed. • Fencing of acquired land areas

**Summary of Key Social / Resettlement Issues
Butuan and Cotabato Airport Subprojects (2)**

- Due diligence review of LARP prepared in 2002 under TADP

Main Issues and Status	Actions Required
<p>Butuan</p> <ul style="list-style-type: none"> ▪ Most LARP activities completed. Expropriation proceedings on-going for 7 ha. ▪ External LARP monitoring conducted ▪ Relocation required of 6 small structures (1,480 m²) belonging to AFP and LGU ▪ Realignment of existing gravel road to military hospital also required and affects 6 to 8 houses. 	<ul style="list-style-type: none"> ▪ Addendum to existing LARP to include gravel road to Hospital ▪ Fence remaining 25% of area and Ongoing monitoring
<p>Cotabato</p> <p>All LARP activities completed. Seven fish vendors allowed to stay in ROW on understanding they relocate at own expense prior to project implementation. These include the 2 remaining households to relocate as identified in due diligence review of LARP.</p>	<p>Fence remaining 30% of area; External LARP monitoring to be completed.</p>

**Summary of Key Social / Resettlement Issues
Hub Ports and Feeder Ports**

- Gen. Santos & Zamboanga: No land acquisition or resettlement

Main Issues and Status	Actions Required
<p>Bongao - Short LARP prepared. 14 households affected plus Coast Guard. Cost of LARP implementation PhP 2.26 million and requires 3 – 9 months.</p>	<p>Implementation of the LARP once it is approved by the DOTC, LGU of Bongao & ADB; monitoring</p>
<p>Jolo - LARP-TOR prepared. 8 AP households affected by access road requiring preparation of short LARP. Cost of LARP study and implementation PhP 2.5 million and requires 3 – 9 months. 300(approx.) sq.m. of the Barter Trade building and vacant lot needs to be acquired for widening of road.</p> <p>Sitangkai – LARP-TOR prepared. Preparation of Short LARP required during project implementation for 26 households located behind port along causeway. Cost of study and implementation PhP 3.4 million and requires 3 – 9 months.</p>	<p>Preparation of short LARPs during project implementation depending on detailed design; Implementation of LARP after approval (DOTC, LGUs and ADB); and monitoring</p>

Off-Site Poverty Alleviation Initiatives Proposed for Funding under Japan Fund for Poverty Reduction

Feeder Ports		
Bongao	Jolo	Sitangkai
<ul style="list-style-type: none"> ▪ Construction of Public Market adjacent to Chinese Port (\$900,000) ▪ Improvement of adjacent Chinese Port to organize Vendor activity and improve management and traffic flow (\$200,000) 	<ul style="list-style-type: none"> ▪ Physical improvement of Barter Trade area adjacent to port entrance including management of traffic and parking around Barter Trade area (\$700,000) 	<ul style="list-style-type: none"> ▪ Provision of Walkways (on posts), water catchment, toilets and amenities for relocated community on causeway and common use toilets and water / showers for port users (\$200,000)
Total cost of \$ 1.1 million	Total cost of \$700,000	Total cost of \$200,000
\$ 2 million Including planning, design and construction, and capability building		

ITDP Implementation Status

<ul style="list-style-type: none"> ▪ No significant environmental issues in ITDP Subprojects 			
Puerto Princesa Cotabato and Butuan	Zamboanga and Gen. Santos	Bongao	Jolo and Sitangkai
<ul style="list-style-type: none"> ▪ Ready to update design ▪ Addendum to LARP (access road in Puerto Princesa) ▪ Addendum to LARP (Road in Butuan) ▪ Apply for extension of existing ECCs 	<ul style="list-style-type: none"> ▪ Ready to design ▪ No LARP required ▪ Apply for ECCs 	<ul style="list-style-type: none"> ▪ Ready to design ▪ LARP to be approved and implemented ▪ Apply for ECCs 	<ul style="list-style-type: none"> ▪ May do FS ▪ Ready to design ▪ Prepare and implement LARPs ▪ Apply for ECCs

**ADB Intermodal Transport Development Project (ITDP)
Phase 2**

**Policy and Institutional Reforms and
ITDP Implementation Plan**

**George Esguerra, Asst. Team Leader/
Transport Planner, ITDP**

16 May 2006

Presentation Outline

- Tripartite Agreements
- Civil Aviation
- Maritime Transport
- Road Transport
- BIMP-EAGA Air and Sea Linkages
- PSP/PPP Options
- Institutional Strengthening
 - Procurement procedures
 - Project management and monitoring

Presentation Outline

- Project Organization
- Duration of Project Activities
- Cost Components and Financing
- Contract Packaging
- Financial Plan

Tripartite Agreements

(December 8, 2005)

- **Policy and Institutional Reform**
Action Plan to cover:
 - Airport operation, management and pricing
 - Restructuring of civil aviation organizations
 - RORO ferry operation, regulation and pricing
 - Expansion of air and sea linkages in EAGA
 - Institutional strengthening for DOTC, ATO, PPA, MEDCO and ARMM

Civil Aviation

■ Corporatization of ATO

- GOP commitment under ADB Third Airports Development Project
- CAB included under the proposed Civil Aviation Authority of the Phils. (CAAP) for “administrative convenience”
- JICA Airport Master Plan recommended CAAP without CAB

Civil Aviation

■ Corporatization of ATO

- ITDP recommends CAAP without CAB in keeping with MTPDP policy statement: “... *conversion of ATO into a corporate body will be pursued. An independent oversight unit shall be established within DOTC to handle economic and safety concerns...*”
- ITDP recommends inclusion of CAAP bill in priority legislative agenda (certification by the President)

Civil Aviation

■ Reorganization of International Airports

- 2006 JICA Airport Master Plan recommended the creation of the Airports Authority of the Philippines (AAP) for synergy in trunk airport operations
- President issued EO 341 in August 2004 integrating international airports under MIAA supervision; IRR issued in March 2006

Civil Aviation

■ Reorganization of International Airports

- ITDP recommends implementation of EO 341 IRR, which provide funding and management mechanism for other international airport and considering MTPDP policy on "... *moratorium on the establishment of GOCCs and their subsidiaries.*"

Civil Aviation

■ Devolution of Feeder Airports

- 1997 CAMP recommended LGU and private sector involvement; while 2006 JICA Airport Master Plan recommended transfer to LGUs
- ITDP recommends preparation of guidelines for airport devolution and closure under the TA for the institutional strengthening of ATO

Civil Aviation

■ Pricing of Airport Services

- 1997 PTSS cited need for airports to be financially self-supporting, except for developmental airports
- DOTC/ATO approved 300% tariff increase in 1998, with periodic review and adjustment; revised schedule of 20% increase pending DOTC approval
- 2006 JICA Airport Master Plan noted that ATO airport charges are lower than MIAA, MCIAA, SBMA, CIAC

Civil Aviation

■ Pricing of Airport Services

- JICA Airport Master Plan recommended dual-till approach in airport tariff setting
- ITDP recommends adjustment of ATO tariffs for recently upgraded airports such as Davao International Airport and General Santos Airport in Southern Philippines, and tariff study under the TA on the Institutional Strengthening of ATO

Maritime Transport

■ PPA Port Functions

- Previous transport studies, notably PTSS and the World Bank Infrastructure Development Paper, cited need to separate regulatory and port operation functions
- MTPDP cited the policy direction of separating these functions of PPA
- ITDP recommends the review and preparation of possible restructuring of PPA under the TA on Institutional Strengthening of PPA

Maritime Transport

■ PPA Port Functions

- ITDP also recommends the transfer of feeder ports development function from DOTC to PPA, with DOTC in-charge of the strategic transport development planning (national airports, ports, roads and railways)
- Role of DOTC in intermodal transport planning will be covered under the TA on Institutional Strengthening of DOTC

Maritime Transport

■ Port Tariff Structure and Setting

- Previous transport studies recommended the differential pricing of port services among PPA ports
- ITDP recommends the completion of the PPA Port Tariff Study, which should include the consideration of cargo handling rate setting to be handled by an independent body, and further restructuring studies under TA for Institutional Strengthening of PPA

Maritime Transport

■ Expansion of RORO Services

- EO Nos. 170, 170A and 170B defined the extent and operating guidelines for the RRTS/SRNH routes
- DBP identified RORO ports for development under its Sustainable Logistics Development program
- New JICA study on 28 priority RORO ports for mobility enhancement
- ITDP recommends integration of proposals into the RRTS/SRNH Development Plan

Maritime Transport

■ Local shipping regulation

- 2006 JICA Domestic Shipping Development Plan cited need to localize franchising and regulation subject to existing safety regulations of PCG
- ITDP endorses the JICA recommendation to devolve the franchising of local shipping services, particularly short-haul RORO services, to LGUs
- TA on Institutional Strengthening of ARMM-RPMA on port and shipping guidelines

Road Transport

■ Road Sector Reforms

- Tripartite meeting noted the substantial progress in the implementation of road policy reform program through the support of donor agencies, notably ADB, World Bank and JBIC
- ITDP noted specific issues requiring attention as they relate to intermodal transport in Southern Philippines. These are:
 - Upgrading of national and provincial roads such as the Magsaysay Bridge and Butuan Diversion Road, Phase 2 (JBIC proposed) and other road projects

Road Transport

■ Road Sector Reforms

- Upgrading of strategic rural roads
- Improvement in road maintenance (use of Road Funds)
- Stricter regulation of axle loads
- Improvement of road safety, particularly those projects identified under the 6th ADB Road Project
- ITDP recommends close coordination with MEDCO, DPWH, DILG, NEDA and the Mindanao Road Working Group to accelerate the implementation of priority road segments (TA on Institutional Strengthening of MEDCO)

BIMP-EAGA

■ **Air Linkages**

- GOP to revive air routes under the EAGA Roadmap
- Strengthening of CIQS Team through AusAID support
- Possible ADB RETA

■ **Sea Linkages**

- GOP to revive sea routes under the EAGA Roadmap
- Reduction in fees and charges
- TA on Institutional Strengthening of MEDCO relative to EAGA cooperation

PSP/PPP

■ **Potential in ITDP Subprojects**

- Limited scope for PSP/PPP except in the operation and management of transport terminals
- Laguindingan Airport business model for PSP/PPP has yet to be presented by the NDC consultant
- TA on Institutional Strengthening of DOTC and PPA to cover PSP/PPP options

Governance in Project Implementation

■ Procurement Procedures

- TADP implementation delayed due to slow progress of land acquisition and resettlement, and problems in consultant, contractor, and supplier bidding
- RA 9184 provided controls for greater transparency
- ITDP recommends involvement of Procurement Watch (NGO), permanent BAC secretariat, web publishing of evaluation results, and ITDP project website

Governance in Project Implementation

■ Project Management and Monitoring

- TAs on Institutional Strengthening of DOTC/ATO, PPA, MEDCO, ARMM-RPMA as cited earlier
- Refer to Implementation Plan

Policy Dialogue

■ Next Steps

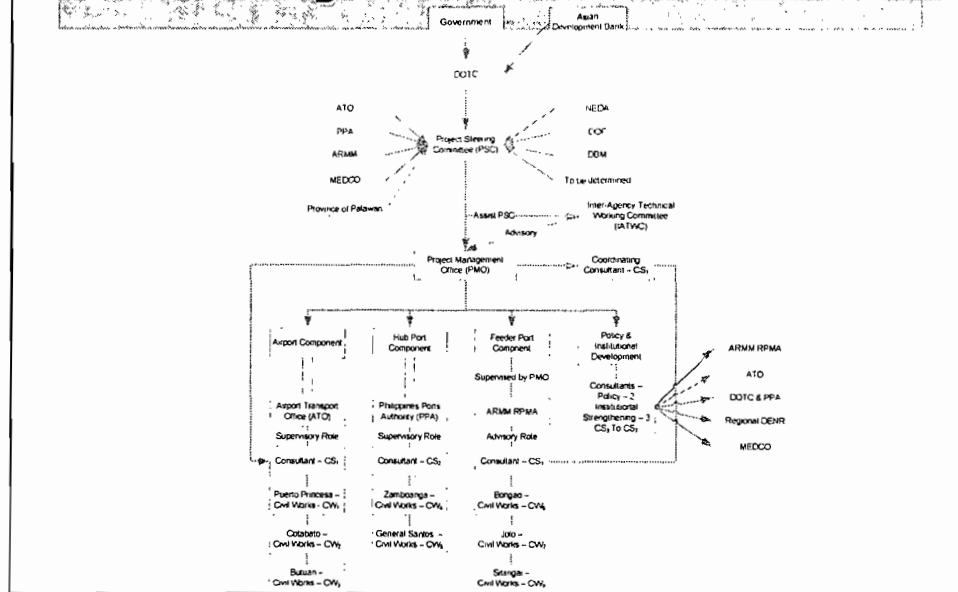
- Series of inter-agency policy formulation meetings
- Finalization of the Aviation Policy and Institutional Reform Action Plan
- NEDA Infrastructure Committee endorsement to NEDA Board
- Draft CAAP bill to be certified as urgent
- Policy briefing to Congress Representatives and Senators

Financial Plan ITDP Projects

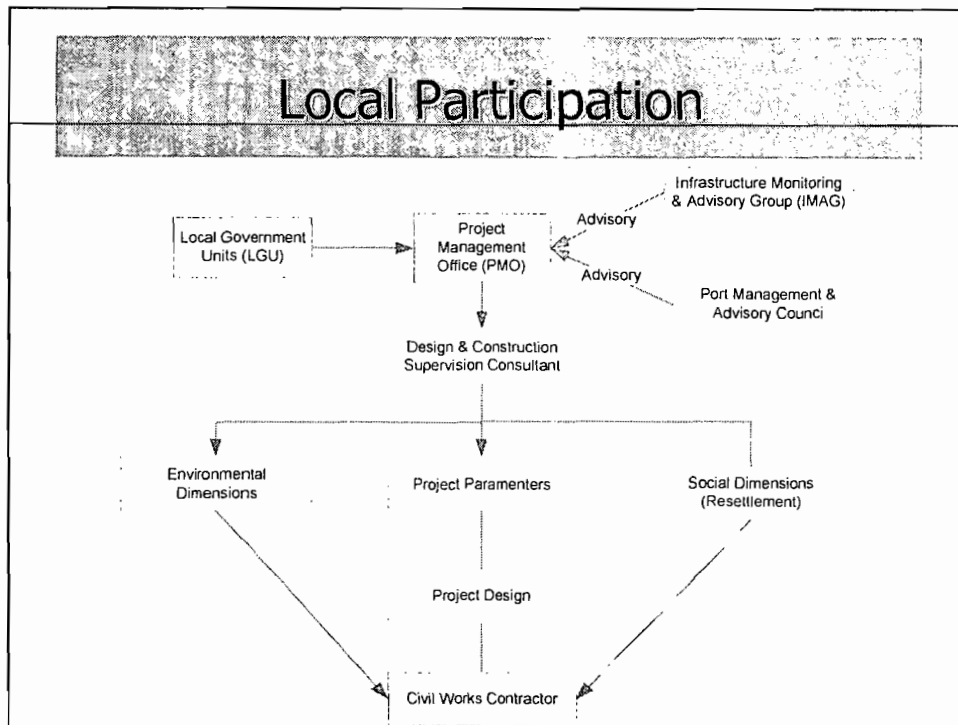
The financial plan is developed based on:

- Organization of the project into 3 components – 2 under DOTC (6 subprojects) & 1 under PPA (2)
- Scope of work and schedule by subproject;
- Cost estimate by subproject;
- Contract packages & consulting services and
- Cost sharing arrangement between the Government & ADB.

Organization Overall



Local Participation



Duration of Key Activities

Activity	Puerto Princesa	Cotabato	Butuan	Zamboanga	Gen. Santos	Bongao	Jolo	Sitangkai
	ML	ML	ML	ML	ML	ML	ML	ML
Master Plan (in parallel with the final design)	9	0	0	6		3	3	3
Environmental, Cultural and Permitting Activities	5	5	5	6	6	5	5	5
Resettlement + Land Acquisition	36	0	6	0	0	36	15	15
Final Engineering + Bid Documents	12	9	9	9	9	15	15	15
Tendering (Bidding + Bid Evaluation + Approvals)	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Construction	24	24	24	24	42	24	30	24

ML = Most Likely value used

Duration of the Subprojects

Sub-project Duration Based on MS Project	Start	End	Duration in Years	Rank by Duration	
				Short est	Δ Time
Puerto Princesa	10/16/07	04/04/12	4.47	4	0.25
Cotabato	10/16/07	01/04/12	4.22	3	0.01
Butuan	10/16/07	01/04/12	4.22	2	0.01
Zamboanga	10/16/07	01/02/12	4.21	1	0.00
General Santos City	10/16/07	08/05/13	5.80	8	1.59
Bongao	10/16/07	07/03/12	4.71	6	0.50
Jolo	10/16/07	02/03/13	5.30	7	1.09
Sitangkai	10/16/07	07/03/12	4.71	5	0.50

Start = Effectiveness of loan End = Of construction
Based on MS Project Schedule

Types of Costs & Cost Sharing

Component	Share of cost – from the loan	Counterpart funding either from the Government or PPA	
		Share of loan	Taxes + duties
Civil Works	65%	35%	35%
Equipment	65%	35%	35%
Consulting Services	65%	35%	35%
Resettlement	65%	35%	No taxes
Administrations	65%	35%	No taxes
Physical Contingencies	65%	35%	35%
Price Contingencies	65%	35%	35%
Financial Charges	100%	0%	No taxes

Contract Packaging

		Civil Works	Equip-ment	Design + Supervision Construction	Institutional Strengthening
Airports	Puerto Princesa	CW ₁	E ₁ , E ₂	CS ₁	CS ₃
	Cotabato	CW ₂	E ₁ , E ₂	CS ₁	CS ₃
	Butuan	CW ₃	E ₁ , E ₂	CS ₁	CS ₃
Hub Ports	Zamboanga	CW ₄	E ₄	CS ₂	CS ₄
	Gen. Santos City	CW ₅	E ₅	CS ₂	CS ₄
Feeder Ports	Bongao	CW ₆	E ₃	CS ₁	CS ₃
	Jolo	CW ₇	E ₃	CS ₁	CS ₃
	Sitangkai	CW ₈	E ₃	CS ₁	CS ₃
Institutional Strengthening					
		Aviation & Maritime Transport Policy Frameworks			CS ₃
		MEDCO + ARMM-RPMA			CS ₃
		Regional DENR			CS ₃
Poverty Alleviation Initiative (PIA) – Not included in loan					

CS = Consulting Services

Financial Plan – Base Cost

Category of Costs	Asian Development Bank			Government			TOTAL	
	Local	Foreign	Subtotal	Local	Foreign	Subtotal		
Base Costs								
Civil Works								
1	Feeder Ports	4,719	5,505	10,224	5,505	0	5,505	15,729
2	Hub Ports	5,615	6,550	12,165	6,550	0	6,550	18,716
3	Airports	3,371	57,349	60,720	32,695	0	32,695	93,415
Total Civil Works		13,704	69,405	83,109	44,751	-	44,751	127,860
Share				65%			35%	
Equipment								
1	Feeder Ports	(68)	244	176	95	0	95	271
2	Hub Ports	(261)	940	679	366	0	366	1,044
3	Airports	(902)	3,248	2,346	1,263	0	1,263	3,609
Total Equipment		(1,231)	4,432	3,201	1,724	-	1,724	4,925
Total Base Cost in 2006 Prices		12,473	73,837	86,310	46,474	-	46,474	132,784

Category of Costs	Asian Development Bank			Government			TOTAL	
	Local	Foreign	Subtotal	Local	Foreign	Subtotal		
Base Costs								
Total Base Cost in 2006 Prices		12,473	73,837	86,310	46,474	-	46,474	132,784
Consulting Services								
Total Consulting Services		2,258	7,525	9,783	5,268	0	5,268	15,051
Resettlement & Land Acquisition								
Total Resettlement		1,422	-	1,422	766	-	766	2,187
Administration of the Project by GOP								
Total Administration 3.5 % of Base Cost		2,091	929	3,021	1,627	-	1,627	4,647
Taxes and Duties								
Total Taxes and Duties		11,627	-	11,627	6,261	0	6,261	17,888
Contingencies								
Physical 8.51%		2,542	7,004	9,547	5,141	-	5,141	14,687
Price Escalation		16,051	9,242	25,293	13,619	-	13,619	38,912
Total Contingencies		18,594	16,246	34,840	18,760	-	18,760	53,600
Total Including Taxes and Price Escalation		48,465	98,537	147,002	79,155	-	79,155	226,157
Financial Charges during Implementation			31,445	31,445			-	31,445
Total including Taxes and Price Escalation		48,465	129,983	178,448	79,155	-	79,155	257,603

ASIAN DEVELOPMENT BANK

TA-4344-PHI: INTERMODAL TRANSPORT DEVELOPMENT PROJECT
Quarterly Progress Meeting
(8 May – 16 May 2006)

Draft Minutes of the Meeting (MoM)

I. INTRODUCTION

1. A Quarterly Progress Meeting (QPM) of the TA for the TA-4344-PHI: Intermodal Transport Development Project (the Project) was organized during 8 May – 16 May 2006¹. Asian Development Bank (ADB) representatives included Shihiru Date, Transport Specialist and Mission Leader, and Lanfranco Blanchetti, Social Development Specialist. The QPM had discussions in Manila with officials from the Government of Philippines (GOP), comprising National Economic and Development Authority (NEDA); Department of Transportation and Communications (DOTC); and Mindanao Economic Development Council (MEDCO), and several field visits to proposed subproject sites.

2. A list of persons attending the meetings is in **Appendix 1**. This MoM reflects discussions held and the understandings reached during the QPM, all of which are subject to confirmation by the higher authorities of the GOP and ADB. The ADB representatives wish to express their appreciation for the courtesy and cooperation extended by DOTC during this QPM.

II. BACKGROUND

3. During the 2003 Country Programming Mission, the GOP requested ADB to provide technical assistance (TA) to prepare the Intermodal Transport Development Project for southern Philippines as part of the 2004 non-lending program. The corresponding Fact-Finding Mission was completed in October 2003, and TA-4344-PHI: Intermodal Transport Development Project was approved by ADB on 31 May 2004 for US\$1,000,000.

4. **TA Purpose and Output.** The TA will help the GOP formulate and prepare an Intermodal Transport Project that will improve access to the southern Philippines by (i) preparing an integrated transport development plan for Mindanao, and Palawan that will identify key priorities to improve the efficiency of the intermodal (air, sea, and land) transport system, (ii) formulating recommendations on priority areas for ADB intervention and a program of subprojects suitable for an ensuing ADB-financed project; and (iii) preparing selected subprojects.

5. **Methodology and Key Activities.** The two-phase methodology proposed for the PPTA places high emphasis on sound project formulation and subproject selection. Following an integrated transport system approach and building on the recommendations of the planning studies available for the various transport subsectors, Phase 1 is to (i) identify the priority interventions (capital investment, policy reform, and institutional strengthening) to improve the complementary road-port-airport network and related transport services in Mindanao and Palawan, (ii) identify suitable areas of intervention for ADB, (iii) select candidate subprojects, and (iv) recommend an investment program for evaluation and preparation in phase 2. During a tripartite meeting at the end of Phase 1, reviewing the consultants' findings and

¹ The wrap-up meeting was held on 16 May 2006.

recommendations jointly, the GOP and ADB will confirm the focus of Phase 2 and agree on a list of candidate subprojects, and the principles guiding the corresponding implementation and financing arrangements. The implementing agencies will then be requested to confirm their participation in the Project within 2 months. In view of the type and status of preparation of the selected subprojects, GOP and ADB will jointly decide whether a *project* or *sector* loan approach will be followed for project preparation during Phase 2, and the scope and terms of reference of Phase 2 will be finalized accordingly.

6. **Implementation Arrangements.** DOTC is the EA for the TA. A counterpart team led by the Transport Planning Service of DOTC assisted by the PMO-Ports was established to coordinate TA activities and work with the consultants on a daily basis. In order to promote transfer of knowledge to DOTC staff, the EA will provide full-time counterpart staff that will work with the consultants as an integrated team. A steering committee comprising DOTC, DOT, NEDA, DOF, and DOTC attached agencies, DPWH, DILG, MEDCO and ARMM was established to oversee the TA implementation. Integrated transport plan will be submitted to the Inter-Agency Technical Committee on Transport Planning (IATCTP) chaired by NEDA. Local stakeholders, including local governments, non-government organizations, private sector and civil society, will be involved through national and regional consultation workshops. Local governments participating in the Project as subproject implementing agencies, if any, will be also represented in the steering committee during Phase 2.

7. Louis Berger Philippines (the Consultant) was selected to carry out the TA. The Consultant was mobilized on 4 July 2005, completed the Phase 1 on 3 November 2005, and commenced Phase 2 on 4 January 2006, to be completed on 3 June 2006.

III. PROGRESS OF THE TA SO FAR

8. **Summary of Phase 1 work.** As outlined in para. 5, in Phase 1 the Consultant completed the analysis of existing intermodal transport system for Mindanao and Palawan, with focus on transport infrastructure in intermodal aspects, services, and hinterland access, made a refined long list of 44 subprojects, and proposed 14 airport and port subprojects in a preliminary shortlist, including the small port/boat landing facility package. From this proposed shortlist, the GOP-ADB Tripartite Meeting of 8 December 2005 approved 8 airport and port subprojects for feasibility studies in Phase 2.

9. As agreed with NEDA, the Intermodal Transport Development Plan prepared under Phase 1 was presented to the joint meeting of the Infrastructure Committee-Technical Board and the IATCTP on 28 March 2006. This was approved by both.

10. **Subprojects of Phase 2.** These identified subprojects were considered for a proposed loan likely in 2008 in three major civil works components: (i) airports component: Puerto Princesa, Cotabato, and Butuan; (ii) hub ports component: Zamboanga, and General Santos; and (iii) feeder ports component: Jolo, Bongao, and Sitangkai. In the two ports components, a bottom-up approach is being adopted to improve access and facilities to identify the poverty reduction interventions during feasibility study preparations. These interventions may be of multi-sector and small-scale investment type that will be expected to further develop in the loan, in detailed design. Apart from these three components, a cluster of about 30 small community

interventions of port infrastructure² is planned to be packaged and proposed for a grant from Japan Fund for Poverty Reduction (JFPR) of \$2 million.

11. **Sector loan approach.** In the inception mission of Phase 2, ADB confirmed that a sector loan approach will be adopted in the project preparation basically due to the large number of subprojects involved, and some of them are not likely to be completed. At this stage, it is likely that the two ports of Jolo and Sitangkai will not be able to complete the land acquisition and resettlement action plans (LARPs) within the TA due to resource constraints. These two projects therefore will be developed in the proposed loan once it is approved.

12. **LARPs.** In December 2005, DOTC agreed to recruit consultants for LARP for the proposed airport subprojects only where LARP have been completed (for airport projects, only due diligence on the already completed LARP and external monitoring will be conducted), and implement external monitoring of these LARP in Phase 2. This has been so far not achieved by DOTC and should immediately implement for the three airports.

13. During the field visits, it was revealed that LARPs for Puerto Princesa and Butuan are yet to be completed since there have been new settlers/ APs not included in the LARP. If DOTC has done continuous monitoring and even external monitoring mentioned in para 12 above, works necessary by the study team to complete the LARPs at this late stage of the TA would have been avoided. This is similar for Cotabato LARP as well but in a much lesser degree as far as the complexity of remaining LAR activities are concerned. ADB emphasized that LARPs should be completed by the TA closure and also fully implemented before the proposed loan appraisal.

14. **Zamboanga port's LARP.** Although the inception mission reported the necessity of a LARP for this port, careful study followed indicated it was not necessary, since the area where the illegal settlers were (this was destroyed by fire in December 2005) would not be affected by the port improvement.

15. **Policy reform.** The civil aviation reform agenda and other policy reforms are critical at this stage of the TA, since passing the bill in the Congress is a pre-requisite for the proposed loan. The Consultants have coordinated closely with JICA study team on the national aviation master plan on their recommendations, which requires Air Transportation Office (ATO) to be a financially autonomous corporative. The schedule of activities for Phase 2, to facilitate smooth passage for the draft policy reform bill in the Congress is presently being finalized, with the objective of obtaining passage of the forthcoming Congress in July 2006.

16. **Administration Order (AO).** The signed AO by the President delegating the authority to DOTC to chair the SC and IATWC, on 13 February 2006 is a good milestone of progress for the Project, also in terms of recognizing the subprojects as high priorities of the government

17. **Draft final report of the TA.** The Consultants submitted the draft final report of the TA to DOTC and other Government agencies, and ADB on 8 May 2006. Since this is well according to the TA schedule, all stakeholders should return the comments before 26 May 2006 for the timely completion of the TA.

² These are in line with the objectives of the Project in terms of enhancement of intermodal aspects and poverty reduction.

IV. IMPLEMENTATION SCHEDULE

18. The remaining key milestones for Phase 2 are indicated below.

Steering committee meeting	16 May 2006
National seminar for information on the study	17 May 2006
Regional seminar for information on the study	early June 2006
End of Phase 2	3 June 2006
Tripartite meeting	6 June 2006

V. CONCLUSION AND FOLLOW-UP ACTIONS

19. The TA is on track. The Consultant should submit by 15 March 2006 a schedule of field visits proposed for Phase 2, and work closely with DOTC on the items discussed in paras 12 to 17. If necessary, the Consultants work should be extended through a variation order to complete these remaining works.

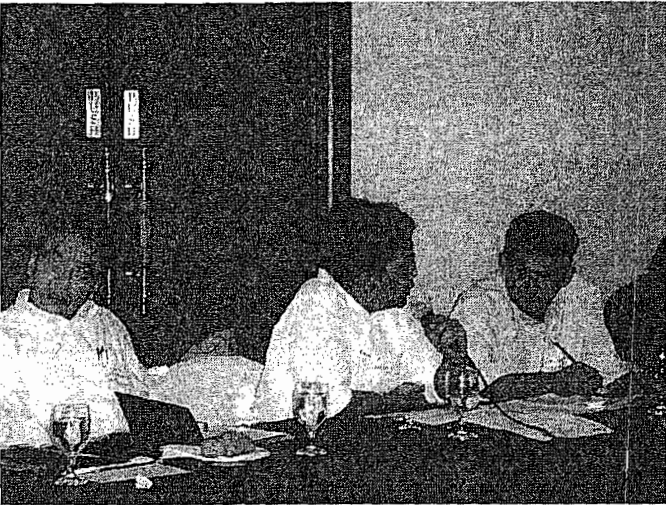
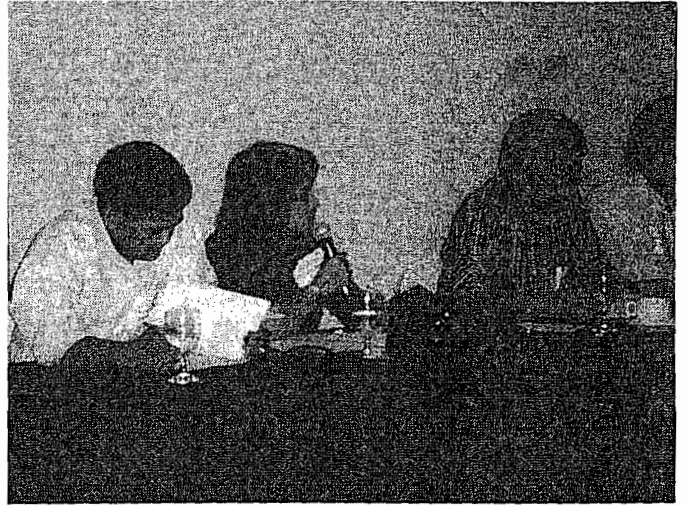
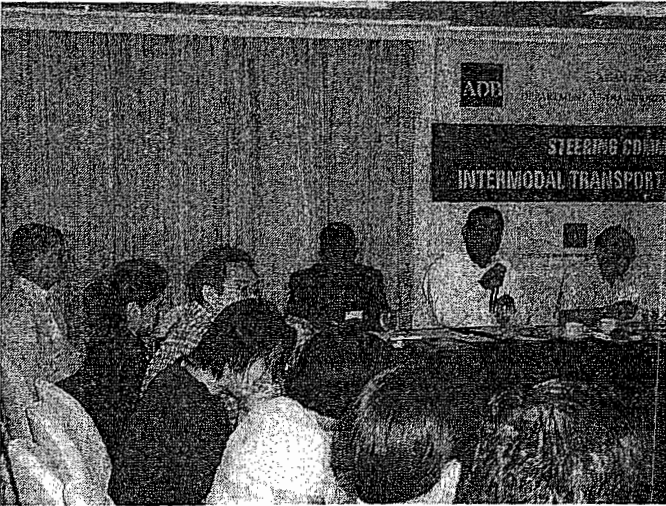
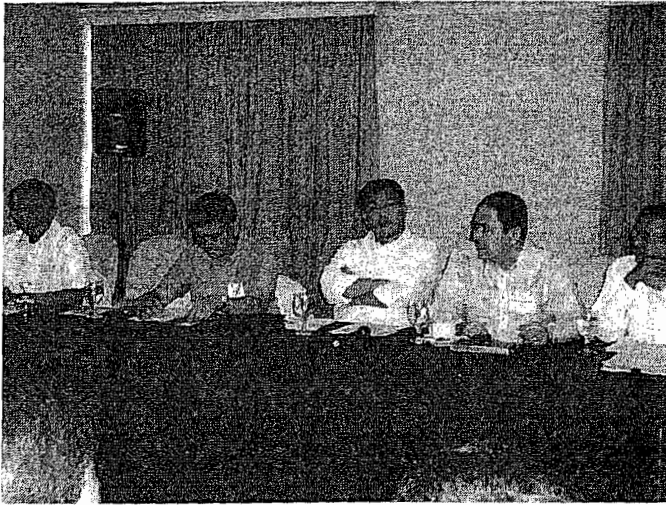
Shihiru Date
Transport Specialist/ Mission Leader
Asian Development Bank

16 May 2006

Pictures Taken During Steering Committee Meeting on the ITDP Draft Final Report
Linden Suites, Pasig City, May 16, 2006



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**National Stakeholders'
Presentation**

ADB Intermodal Transport Development Project
 National Stakeholder Consultation
 The Linden Suites, Pasig City
 17 May 2006
 8:00 am to 12:00 nn

	Name	Designation	Office / Company	Telephone/Cell No.	Fax No.	Signature
1.	ESQUERRA KASTRO	ALBERT WGR.	ATA-BX4	09186751170		[Signature]
2.	ENGR. FRANCISCO P. SELIMAC JR.	ESD MANAGER	PPA-GENSAN	09127522984 (083) 552-4446		[Signature]
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4.	CONRAN MONTUENO	DEAN	WFO AIT	9223894		[Signature]
5.	CONRAN D. DOCTUERO	ENGINEER II	ATD	02-8799126		[Signature]
6.	Taru ya eds N. MANSUR	RD	NTC-ALMM	0917983047		[Signature]
7.	CRISPIN B. PANGGALAN JR.	PLANNING OFFICER	DPD4	0917540737		[Signature]
8.	BENGALET P. ASARI FAH	Regional Director	MARINA-ARMM	09172043719		[Signature]
9.	NIHCAINE L. ISA	Exec. Assist	Reg'l MARINA AREA OFFICE	09160233155		[Signature]
10.	PATRICK TAN	VP Commercial	SOUTH EAST ASIAN AIRLINES (SEAIR)	09197432012	8490219	[Signature]
11.	RICHARD MANN	PROJ. ASSISTANT, ICIP	AMCATAM	09178431787		[Signature]
12.	FRANK GO	AUP	SLI	2336818		[Signature]
13.	Rochene vicencio	HSES officer	Asian Terminals, Inc.	528-6000		[Signature]
14.	Rona Haterula	Executive Asst.	Phil. Liner Shipping	521-4231		[Signature]
15.	WALTER M. Andrad	Chief, Product Research	DOT	5231930		[Signature]
16.	CHARLES Feibel	Team leader	Louis Berger Group			[Signature]
17.	Malou M. Manafad	Freder Port Specialist	LSB			[Signature]
18.	Dir. Rama Dimapanat	Dir. IV	DOTC-ARMM	0917726562		[Signature]
19.	Asee Mac Langed	Assec	POTC-ARMM	0918-579584		[Signature]
20.	EMILIO C. Yu	SA ASST. TO CHAIRMAN	PAL	0917-538836		[Signature]
21.	SUXIB B. TUTUH	REG'L DIR.	LTO-ARMM	09169302333		[Signature]
22.	BARUN YANMAR	C.E.	ITDP-PCY	916-2223		[Signature]
23.	JAIJONA A. SINGGON	R.H.	ATO-ARMM	0917-95-244		[Signature]
24.	Della P. Capicoma	AM	POTC	727 796		[Signature]
25.	Reynard Pangaran	Prin. Eng	PRA	9019073		[Signature]

ADB Intermodal Transport Development Project
 National Stakeholder Consultation
 The Linden Suites, Pasig City
 17 May 2006
 8:00 am to 12:00 nn

Name	Designation	Office / Company	Telephone/Cell No.	Fax No.	Signature
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Toshio AZUMA		POTC (JICA)			
RUBEN SENDINGAN	1.S.	DOT/DTI	899-08-93		
CAMILLO O. NAFONE	ITDP PROSPECT TEAM	LOG/PCI			

ADB Intermodal Transport Development Project
 National Stakeholder Consultation
 The Linden Suites, Pasig City
 17 May 2006
 8:00 am to 12:00 nn

	Name	Designation	Office / Company	Telephone/Cell No.	Fax No.	Signature
51.	Ati Ricok	Director IV	DOT-Gate	0788800		
52.	Geraldine Bayot	ITDP RA	PCI			
53.	DARTE A. LULUM	PMS RFP	DOTC			
54.	Lorenzo Pagalanan	SIL, CDD	DOTC	727 7955		
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57.	Vicky Montenegro	DM	UBG	863804		
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60.	SAMUEL C. CUSTODIO	Port Engr.	ITDP			
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63.	FRANK L. CORPETO	ITDP	DOTC			
64.						
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**NATIONAL STAKEHOLDERS' PRESENTATION ON THE
INTERMODAL TRANSPORT DEVELOPMENT PLAN FOR
THE SOUTHERN PHILIPPINES**

**May 17, 2006, The Linden Suites, Pasig City
8:00 a.m. – 12:00 nn**

Program of Activities

- | | |
|------------------|---|
| 8:00 - 9:00 am | Registration |
| 9:00 - 9:15 am | Opening Ceremony <ul style="list-style-type: none">• Invocation and National Anthem• Welcome Remarks (DOTC)• Opening Remarks (MEDCO) |
| 9:15 - 10:00 am | ITDP Subprojects (<i>Charles Feibel, ITDP Team Leader</i>) <ul style="list-style-type: none">• Airports• Hub Ports• Feeder Ports- Feasibility Analysis Results- Environmental and Social Safeguards |
| 10:00 - 10:15 am | - Coffee Break - |
| 10:15 - 11:00 am | ITDP Sector Loan (<i>George Esguerra, ITDP Asst. Team Leader/
Transport Planner</i>) <ul style="list-style-type: none">• Policy and Administrative Reform• Implementation Plan |
| 11:00 - 12:00 nn | Discussion |
| 12:00 nn | Closing Ceremony/Lunch |

**ADB Intermodal Transport Development Project (ITDP)
Phase 2**

National Stakeholders' Presentation

**Highlights of the ITDP Draft Final Report:
The subprojects**

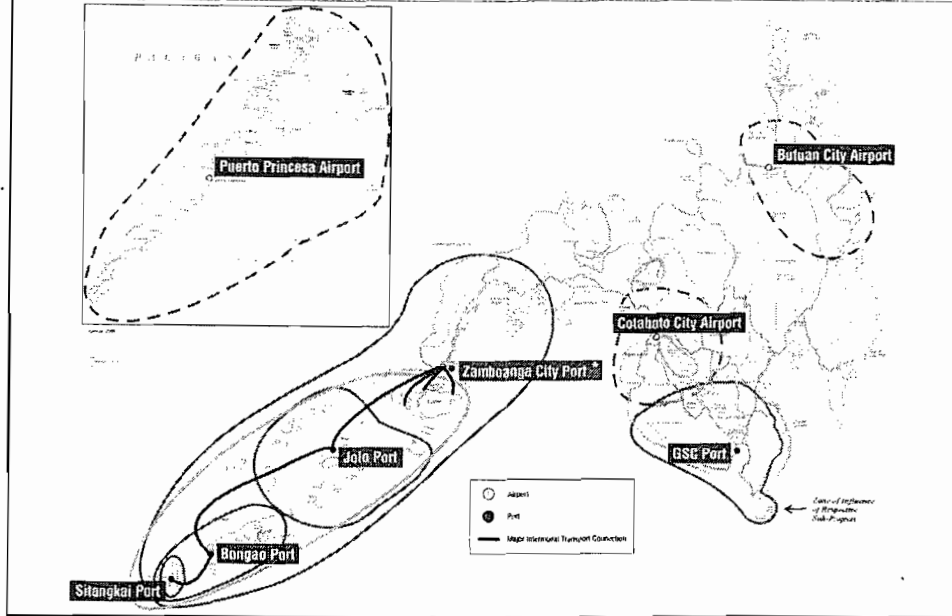
**Charles Feibel, Team Leader, ITDP
The Louis Berger Group Phils., Inc.**

17 May 2006

ITDP Phase 1

- 135 potential subprojects identified
- Intermodal Transport Development Plan (hubs & corridors) Analysis and Stage 1 Screening
- 44 Refined Long-List (Multi criteria Screening with Surveys)
- 14 Preliminary Short-List (resource constraints & PPA)
- 8 Short-Listed Subprojects

8 Subprojects and Zones of Influence



Phase 2 Scope of Work for Puerto Princesa, Cotabato and Butuan Airport Subprojects

- All Airports have existing feasibility studies, EISs and LARPs

Technical Studies	Environmental / Social Safeguards	
	Environmental Safeguards	Social Safeguards
<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Due Diligence Review of Designs, EIS Reports Assist DOTC to extend issued ECC 	<ul style="list-style-type: none"> Due Diligence Review of Designs, LARPs External LARP Monitoring by DOTC Surveys & analyze cargo for inputs to PSA

Phase 2 Scope of Work for Zamboanga and General Santos Hub Ports

- Both Hub Ports have existing Feasibility Studies

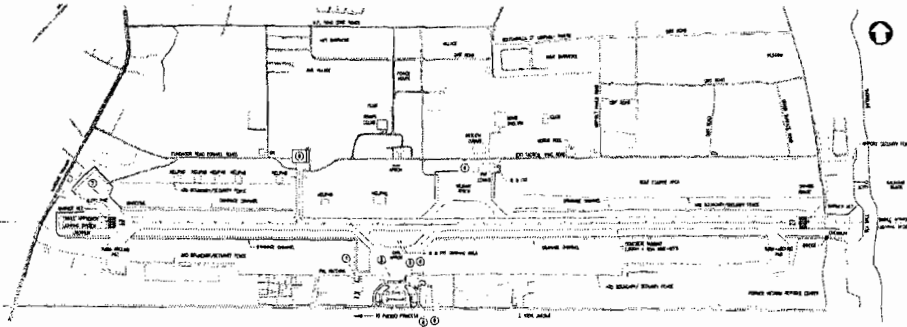
Technical Studies	Environmental / Social Safeguards	
	Environmental Safeguards	Social Safeguards
<ul style="list-style-type: none"> ▪ Updated Feasibility Study ▪ Due Diligence Review ▪ Prefeasibility Study RoRo – Zambo 	<ul style="list-style-type: none"> ▪ IEEs 	<ul style="list-style-type: none"> ▪ No land acquisition or resettlement required. ▪ Analyze cargo and passenger for PSA

Phase 2 Scope of Work for Bongao, Jolo and Sitangkai Feeder Ports

- Feeder Ports do not have existing Feasibility Studies

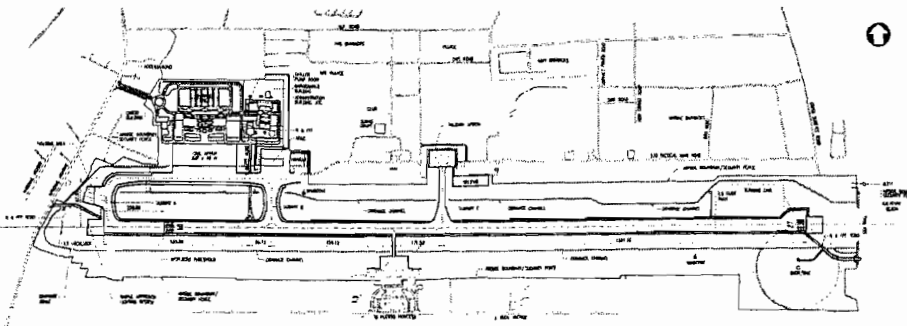
Technical Studies	Environmental / Social Safeguards	
	Environmental Safeguards	Social Safeguards
<p><u>Bongao</u></p> <ul style="list-style-type: none"> ▪ Feasibility Study 	<p><u>Bongao</u></p> <ul style="list-style-type: none"> ▪ IEE 	<p><u>Bongao</u></p> <ul style="list-style-type: none"> ▪ Prepared LARP ▪ Prepared PSA Case Study
<p><u>Jolo & Sitangkai</u></p> <ul style="list-style-type: none"> ▪ Prefeasibility Studies 	<p><u>Jolo & Sitangkai</u></p> <ul style="list-style-type: none"> ▪ IEE 	<p><u>Jolo & Sitangkai</u></p> <ul style="list-style-type: none"> ▪ Prepare LARP TOR ▪ Analyze cargo and passengers for inputs to PSA

Existing Puerto Princesa Airport



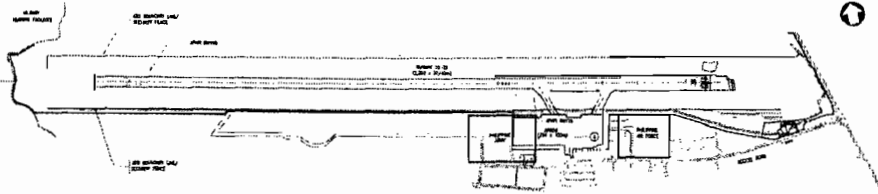
- Gateway to major tourism resource of the Philippines
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 900,000

Proposed Puerto Princesa Airport Development



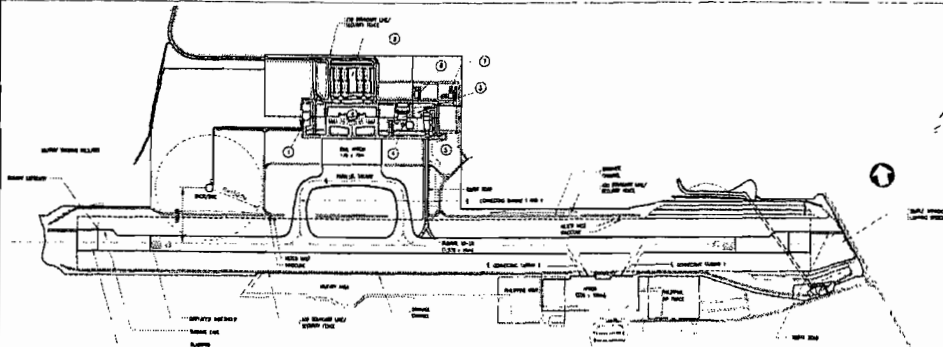
- | | |
|---|--|
| <ul style="list-style-type: none"> ▪ Expanded New Terminal (international) Complex including control tower, cargo, admin & maintenance facilities ▪ Expanded Apron (20%) ▪ Expanded New Access Road ▪ Widen Runway Strip ▪ Install ILS (one way) – other Nav aids, ATC, communication equipment and lighting | <ul style="list-style-type: none"> ▪ Runway overlay ▪ 2,600 meter runway; A340 ▪ Base Cost = \$44.9 million ▪ EIRR = 20.8% ▪ FIRR = 0.6% ▪ Airport meets ICAO standards ▪ Needs updated master plan |
|---|--|

Existing Cotabato Airport



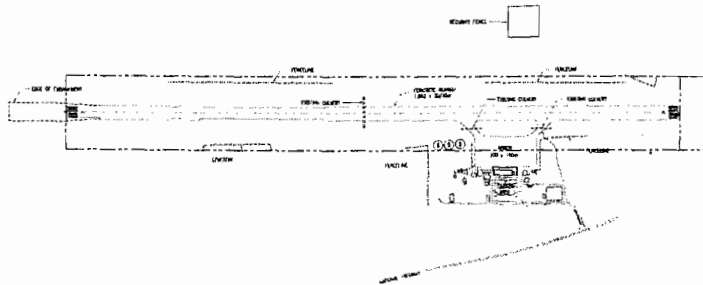
- Gateway to Central Mindanao and ARMM
- Relevant to peace & development (MLF)
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 2.4 million

Proposed Cotabato Airport Development



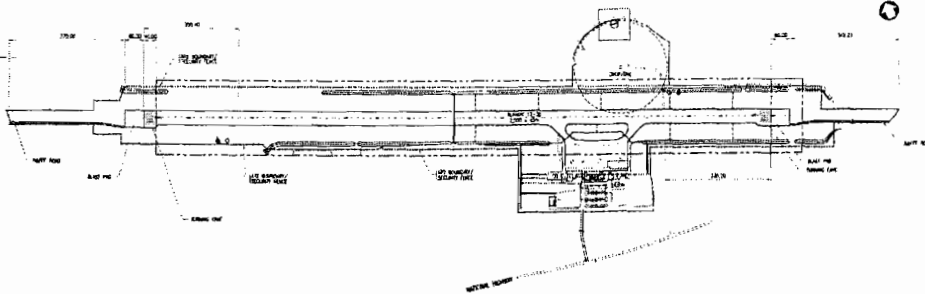
- New Terminal Complex including control tower, cargo, admin & maintenance facilities
- New Access Road
- 110m extension and rehab of runway and widen to 45m, and widen runway strip
- Nav aids, ATC, communication equipment and lighting
- 1,970 meter runway; A320
- Base Cost = \$36.4 million
- EIRR = 15.3%
- FIRR = negative
- Airport meets ICAO standards

Existing Butuan Airport



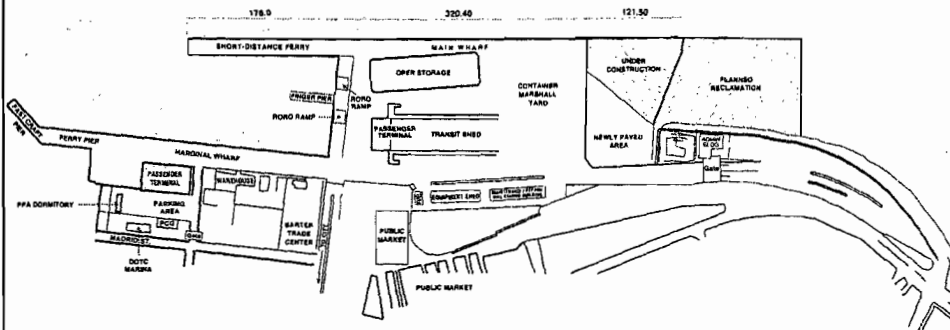
- Gateway to Caraga Region
- Fast growing traffic
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 1.4 million

Proposed Butuan Airport Development



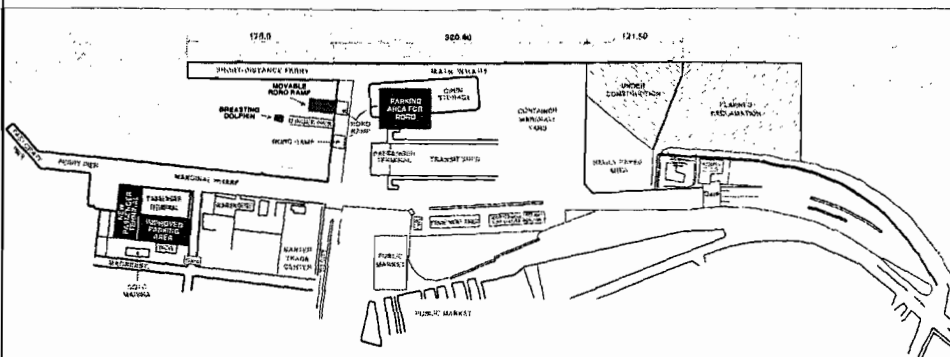
- Improving Passenger Terminal (expand), control tower and CFR buildings
- New Access Road
- Runway widen to 45m, overlay and 100m extension
- Nav aids, ATC, communication equipment and lighting
- 2,000 meter runway; A320
- Base Cost = \$15.7 million
- EIRR = 36.6%
- FIRR = negative
- Airport meets ICAO standards

Existing Zamboanga Hub Port



- Gateway to Sulu Archipelago
- Role in peace & development and EAGA
- Passengers: 3.2 million, 2nd to Port of Manila (more than Cebu Airport)
- Hub of SRNH
- RoRo Ramp only useable at High Tide
- ZOI population: 2.85 million

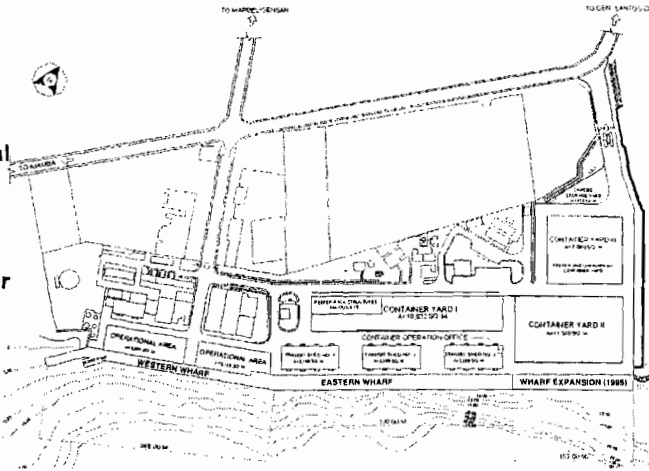
Proposed Zamboanga Hub Port Development



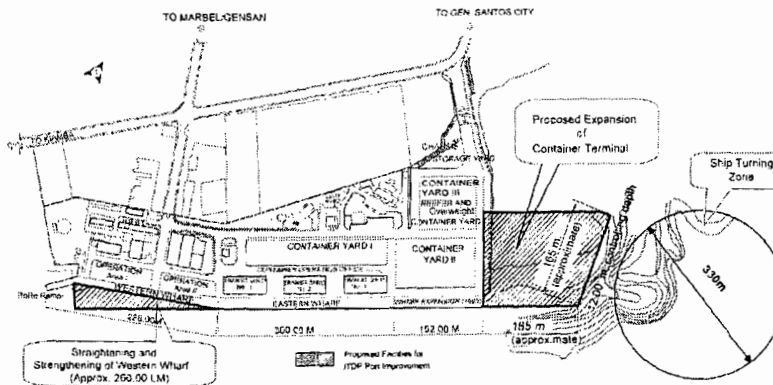
- Moveable ramp for (1) RoRo ramp with backup area and breasting dolphin
- New larger air conditioned passenger terminal (2,400 m²) with expanded and improved parking lot
- Considered pontoon pier for fast craft but not yet needed
- Base Cost = \$4.4 million
- EIRR = 18.3%
- FIRR = 1.25%

Existing General Santos Hub Port

- Gateway to SOCSARGEN
- Important to national agribusiness and fisheries development
- Congested container pier (3rd highest traffic in Mindanao)
- ZOI population: 2.4 million

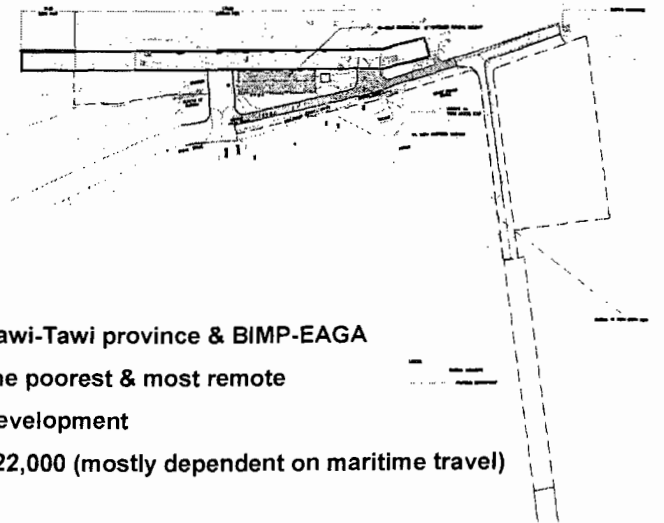


Proposed General Santos Hub Port Development



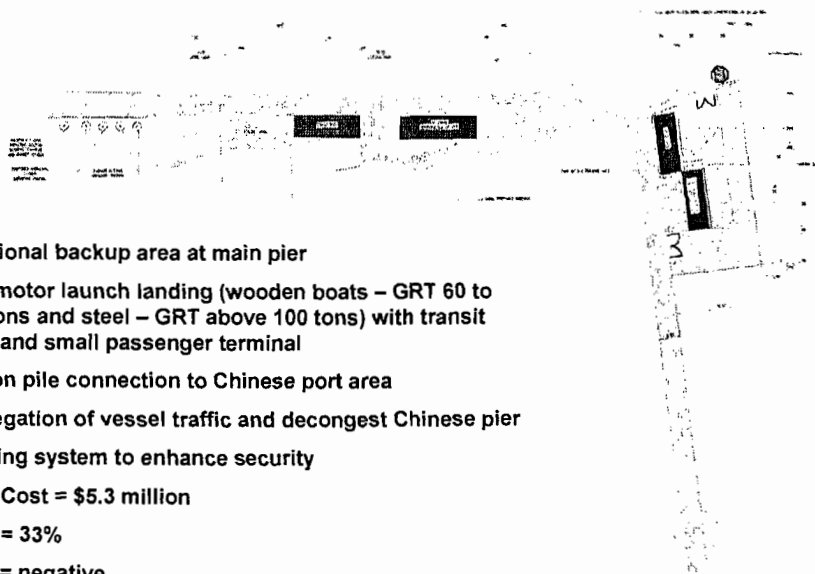
- Straightening and strengthening of western wharf (approx. 260m)
- Proposed expansion of container terminal (7th & 8th berth – 165m each at 12m depth)
- Considered passenger terminal but traffic (200,000) does not justify
- Base Cost = \$15.4 million
- EIRR = 37.3%
- FIRR = negative
- Long duration project due to staging of implementation

Existing Bongao Feeder Port



- Gateway hub to Tawi-Tawi province & BIMP-EAGA
- Province one of the poorest & most remote
- Role in peace & development
- ZOI population: 322,000 (mostly dependent on maritime travel)

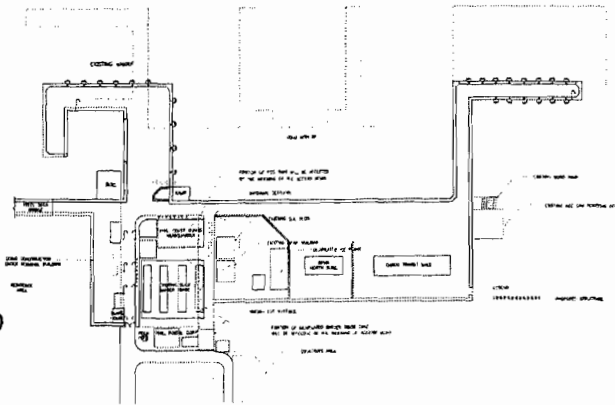
Proposed Bongao Feeder Port Development



- Additional backup area at main pier
- New motor launch landing (wooden boats – GRT 60 to 125 tons and steel – GRT above 100 tons) with transit shed and small passenger terminal
- Pier on pile connection to Chinese port area
- Segregation of vessel traffic and decongest Chinese pier
- Lighting system to enhance security
- Base Cost = \$5.3 million
- EIRR = 33%
- FIRR = negative

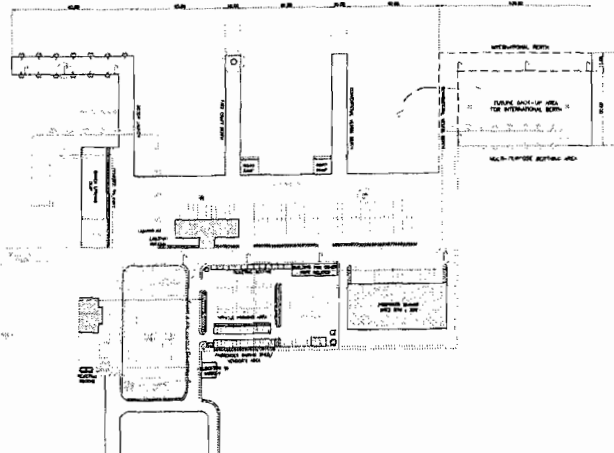
Existing Jolo Feeder Port

- Gateway hub to Sulu province
- Most conflict-affected and one of ten poorest provinces
- Role in peace and development
- RoRo link in SRNH
- ZOI population: 620,000 (highly dependent on maritime travel)



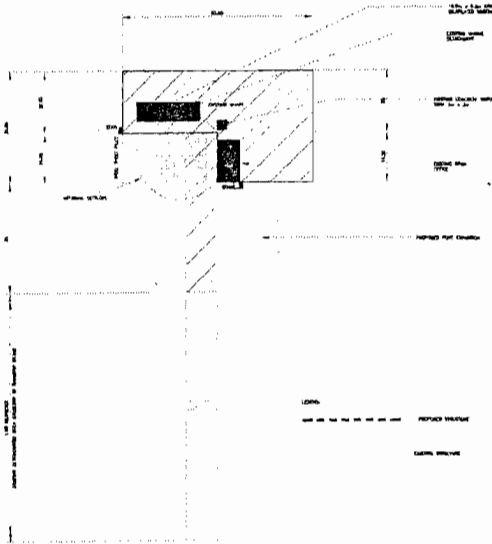
Proposed Jolo Port Development

- Major reconstruction and expansion of all facilities in existing port
- Increased backup area and staging areas
- New passenger traffic access road and parking
- Segregation of traffic
- Improved lighting
- Long duration project due to staging of reconstruction
- Base Cost = \$8.5 million
- EIRR = 22%
- FIRR = negative

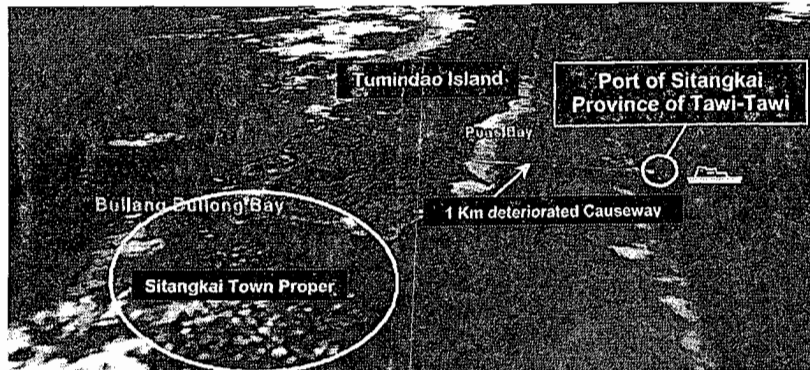


Existing Sitangkai Feeder Port

- One of most remote ports in province
- Collector sub-hub port for Sitangkai municipality (including Sibutu Island Group)
- Residents dependent on maritime travel
- Role in development of seaweed industry and peace & development
- Enhance strategic coast guard presence
- Limited stair landing for bancas
- ZOI population: 53,000

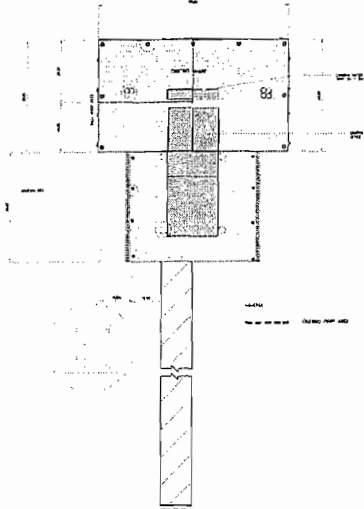


Vicinity Map of Sitangkai Feeder Port



Proposed Sitangkai Feeder Port Development

- Expand apron
- Construction of segregated stairlanding
- New passenger terminal and larger transit shed
- Lighting and water supply
- Base Cost = \$2.2 million
- EIRR = 30%
- FIRR population: negative



Summary of Key Information

	Airports			Hub Ports		Feeder Ports		
	Puerto Princesa	Cotabato	Butuan	Zamboanga	Gen. Santos	Bongao	Jolo	Sitangkai
Executing Agency	DOTC	DOTC	DOTC	PPA	PPA	DOTC	DOTC	DOTC
Implementing Agency	DOTC	DOTC	DOTC	PPA	PPA	DOTC/ RPMA	DOTC/ RPMA	DOTC/ RPMA
Base Cost: (\$millions)	\$ 44.9	\$ 36.4	\$ 15.7	\$ 4.4	\$ 15.4	\$ 5.3	\$ 8.5	\$ 2.2
EIRR (base) (SPADP)	20.8% (19%)	15.3% (15%)	36.6% (33%)	18.3%	37.3%	33%	22%	30%
FIRR	0.62%	neg.	neg.	1.25%	neg.	neg.	neg.	neg.
Other Factors	• ICAO • Tourism	• ICAO • Peace	• ICAO • Traffic	• EAGA • Peace	• EAGA • Agri/ Fish	• Peace • Poverty	• Peace • Poverty	• Peace • Poverty

**Summary of Key Environmental Issues
Puerto Princesa, Butuan and Cotabato Airports**

Main Environmental Issues & Mitigation Identified	Environmental Management Capacity
<p>EIS reports compliant. Design modifications proposed under ITDP (small increase in terminal size and apron 20% larger at Puerto Princesa and small increase in terminal size at Butuan) are minor and do not change conclusions of original EIS. No additional issues have been identified. EMP costs updated.</p>	<p>DOTC PMO's environmental management capacity strengthening. ECCs require DOTC to establish environment unit. Reg. ATO for each subproject will also need strengthening. Recommend setting up SEMS.</p>
<ul style="list-style-type: none"> ▪ TADP: existing EIS, LARP and ECCs ▪ DENR Category: B ▪ No Subprojects in ECA or a ECP ▪ EMPs: PhP 2.8 million 	

**Summary of Key Environmental Issues
Gen. Santos and Zamboanga Hub Ports**

Main Environmental Issues & Mitigation Identified	Environmental Management Capacity
<p>Adverse impacts identified low to moderate significance and can be mitigated. Measures identified, costed in EMP. EMP incl. septic tank for animal waste in Gen. Santos. No land acquisition.</p>	<p>EU for PPA recommended. PMOs have structures for SEMS in place; PPA-PMO General Santos to fill currently vacant SEMS positions</p>
<ul style="list-style-type: none"> ▪ No Subprojects in ECA or ECP ▪ DENR Category: B ▪ PPTA prepared IEEs ▪ EMP: PhP 2 million 	

**Summary of Key Environmental Issues
Bongao, Jolo and Sitangkai Feeder Ports**

Main Env. Issues & Mitigation Identified	Environmental Management Capacity
<ul style="list-style-type: none"> • Bongao, Jolo and Sitangkai - Adverse impacts identified are low to moderate significance and can be mitigated. Measures identified and costed in EMP. 	<p>EU for RPMA-ARMM recommended. Port Managers to appoint SEMS for duration of the Project</p>
<ul style="list-style-type: none"> • Jolo - Additional measures: new mosque to be constructed and plaque provided for historic lighthouse (does not require relocation and not structurally affected). • Bongao - EMP incl. septic tanks for h'holds adjacent to port and consideration of sunlight access for houses affected by port wall. 	<ul style="list-style-type: none"> ▪ No Subprojects in ECA or a ECP ▪ DENR Category: B ▪ PPTA prepared IEE and LARP (Bongao) and LARP TOR (Jolo/ Sitangkai) ▪ EMP: PhP 1.8 million
<p>ITDP overall:</p> <ul style="list-style-type: none"> ▪ Recommend Category B ▪ SIEE prepared (also IEEs) ▪ Capability building included (DENR, IA/SEMS) ▪ EMPs 6.6 million 	

**Summary of Key Social / Resettlement Issues
Puerto Princesa Airport Subproject (1)**

<ul style="list-style-type: none"> • Due diligence review of LARP prepared in 2002 under TADP 	
Main Issues and Status	Actions Required
<ul style="list-style-type: none"> • Most land acquisition and resettlement completed. Expropriation on-going for 5 ha (no structures). • New access road, 15 structures to be removed from AFP land, structures owned by renters (temporary occupancy contracts) estimated compensation PhP 5 million. Likely to affect 11 households totaling 606 m², all on land rented from AFP. • Additional ROW area required for improving the intersection of access road with Highway will be determined following preparation of detailed base map of the 200 m highway section and preliminary design. 	<ul style="list-style-type: none"> • Addendum to existing LARP covering access road and its intersection with the National Highway, approval by Government and ADB • External LARP monitoring to be completed. • Fencing of acquired land areas

**Summary of Key Social / Resettlement Issues
Butuan and Cotabato Airport Subprojects (2)**

- Due diligence review of LARP prepared in 2002 under TADP

Main Issues and Status	Actions Required
<p>Butuan</p> <ul style="list-style-type: none"> ▪ Most LARP activities completed. Expropriation proceedings on-going for 7 ha. ▪ External LARP monitoring conducted ▪ Relocation required of 6 small structures (1,480 m²) belonging to AFP and LGU ▪ Realignment of existing gravel road to military hospital also required and affects 6 to 8 houses. 	<ul style="list-style-type: none"> ▪ Addendum to existing LARP to include gravel road to Hospital ▪ Fence remaining 25% of area and Ongoing monitoring
<p>Cotabato</p> <p>All LARP activities completed. Seven fish vendors allowed to stay in ROW on understanding they relocate at own expense prior to project implementation. These include the 2 remaining households to relocate as identified in due diligence review of LARP.</p>	<p>Fence remaining 30% of area; External LARP monitoring to be completed.</p>

**Summary of Key Social / Resettlement Issues
Hub Ports and Feeder Ports**

- Gen. Santos & Zamboanga: No land acquisition or resettlement

Main Issues and Status	Actions Required
<p>Bongao - Short LARP prepared. 14 households affected plus Coast Guard. Cost of LARP implementation PhP 2.26 million and requires 3 – 9 months.</p>	<p>Implementation of the LARP once it is approved by the DOTC, LGU of Bongao & ADB; monitoring</p>
<p>Jolo - LARP-TOR prepared. 8 AP households affected by access road requiring preparation of short LARP. Cost of LARP study and implementation PhP 2.5 million and requires 3 – 9 months. 300(approx.) sq.m. of the Barter Trade building and vacant lot needs to be acquired for widening of road.</p>	<p>Preparation of short LARPs during project implementation depending on detailed design; Implementation of LARP after approval (DOTC, LGUs and ADB); and monitoring</p>
<p>Sitangkai – LARP-TOR prepared. Preparation of Short LARP required during project implementation for 26 households located behind port along causeway. Cost of study and implementation PhP 3.4 million and requires 3 – 9 months.</p>	

**Off-Site Poverty Alleviation Initiatives Proposed for Funding
under Japan Fund for Poverty Reduction**

Feeder Ports		
Bongao	Jolo	Sitangkai
<ul style="list-style-type: none"> ▪ Construction of Public Market adjacent to Chinese Port (\$900,000) ▪ Improvement of adjacent Chinese Port to organize Vendor activity and improve management and traffic flow (\$200,000) 	<ul style="list-style-type: none"> ▪ Physical improvement of Barter Trade area adjacent to port entrance including management of traffic and parking around Barter Trade area (\$700,000) 	<ul style="list-style-type: none"> ▪ Provision of Walkways (on posts), water catchment, toilets and amenities for relocated community on causeway and common use toilets and water / showers for port users (\$200,000)
Total cost of \$ 1.1 million	Total cost of \$700,000	Total cost of \$200,000
\$ 2 million Including planning, design and construction, and capability building		

ITDP Implementation Status

<ul style="list-style-type: none"> ▪ No significant environmental issues in ITDP Subprojects 			
Puerto Princesa Cotabato and Butuan	Zamboanga and Gen. Santos	Bongao	Jolo and Sitangkai
<ul style="list-style-type: none"> ▪ Ready to update design ▪ Addendum to LARP (access road in Puerto Princesa) ▪ Addendum to LARP (Road in Butuan) ▪ Apply for extension of existing ECCs 	<ul style="list-style-type: none"> ▪ Ready to design ▪ No LARP required ▪ Apply for ECCs 	<ul style="list-style-type: none"> ▪ Ready to design ▪ LARP to be approved and implemented ▪ Apply for ECCs 	<ul style="list-style-type: none"> ▪ May do FS ▪ Ready to design ▪ Prepare and implement LARPs ▪ Apply for ECCs

**ADB Intermodal Transport Development Project (ITDP)
Phase 2**

National Stakeholders' Presentation

**Policy and Institutional Reforms and
ITDP Implementation Plan**

**George Esguerra, Asst. Team Leader/
Transport Planner, ITDP**

17 May 2006

Presentation Outline

- Tripartite Agreements
- Civil Aviation
- Maritime Transport
- Road Transport
- BIMP-EAGA Air and Sea Linkages
- PSP/PPP Options
- Institutional Strengthening
 - Procurement procedures
 - Project management and monitoring

Presentation Outline

- Project Organization
- Duration of Project Activities
- Cost Components and Financing
- Contract Packaging
- Financial Plan

Tripartite Agreements

(December 8, 2005)

■ **Policy and Institutional Reform**

Action Plan to cover:

- Airport operation, management and pricing
- Restructuring of civil aviation organizations
- RORO ferry operation, regulation and pricing
- Expansion of air and sea linkages in EAGA
- Institutional strengthening for DOTC, ATO, PPA, MEDCO and ARMM

Civil Aviation

■ Corporatization of ATO

- GOP commitment under ADB Third Airports Development Project
- CAB included under the proposed Civil Aviation Authority of the Phils. (CAAP) for "administrative convenience"
- JICA Airport Master Plan recommended CAAP without CAB

Civil Aviation

■ Corporatization of ATO

- ITDP recommends CAAP without CAB in keeping with MTPDP policy statement: "*... conversion of ATO into a corporate body will be pursued. An independent oversight unit shall be established within DOTC to handle economic and safety concerns...*"
- ITDP recommends inclusion of CAAP bill in priority legislative agenda (certification by the President)

Civil Aviation

■ Reorganization of International Airports

- 2006 JICA Airport Master Plan recommended the creation of the Airports Authority of the Philippines (AAP) for synergy in trunk airport operations
- President issued EO 341 in August 2004 integrating international airports under MIAA supervision; IRR issued in March 2006

Civil Aviation

■ Reorganization of International Airports

- ITDP recommends implementation of EO 341 IRR, which provide funding and management mechanism for other international airport and considering MTPDP policy on "... *moratorium on the establishment of GOCCs and their subsidiaries.*"

Civil Aviation

■ Devolution of Feeder Airports

- 1997 CAMP recommended LGU and private sector involvement; while 2006 JICA Airport Master Plan recommended transfer to LGUs
- ITDP recommends preparation of guidelines for airport devolution and closure under the TA for the institutional strengthening of ATO

Civil Aviation

■ Pricing of Airport Services

- 1997 PTSS cited need for airports to be financially self-supporting, except for developmental airports
- DOTC/ATO approved 300% tariff increase in 1998, with periodic review and adjustment; revised schedule of 20% increase pending DOTC approval
- 2006 JICA Airport Master Plan noted that ATO airport charges are lower than MIAA, MCIAA, SBMA, CIAC

Civil Aviation

■ Pricing of Airport Services

- JICA Airport Master Plan recommended dual-till approach in airport tariff setting
- ITDP recommends adjustment of ATO tariffs for recently upgraded airports such as Davao International Airport and General Santos Airport in Southern Philippines, and tariff study under the TA on the Institutional Strengthening of ATO

Maritime Transport

■ PPA Port Functions

- Previous transport studies, notably PTSS and the World Bank Infrastructure Development Paper, cited need to separate regulatory and port operation functions
- MTPDP cited the policy direction of separating these functions of PPA
- ITDP recommends the review and preparation of possible restructuring of PPA under the TA on Institutional Strengthening of PPA

Maritime Transport

■ PPA Port Functions

- ITDP also recommends the transfer of feeder ports development function from DOTC to PPA, with DOTC in-charge of the strategic transport development planning (national airports, ports, roads and railways)
- Role of DOTC in intermodal transport planning will be covered under the TA on Institutional Strengthening of DOTC

Maritime Transport

■ Port Tariff Structure and Setting

- Previous transport studies recommended the differential pricing of port services among PPA ports
- ITDP recommends the completion of the PPA Port Tariff Study, which should include the consideration of cargo handling rate setting to be handled by an independent body, and further restructuring studies under TA for Institutional Strengthening of PPA

Maritime Transport

■ Expansion of RORO Services

- EO Nos. 170, 170A and 170B defined the extent and operating guidelines for the RRTS/SRNH routes
- DBP identified RORO ports for development under its Sustainable Logistics Development program
- New JICA study on 28 priority RORO ports for mobility enhancement
- ITDP recommends integration of proposals into the RRTS/SRNH Development Plan

Maritime Transport

■ Local shipping regulation

- 2006 JICA Domestic Shipping Development Plan cited need to localize franchising and regulation subject to existing safety regulations of PCG
- ITDP endorses the JICA recommendation to devolve the franchising of local shipping services, particularly short-haul RORO services, to LGUs
- TA on Institutional Strengthening of ARMM-RPMA on port and shipping guidelines

Road Transport

■ Road Sector Reforms

- Tripartite meeting noted the substantial progress in the implementation of road policy reform program through the support of donor agencies, notably ADB, World Bank and JBIC
- ITDP noted specific issues requiring attention as they relate to intermodal transport in Southern Philippines. These are:
 - Upgrading of national and provincial roads such as the Magsaysay Bridge and Butuan Diversion Road, Phase 2 (JBIC proposed) and other road projects

Road Transport

■ Road Sector Reforms

- Upgrading of strategic rural roads
- Improvement in road maintenance (use of Road Funds)
- Stricter regulation of axle loads
- Improvement of road safety, particularly those projects identified under the 6th ADB Road Project
- ITDP recommends close coordination with MEDCO, DPWH, DILG, NEDA and the Mindanao Road Working Group to accelerate the implementation of priority road segments (TA on Institutional Strengthening of MEDCO)

BIMP-EAGA

■ **Air Linkages**

- GOP to revive air routes under the EAGA Roadmap
- Strengthening of CIQS Team through AusAID support
- Possible ADB RETA

■ **Sea Linkages**

- GOP to revive sea routes under the EAGA Roadmap
 - Reduction in fees and charges
- TA on Institutional Strengthening of MEDCO relative to EAGA cooperation

PSP/PPP

■ **Potential in ITDP Subprojects**

- Limited scope for PSP/PPP except in the operation and management of transport terminals
- Laguindingan Airport business model for PSP/PPP has yet to be presented by the NDC consultant
- TA on Institutional Strengthening of DOTC and PPA to cover PSP/PPP options

Governance in Project Implementation

■ Procurement Procedures

- TADP implementation delayed due to slow progress of land acquisition and resettlement, and problems in consultant, contractor, and supplier bidding
- RA 9184 provided controls for greater transparency
- ITDP recommends involvement of Procurement Watch (NGO), permanent BAC secretariat, web publishing of evaluation results, and ITDP project website

Governance in Project Implementation

■ Project Management and Monitoring

- TAs on Institutional Strengthening of DOTC/ATO, PPA, MEDCO, ARMM-RPMA as cited earlier
- Refer to Implementation Plan

Policy Dialogue

■ Next Steps

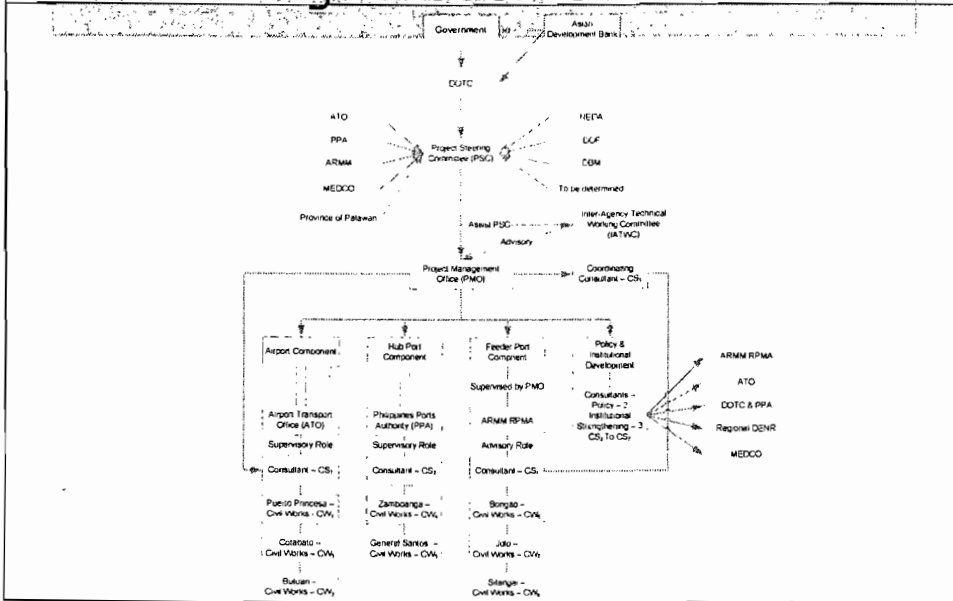
- Series of inter-agency policy formulation meetings
- Finalization of the Aviation Policy and Institutional Reform Action Plan
- NEDA Infrastructure Committee endorsement to NEDA Board
- Draft CAAP bill to be certified as urgent
- Policy briefing to Congress Representatives and Senators

Financial Plan ITDP Projects

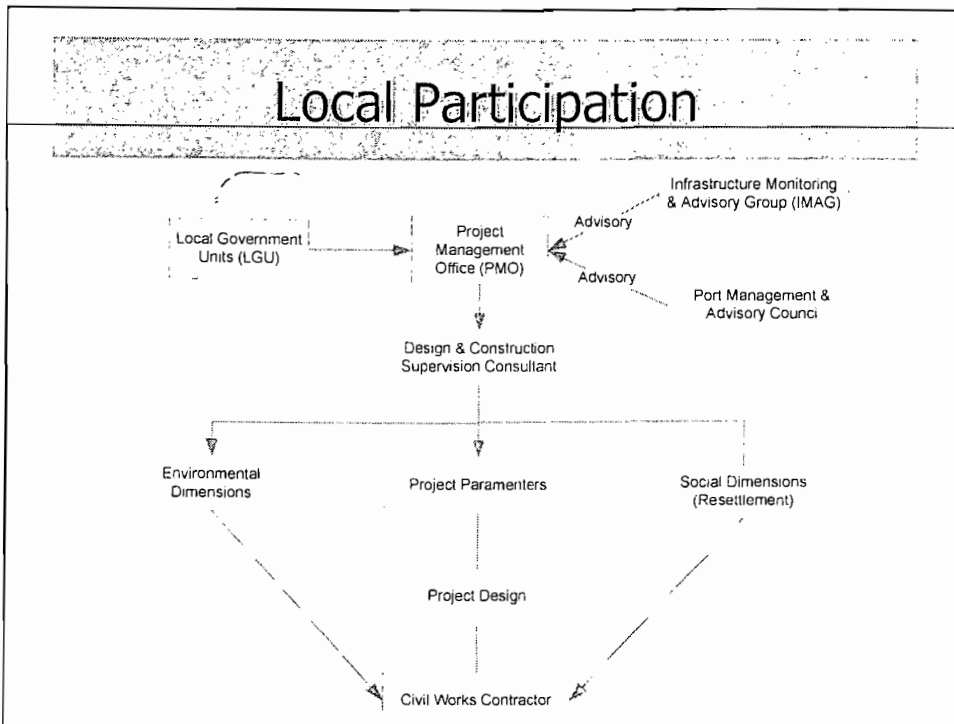
The financial plan is developed based on:

- Organization of the project into 3 components – 2 under DOTC (6 subprojects) & 1 under PPA (2)
- Scope of work and schedule by subproject;
- Cost estimate by subproject;
- Contract packages & consulting services and
- Cost sharing arrangement between the Government & ADB.

Organization Overall



Local Participation



Duration of Key Activities

Activity	Puerto Princesa	Cotabato	Butuan	Zamboanga	Gen. Santos	Bongao	Jolo	Sitangkai
	ML	ML	ML	ML	ML	ML	ML	ML
Master Plan (in parallel with the final design)	9	0	0	6		3	3	3
Environmental, Cultural and Permitting Activities	5	5	5	6	6	5	5	5
Resettlement + Land Acquisition	36	0	6	0	0	36	15	15
Final Engineering + Bid Documents	12	9	9	9	9	15	15	15
Tendering (Bidding + Bid Evaluation + Approvals)	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Construction	24	24	24	24	42	24	30	24

ML = Most Likely value used

Duration of the Subprojects

Sub-project Duration Based on MS Project	Start	End	Duration in Years	Rank by Duration	
				Short est	Δ Time
Puerto Princesa	10/16/07	04/04/12	4.47	4	0.25
Cotabato	10/16/07	01/04/12	4.22	3	0.01
Butuan	10/16/07	01/04/12	4.22	2	0.01
Zamboanga	10/16/07	01/02/12	4.21	1	0.00
General Santos City	10/16/07	08/05/13	5.80	8	1.59
Bongao	10/16/07	07/03/12	4.71	6	0.50
Jolo	10/16/07	02/03/13	5.30	7	1.09
Sitangkai	10/16/07	07/03/12	4.71	5	0.50

Start = Effectiveness of loan End = Of construction
Based on MS Project Schedule

Types of Costs & Cost Sharing

Component	Share of cost – from the loan	Counterpart funding either from the Government or PPA	
		Share of loan	Taxes + duties
Civil Works	65%	35%	35%
Equipment	65%	35%	35%
Consulting Services	65%	35%	35%
Resettlement	65%	35%	No taxes
Administrations	65%	35%	No taxes
Physical Contingencies	65%	35%	35%
Price Contingencies	65%	35%	35%
Financial Charges	100%	0%	No taxes

Contract Packaging

		Civil Works	Equip- ment	Design + Supervision Construction	Institutional Strengthening
Airports	Puerto Princesa	CW ₁	E ₁ , E ₂	CS ₁	CS ₃
	Cotabato	CW ₂	E ₁ , E ₂	CS ₁	CS ₃
	Butuan	CW ₃	E ₁ , E ₂	CS ₁	CS ₃
Hub Ports	Zamboanga	CW ₄	E ₄	CS ₂	CS ₄
	Gen. Santos City	CW ₅	E ₅	CS ₂	CS ₄
Feeder Ports	Bongao	CW ₆	E ₃	CS ₁	CS ₃
	Jolo	CW ₇	E ₃	CS ₁	CS ₃
	Sitangkai	CW ₈	E ₃	CS ₁	CS ₃
Institutional Strengthening					
		Aviation & Maritime Transport Policy Frameworks			CS ₃
		MEDCO + ARMM-RPMA			CS ₃
		Regional DENR			CS ₃
Poverty Alleviation Initiative (PIA) – Not included in loan					

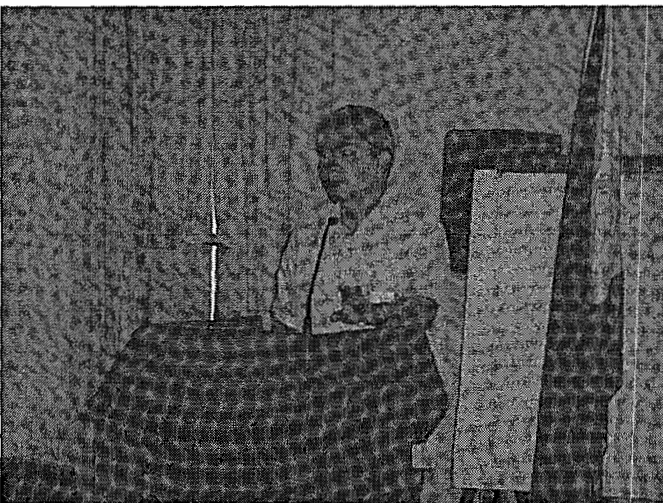
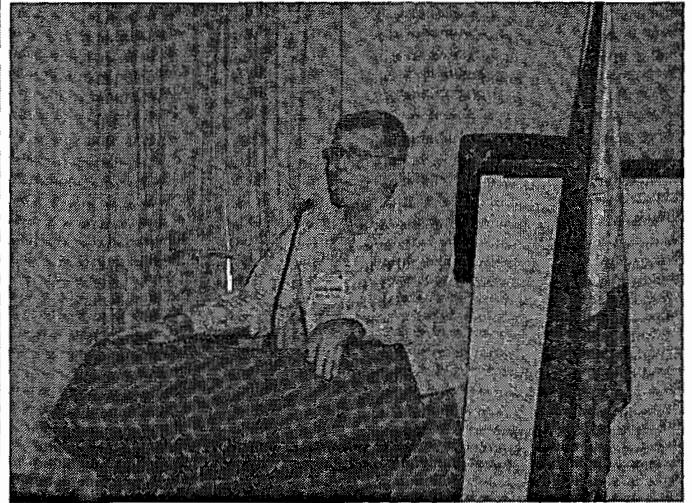
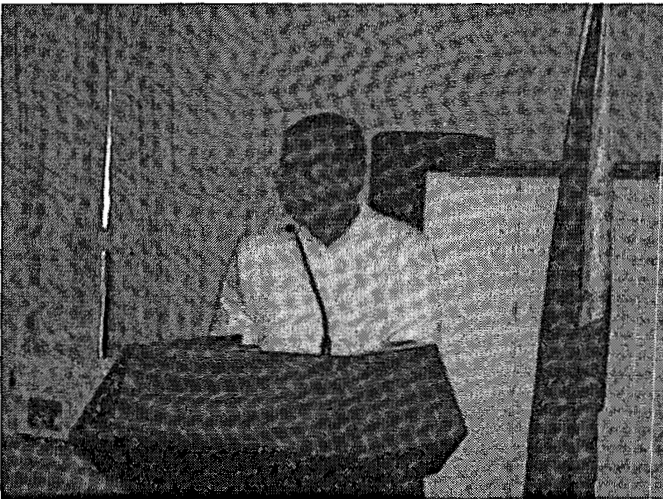
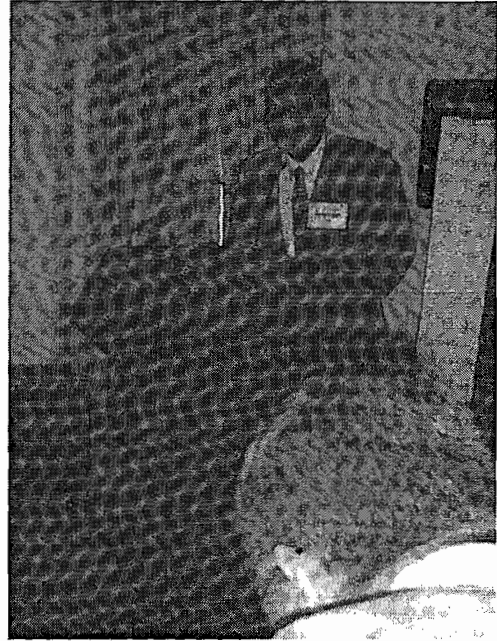
CS = Consulting Services

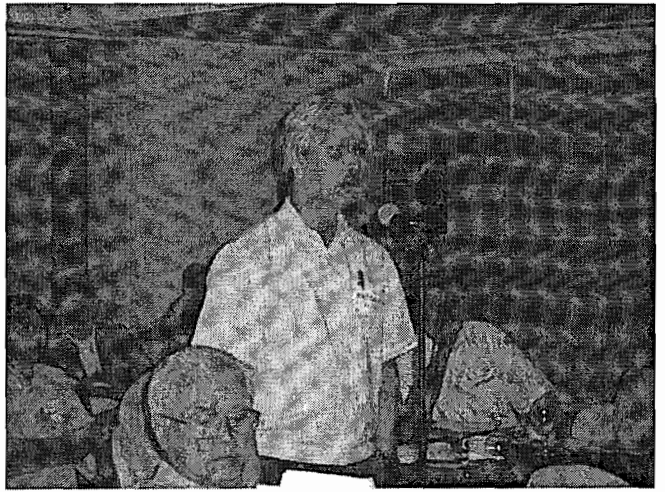
Financial Plan – Base Cost

Category of Costs	Asian Development Bank			Government			TOTAL
	Local	Foreign	Subtotal	Local	Foreign	Subtotal	
Base Costs							
Civil Works							
1 Feeder Ports	4,719	5,505	10,224	5,505	0	5,505	15,729
2 Hub Ports	5,615	6,550	12,165	6,550	0	6,550	18,716
3 Airports	3,371	57,349	60,720	32,695	0	32,695	93,415
Total Civil Works	13,704	69,405	83,109	44,751	-	44,751	127,860
Share			65%			35%	
Equipment							
1 Feeder Ports	(68)	244	176	95	0	95	271
2 Hub Ports	(261)	940	679	366	0	366	1,044
3 Airports	(902)	3,248	2,346	1,263	0	1,263	3,609
Total Equipment	(1,231)	4,432	3,201	1,724	-	1,724	4,925
Total Base Cost in 2006 Prices	12,473	73,837	86,310	46,474	-	46,474	132,784

Category of Costs	Asian Development Bank			Government			TOTAL
	Local	Foreign	Subtotal	Local	Foreign	Subtotal	
Base Costs							
Total Base Cost in 2006 Prices	12,473	73,837	86,310	46,474	-	46,474	132,784
Consulting Services							
Total Consulting Services	2,258	7,525	9,783	5,268	0	5,268	15,051
Resettlement & Land Acquisition							
Total Resettlement	1,422	-	1,422	766	-	766	2,187
Administration of the Project by GOP							
Total Administration 3.5 % of Base Cost	2,091	929	3,021	1,627	-	1,627	4,647
Taxes and Duties							
Total Taxes and Duties	11,627	-	11,627	6,261	0	6,261	17,888
Contingencies							
Physical 8.51%	2,542	7,004	9,547	5,141	-	5,141	14,687
Price Escalation	16,051	9,242	25,293	13,619	-	13,619	38,912
Total Contingencies	18,594	16,246	34,840	18,760	-	18,760	53,600
Total Including Taxes and Price Escalation	48,465	98,537	147,002	79,155	-	79,155	226,157
Financial Charges during Implementation		31,445	31,445				31,445
Total including Taxes and Price Escalation	48,465	129,983	178,448	79,155	-	79,155	257,603

Pictures Taken During the National Stakeholders' Presentation
Linden Suites, Pasig City, May 17, 2006









Mindanao Stakeholders' Presentation

ADB Intermodal Transport Development Project
Mindanao Stakeholders' Presentation
Apo View Hotel, Davao City
28 July 2006
8:00 am to 12:00 nn

	Name	Designation	Office / Company	Telephone/Cell No.	Fax No.	Signature
1.	Samuel C. Custodio	Port Engr.	LBC (ITDP)	02-8163804	01-8861209	
2.	Crispin E. D. Diaz	Reg'l Dev't Spec.	PC (ITDP)	02-8163804	07-8861209	
3.	GONG ESMITA	Asst PM	ITDP	(02) 8163804	(02) 8861209	
4.	DAVID L. PADLAN	Chief. Planning Div.	DPWH-XII	(0654) 520-3001	94-8437	
5.	CAMILO O. NARINE	RESEARCH AGT.	FCI - ITDP	02-8163804	02-886-1209	
6.	GOV. BENJAMIN LOONG	GOVERNOR	SULU			
7.	BERTRAND CHIO	EXEC. SECRETARY	OFFICE of the GOVERNOR - SULU			
8.	MANUEL C. ALDAMARAN	PORT MGR.	PPA G.S.	0917200528		
9.	GUAB B. TUTUH	REG'LDR. LTO-ARMM	DOTC-ARMM	09169302333		
10.	Alejandro L. Ampatuan Sr.	Gen. Manager	RPMA-ARMM	09286202502		
11.	ISHAK V. MAGTUNA	REG'L. SEC.	DTI-ARMM	09121-7729	421-77253	
12.	Maana Cerba	CADOF	DTI-ARMM	-da-		
13.	Jaime H. Pacampara	CEDS	NEDA-X	(08822) 723436	-A	
14.	RIGHAYI M. MATUPEGA	RTD - ORDR-12	DEPR-XII	083-228-9815		
15.	ANDR. PINO G. ARANON	PROJ MGR	CPDD - CSC	09273221606	558-7135	
16.	Edvardo de la Fuente Jr.	See to the City Mayor	Cabinto City			
17.	JOSE R. AMARANTIN	CPDC	Lala City City	(064) 421-66-68	TEL. FM	
18.	Charles Ferral	ITOP Team leader	LBG			
19.	Antenredo E. Millorah	PROJ MGR	OCPDC / Batman	342-5320		
20.	Diamedel Dumagay	PROJ MGR	ARMM-ARMN	421-16-18	421-16-44	
21.	Josephine R. Bonobon	Chief TDO	DOTC - WTRD	02-7272950	(same)	
22.	Ma. Filigina Z. Cabang	Sup'g. TDO	DOTC - A (PI)	0917-5778998		
23.	Fredenick San Felix	Airport Manager	ATO - DIA	0920-960-8067	(88) 234-0418	
24.	Shimura Pate	Transport Specialist	ADB / SERI7	02-632-6782	02-636-2336	
25.	EFREN B. CARRERA	ARD	NEDA IX 20	921-6741	062-991	

ADB Intermodal Transport Development Project
 Mindanao Stakeholders' Presentation
 Apo View Hotel, Davao City
 28 July 2006
 8:00 am to 12:00 nn

	Name	Designation	Office / Company	Telephone/Cell No.	Fax No.	Signature
26.	JUN DELAÑO	CLERK	ATO - Davao	222-8000		
27.	Glenda David	SEMS	DOTC	7271763		
28.	TEOLOLO PASAUNA	CITY DIRECTOR	DTI - XI	224-0011		
29.	PAUPHAEEL LAVIGES	City ATAD	DOTC	7250364		
30.	JOEY SADDAM	ASST. AM	ATO	234-2915		
31.	EMMANUEL H. ROSALES	AM.	ATO. R. UPRAYA	09186751170		
32.	JUAN BARRERA	SWEDS	MEDCO	221-1345		
33.	AGNES B. WANG	AM	ATO - CGY	7233224		
34.	EVELIA AVSA	SEOS	MEDCO	2218109		
35.	MARLON PEREZ	CEDS	NEDA XII	004-421 2912		
36.	Loren B. Maralta, Jr.	AM-ATO Cst	ATO-Cst	064-431-0104	431-0104	
37.	JAMES S. ANDAN	Supr III	DPWH 10 XI	226-9312		
38.	V. LEY LEYRETANA	USEC/CPM	MEDCO	0922-962-0039		
39.	SHIEVA M. REPATO	Sales Exec	AIR PHIL	082-2346130		
40.	CECIL R LOPEZ	ARJ	NEDA CARAGA	(085) 342 5774	8150708	
41.	MAYOR AHMAD NANOHA	MAYOR	PANG-UTARAN			
42.	RICHARD DE WILSONA	Chairman	UP Mindanao	293-0300		
43.	ROSEL G. MOLINA	CHIEF OF STAFF	PGO - Zambo Sur	2142944	2142359	
44.	JODEMAR E. SUGANOB	Legal Assistant	PGO - Zambo Sur	-do-		
45.	ASTERIO GALLARDO JR	ESD Mgr.	PPA - PDS-SMMH	09177001392	234-0079	
46.	LEONILIO MIOLO	Port Mgr.	PPA - ZAMBO		991-7368	
47.	MARIO M. REALISTA	Sr EDS	NEDA XI	227 7495		
48.	C.V. CARTILYAN	Port Mgr.	PPA - DAV	6918 5775653		
49.	Celso L. Obregón	MAYOR	ZAMBONANG, C.Y			
50.	Geraldine Bayot	Research Asst	ITPP	(02) 816 3004		

ADB Intermodal Transport Development Project
 Mindanao Stakeholders' Presentation
 Apo View Hotel, Davao City
 28 July 2006
 8:00 am to 12:00 nn

	Name	Designation	Office / Company	Telephone/Cell No.	Fax No.	Signature
51.		RD	DOT XI			
52.	SAILBANK Singson	RH	DOTC-ARMM	0921 225 2441		
53.	LUMBELLA JOY C. GARCIA	SEAS	MEDCO	(082) 221-1345		
54.	Ambrosio M. Dand	EP.	MEDCO	(082) 221-8109		
55.	LUISA C. TUQUILB	Z.O.D	CPDO	225-1241		
56.	DOVIERO R. DUCRE	S exp - exp	PAL			
57.	CHARLES ESCAN	CEPS	MDCA	221 8109		
58.	Vicky Mondriens	WBG - ITDP		416 3804	486 1209	
59.	HANID T. BAYAO	Reg'l Supervisor	5 Gene agency DOTC-ARMM	09152147093		
60.	Hercules B. Mejencas	SEAS	MEDCO	221-8109		
61.		Gen. Supervisor	COM	225-1569		
62.	Lisa Apostol		COM	225-1569		
63.	VP Alvarez		GEM	225-1569		
64.	RHETT DE GUZMAN		GEM	"		
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**MINDANAO STAKEHOLDER PRESENTATION ON THE
INTERMODAL TRANSPORT DEVELOPMENT PLAN
FOR THE SOUTHERN PHILIPPINES**

**July 28, 2006, Ballroom B, Apo View Hotel, Davao City
8:00 a.m. – 1:00 p.m.**

Program of Activities

- | | |
|------------------|---|
| 8:00 - 9:00 am | Registration |
| 9:00 - 9:15 am | Opening Ceremony <ul style="list-style-type: none">• Invocation and National Anthem• Opening Remarks (ADB)• Welcome Remarks (DOTC)- |
| 9:15 - 10:00 am | ITDP Subprojects (<i>Charles Feibel, ITDP Team Leader</i>) <ul style="list-style-type: none">• Airports• Hub Ports• Feeder Ports- Feasibility Analysis Results- Environmental and Social Safeguards |
| 10:00 - 10:15 am | - Coffee Break - |
| 10:15 - 11:00 am | ITDP Sector Loan (<i>George Esguerra, ITDP Asst. Team Leader/
Transport Planner</i>) <ul style="list-style-type: none">• Institutional and Policy Reforms• Implementation Plan |
| 11:00 - 12:00 nn | Discussion |
| 12:00 nn | Closing Remarks, (<i>Usec. Virgilio Leyretana, MEDCO</i>)

- Lunch - |

**ADB Intermodal Transport Development Project (ITDP)
Phase 2**

Mindanao Stakeholders' Presentation

**Highlights of the ITDP Draft Final Report:
The Subprojects**

**Charles Feibel, Team Leader, ITDP
The Louis Berger Group Phils., Inc.**

28 July 2006

ITDP Phase 1

- 135 potential subprojects identified
- Intermodal Transport Development Plan (hubs & corridors) Analysis and Stage 1 Screening
- 44 Refined Long-List (Multi criteria Screening with Surveys)
- 14 Preliminary Short-List (resource constraints & PPA)
- 8 Short-Listed Subprojects
- Short-List confirmed in Tripartite Meeting and reconfirmed in Phase 2 Inception Meeting

Airports Subproject Ranking (Recommended)

Rank	Name	Location	Score	Stakeholder Rank	Approximate Cost (US\$ million)	Recommendation / Comments
1	Puerto Princesa	Puerto Princesa City, Palawan	54	H	54.0	Recommended for shortlist. Gateway to Palawan, a major tourism resource of the Philippines. Potential International Gateway. Advanced stage of pre-construction work (ROW requisition, PAF facility relocation) EIRR = 19% (SPADP) Recommended for shortlist.
2	Cotabato	Datu Odin Sinsuat, Maguindanao	49	H	26.3	Gateway to Central Mindanao and supportive of peace and development objectives of the GGP. Airport requires immediate runway rehabilitation. EIRR= 15% (SPADP) Recommended for shortlist.
3	Zamboanga	Zamboanga City, Zamboanga del Sur	48	M	20.0	Gateway to Western Mindanao and supportive of peace and development objectives of the GGP. Hub airport for many feeder routes. Scope and costs roughly estimated - subproject needs further definition. Recommended for shortlist.
4	Buluan	Buluan City, Agusan del Norte	45	M	10.2	High growth in traffic. Recent JICA Airport Master Plan traffic forecast shows growth from 6.2 - 6.8% p.a. EIRR = 32% (SPADP)

**Airports Subproject Ranking
(Not recommended for short-list)**

Rank	Name	Location	Score	Stakeholder Rank	Approximate Cost (US\$ million)	Recommendation / Comments
5	Dipolog	Dipolog City, Zamboanga del Norte	40	L	14.8	Not recommended for shortlist. EIRR = 10% (SPADP)
6	Sanga-Sanga	Bongao, Sanga Tawi-Tawi	32	M	8.2	Not recommended for shortlist. No new air routes or added frequencies expected except existing link to Zamboanga. EIRR = 12% (SPADP)
7	Pagadian	Pagadian City, Zamboanga del Sur	28	L	8.8	Not recommended for shortlist. Impact of re-introduced flights of Asian Spirit needs to be assessed. EIRR = Negative (SPADP)
Total					142.3	

Hub Ports Subproject Ranking (Recommended)

Rank	Name	Location	Score	Stakeholder Rank	Approximate Cost (US\$ million)	Recommendation / Comments
T1	Port of Zamboanga	Zamboanga City	48	M	29.8	Recommended for shortlist. Maritime gateway and hub for Western Mindanao Port is country's 2 nd largest passenger. Not recommended for shortlist.
T1	Port of Davao (Sasa)	Davao City	48	H	30.4	Port development package proposed for JBIC funding and negotiations are in advanced stage.
T1	Port of Gen. Santos	Gen. Santos City	48	H	29.8	Recommended for shortlist. Major gateway to one of fastest growing areas in country and main agricultural fisheries center. Improvement to container facilities.
4	Port of Surigao	Surigao City	41	L	8.9	Recommended for shortlist. Port serves as hub for numerous island groups nearby. PPA building RoRo ramp at Dapa Siargao, thus, development of RoRo is urgent.

Hub Ports Subproject Ranking (Not recommended for short-list)

Rank	Name	Location	Score	Stakeholder Rank	Approximate Cost (US\$ million)	Recommendation / Comments
5	Port of Nasipit	Nasipit, Agusan del Norte	40	L	9.5	Not recommended. National Ports Master Plan assessed the facilities as sufficient to 2024. Recent report mentions problems in the sub-strata of proposed expansion area.
6	Port of Dapitan	Dapitan City Zamboanga del Norte	39	L	17.7	No recommended. Port scored high because of RoRo component SRNH. However, private firm will construct additional RoRo ramp.
7	Port of Puerto Princesa	Puerto Princesa City, Palawan	37	M	10.2	Not recommended. National Ports Master Plan assessed facilities as sufficient to 2015.
Total (in million US\$)					136.3	

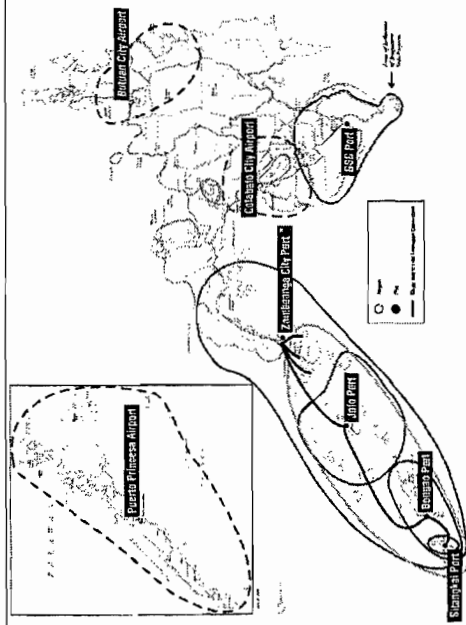
Feeder Ports Subproject Ranking (Recommended)

Rank	Name	Location	Score	Stakeholder Rank	Approximate Cost (US\$ million)	Recommendation / Comments
1	Jolo Port (Sulu)	Jolo, Sulu	51	H	14.7	Recommended. Gateway port to provide serving numerous nearby islands and linked to Zamboanga Port.
2	Bongao Port (Tawi-Tawi)	Bongao, Tawi-Tawi	49	H	17.9	Recommended. Gateway port to province serving numerous nearby islands and linked to Zamboanga Port. RoRo ramp just built to support SRNH role, requires additional facilities. Constrained site.
T3	Siangkai (Sibutu) Port (Tawi-Tawi)	Siangkai, Tawi-Tawi	39	H	0.5	Recommended. Large catchment area (~53,000 people). Very remote site, will affect costs.
T6	Solar (Oluanga) Port	Oluanga, Zamboanga Sibugay	30	M	1.2	Recommended. Serves area with accessibility problems. Can function as stop over port on Zamboanga-Cotabato route.
T6	Sta. Ana Port (Davao City)	Davao City	30	H	Private Sector	Recommended for further study for PSP. Best potential PSP project -- property/tourism development in Mindanao. Potential RoRo to Samsal.
T14	Pangutaran Port (Sibabhan)	Pangutaran, Sulu	24	M	0.4	Recommended. Strategic location to collect traffic from island barangays and link directly with Jolo Port.

Feeder Ports Subproject Ranking (Not recommended for short-list)

Rank	Name	Location	Score	Stakeholder Rank	Approximate Cost (US\$ million)	Recommendation / Comments
T3	Taytay Port (Palawan)	Taytay, Palawan	39	H	2.8	Not recommended. Site constrained. Existing port is too shallow for RoRo development. Proposed new site in Sta. Cruz, Taytay. Development proposed utilizing PPA corporate funds or JBIC.
5	Isabela City Port (Basilan)	Isabela City, Basilan	37	H	1.0	Not recommended. No room for expansion, and PPA recommending new site. Improvement works are continuing in existing site. Maluso and Lunitan being developed as alternatives.
T6	Kaputitan Port (Samar)	Island Garden City of Samar, Davao del Norte	30	H	0.5	Not recommended. Discussions with Mayor indicated proposed RoRo not in Kaputitan.
T6	Nabilid Port	Pres. Manuel A. Roxas, Zamboanga del Norte	30	L	3.4	Not recommended. Only 28 km from Dapitan. Already proposed for study/development in other project.
11	Siasi Port	Siasi, Sulu	27	M	1.0	Not recommended. Improved by USAID including RoRo but not the pax terminal (no space). Constrained site, difficult to expand.
10	Brooke's Point Port	Brooke's Point, Palawan	26	L	3.8	Not recommended. Existing port requires frequent dredging as the breakwater prevents silt from going back to sea. Two options considered, (1) development of new port in Oring-Oring in Brooke's Point (2) expansion of the current port up to the breakwater area and the construction of a new breakwater further to sea.

8 Subprojects and Zones of Influence



Phase 2 Scope of Work for Puerto Princesa, Cotabato and Butuan Airport Subprojects

- All Airports have existing feasibility studies, EISs and LARPs

Environmental / Social Safeguards	
Technical Studies	Social Safeguards
<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review 	<ul style="list-style-type: none"> Due Diligence Review of Designs, LARPs Supplemental LARPs External LARP Monitoring by DOTC Surveys & analyze cargo for inputs to PSA
<ul style="list-style-type: none"> Due Diligence Review of Designs, EIS Reports Assist DOTC to extend issued ECC 	

Phase 2 Scope of Work for Zamboanga and General Santos Hub Ports

- Both Hub Ports have existing Feasibility Studies

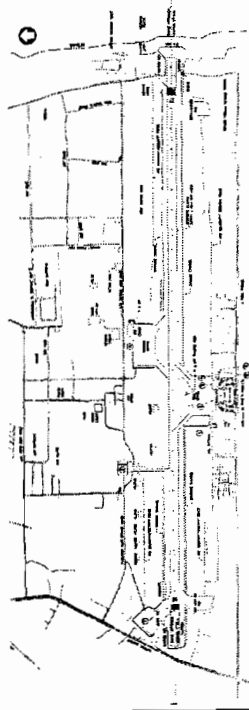
Environmental / Social Safeguards	
Technical Studies	Social Safeguards
<ul style="list-style-type: none"> Updated Feasibility Study Due Diligence Review Prefeasibility Study RoRo – Zambo 	<ul style="list-style-type: none"> No land acquisition or resettlement required. Analyze cargo and passenger for PSA
<ul style="list-style-type: none"> IEEs 	

Phase 2 Scope of Work for Bongao, Jolo and Sitangkai Feeder Ports

- Feeder Ports do not have existing Feasibility Studies

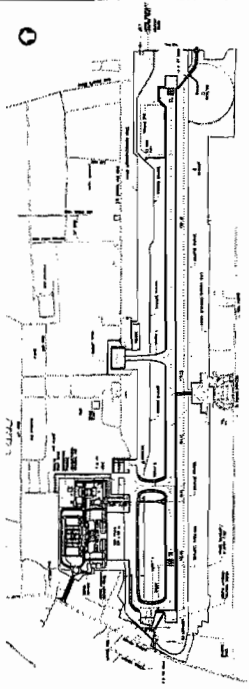
Environmental / Social Safeguards	
Technical Studies	Social Safeguards
<ul style="list-style-type: none"> Bongao Feasibility Study Jolo & Sitangkai Prefeasibility Studies 	<ul style="list-style-type: none"> Bongao Prepared LARP Bongao Prepared PSA Case Study Jolo & Sitangkai Prepare LARP TOR Jolo & Sitangkai Analyze cargo and passengers for inputs to PSA
<ul style="list-style-type: none"> Bongao IEE 	
<ul style="list-style-type: none"> Jolo & Sitangkai IEE 	

Existing Puerto Princesa Airport



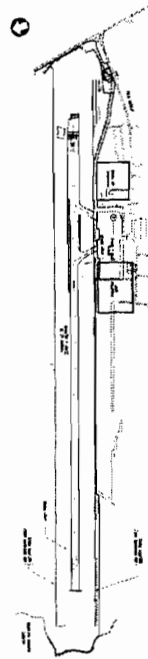
- Gateway to major tourism resource of the Philippines
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 900,000

Proposed Puerto Princesa Airport Development



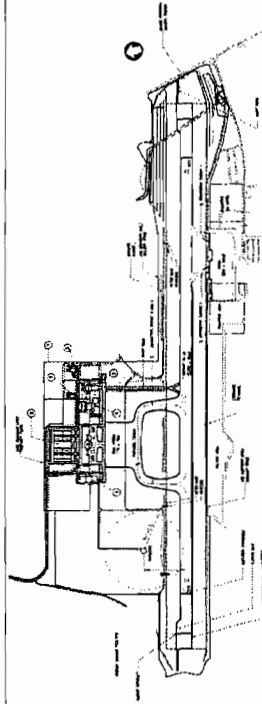
- Expanded New Terminal (International) Complex including control tower, cargo, admin & maintenance facilities
- Expanded Apron (20%)
- Expanded New Access Road
- Widen Runway Strip
- Runway overlay
- 2,600 meter runway; A340
- Base Cost = \$44.9 million
- EIRR = 20.8%
- FIRR = 0.6%
- Airport meets ICAO standards
- Needs updated master plan
- Install ILS (one way) – other NavAids, ATC, communication equipment and lighting

Existing Cotabato Airport



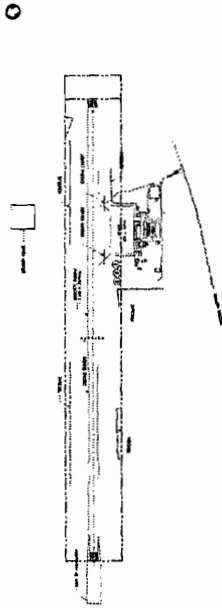
- Gateway to Central Mindanao and ARMM
- Relevant to peace & development (MILF)
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 2.4 million

Proposed Cotabato Airport Development



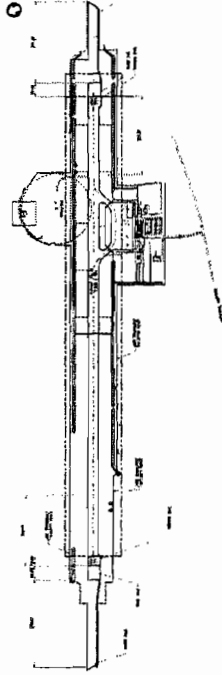
- New Terminal Complex including control tower, cargo, admin & maintenance facilities
- New Access Road
- 110m extension and rehab of runway and widen to 45m, and widen runway strip
- NavAids, ATC, communication equipment and lighting
- 1,970 meter runway; A320
- Base Cost = \$36.4 million
- EIRR = 15.3%
- FIRR = negative
- Airport meets ICAO standards

Existing Butuan Airport



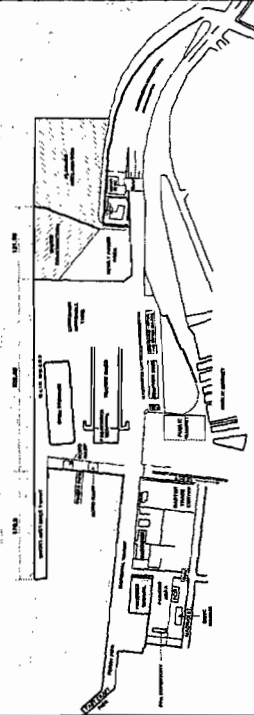
- Gateway to Caraga Region
- Fast growing traffic
- Does not meet ICAO standards
- Poor runway condition
- Terminal congested
- ZOI population: 1.4 million

Proposed Butuan Airport Development



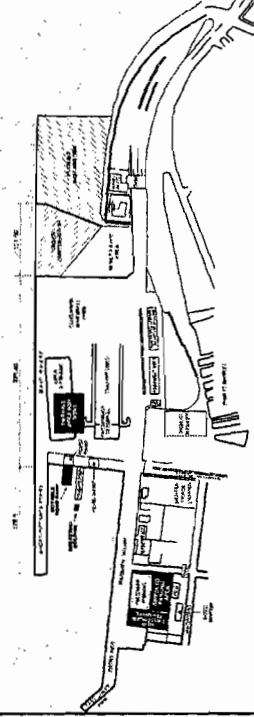
- Improving Passenger Terminal (expand), control tower and CFR buildings
- New Access Road
- Runway widen to 45m, overlay and 100m extension
- Nav aids, ATC, communication equipment and lighting
- 2,000 meter runway, A320
- Base Cost = \$15.7 million
- EIRR = 36.6%
- FIRR = negative
- Airport meets ICAO standards

Existing Zamboanga Hub Port



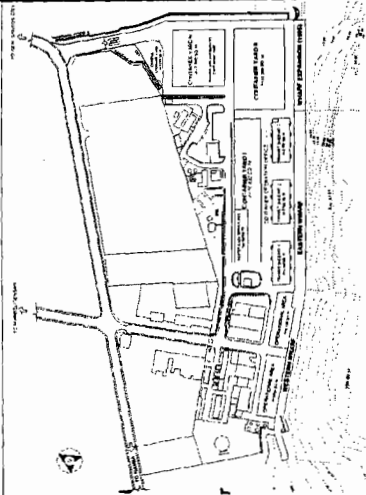
- Gateway to Sulu Archipelago
- Role in peace & development and EAGA
- Passengers: 3.2 million, 2nd to Port of Manila (more than Cebu Airport)
- Hub of SRNH
- RoRo Ramp only useable at High Tide
- ZOI population: 2.85 million

Proposed Zamboanga Hub Port Development



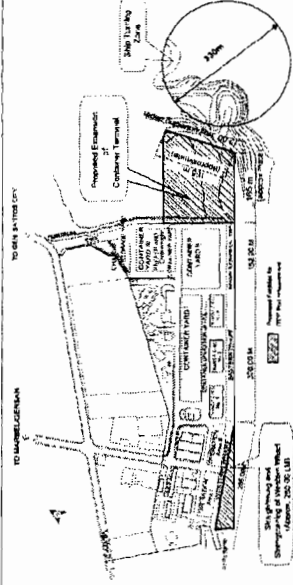
- Moveable ramp for (1) RoRo ramp with backup area and breasting dolphin
- New larger air conditioned passenger terminal (2,400 m²) with expanded and improved parking lot
- Considered pontoon pier for fast craft but not yet needed
- Base Cost = \$4.4 million
- EIRR = 21.5%
- FIRR = 1.25%

Existing General Santos Hub Port



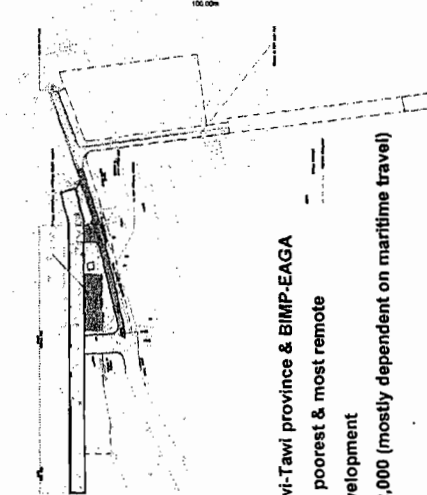
- Gateway to SOCSARGEN
- Important to national agribusiness and fisheries development
- Congested container pier (3rd highest traffic in Mindanao)
- ZOI population: 2.4 million

Proposed General Santos Hub Port Development



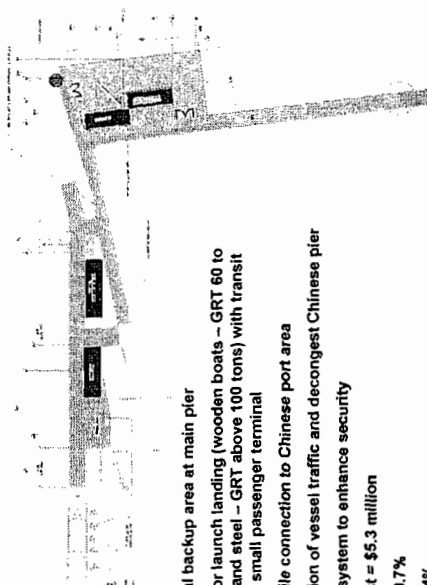
- Straightening and strengthening of western wharf (approx. 260m)
- Proposed expansion of container terminal (7th & 8th berth – 165m each at 12m depth)
- Considered passenger terminal but traffic (200,000) does not justify
- Base Cost = \$15.4 million
- EIRR = 37.3%
- FIRR = negative
- Long duration project due to staging of implementation

Existing Bongao Feeder Port



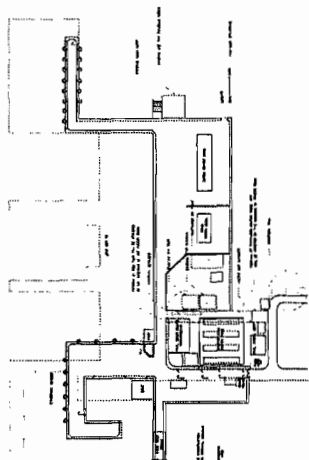
- Gateway hub to Tawi-Tawi province & BIMP-EAGA
- Province one of the poorest & most remote
- Role in peace & development
- ZOI population: 322,000 (mostly dependent on maritime travel)

Proposed Bongao Feeder Port Development



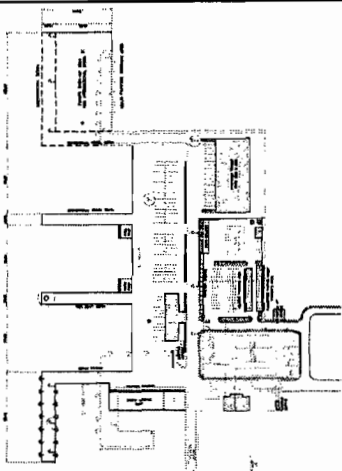
- Additional backup area at main pier
- New motor launch landing (wooden boats – GRT 60 to 125 tons and steel – GRT above 100 tons) with transit shed and small passenger terminal
- Pier on pile connection to Chinese port area
- Segregation of vessel traffic and decongest Chinese pier
- Lighting system to enhance security
- Base Cost = \$5.3 million
- EIRR = 30.7%
- FIRR = 7.4%

Existing Jolo Feeder Port



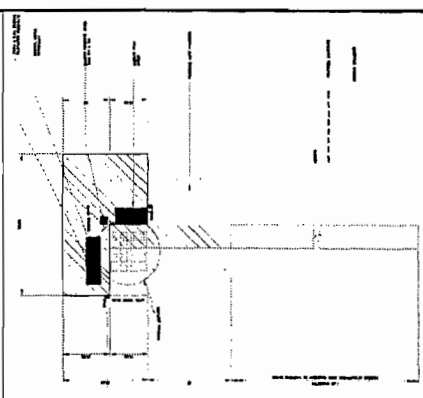
- Gateway hub to Sulu province
- Most conflict-affected and one of ten poorest provinces
- Role in peace and development
- RoRo link in SRNH
- ZOI population: 620,000 (highly dependent on maritime travel)

Proposed Jolo Port Development



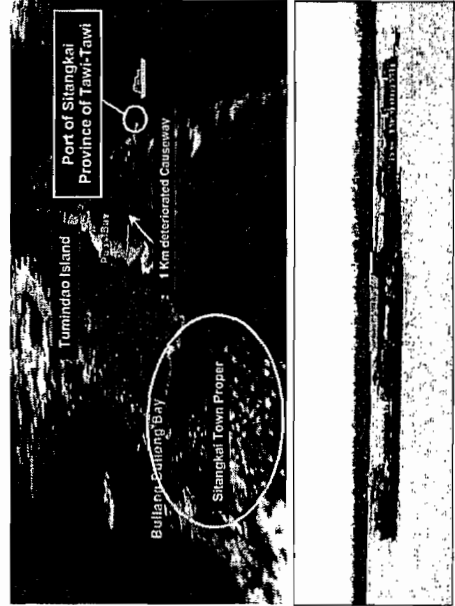
- Major reconstruction and expansion of all facilities in existing port
- Increased backup area and staging areas
- New passenger traffic access road and parking
- Segregation of traffic
- Improved lighting
- Long duration project due to staging of reconstruction
- Base Cost = \$8.5 million
- EIRR = 19.9%
- FIRR = negative

Existing Sitangkai Feeder Port

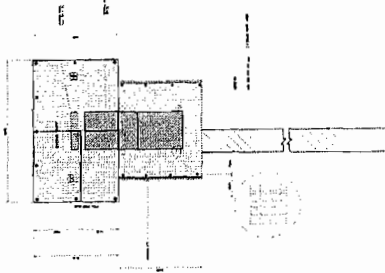


- One of most remote ports in province
- Collector sub-hub port for Sitangkai municipality (including Sibutu Island Group)
- Residents dependent on maritime travel
- Role in development of seaweed industry and peace & development
- Enhance strategic coast guard presence
- Limited stair landing for bancas
- ZOI population: 53,000

Vicinity Map of Sitangkai Feeder Port



Proposed Sitangkai Feeder Port Development



- Expand apron
- Construction of segregated stairland
- New passenger terminal and larger transit shed
- Lighting and water supply
- Base Cost = \$2.2 million
- EIRR = 32%
- FIRR population: negative

Summary of Key Information

Executing Agency	Airports		Hub Ports		Feeder Ports	
	Puerto Princesa	Butuan	Zamboanga	Gen. Santos	Bongao	Sitangkai
Implementing Agency	DOTC	DOTC	PPA	PPA	DOTC	DOTC
Base Cost: (\$millions)	\$ 44.9	\$ 36.4	\$ 4.4	\$ 15.4	\$ 5.3	\$ 2.2
EIRR (base) (SPADP)	20.8% (19%)	36.6% (33%)	21.5%	37.3%	30.7%	32%
FIRR	0.62%	neg.	1.25%	neg.	7.4%	neg.
Other Factors	• ICAO • Tourism	• ICAO • Peace	• EAGA • Peace	• EAGA • Agri/ • Fish	• Peace • Poverty	• Peace • Poverty

Summary of Key Environmental Issues Puerto Princesa, Butuan and Cotabato Airports

Main Environmental Issues & Mitigation Identified	Environmental Management Capacity
EIS reports compliant. Design modifications proposed under ITDP (small increase in terminal size and apron 20% larger at Puerto Princesa and small increase in terminal size at Butuan) are minor and do not change conclusions of original EIS. No additional issues have been identified. EMP costs updated.	DOTC PMO's environmental management capacity strengthening. ECCs require DOTC to establish environment unit. Reg. ATO for each subproject will also need strengthening. Recommend setting up SEMS.
<ul style="list-style-type: none"> • TADP: existing EIS, LARP and ECCs • DENR Category: B 	<ul style="list-style-type: none"> • No Subprojects in ECA or a ECP • EMPs: Php 2.8 million

Summary of Key Environmental Issues Gen. Santos and Zamboanga Hub Ports

Main Environmental Issues & Mitigation Identified	Environmental Management Capacity
Adverse impacts identified low to moderate significance and can be mitigated. Measures identified, costed in EMP. EMP incl. septic tank for animal waste in Gen. Santos. No land acquisition.	EU for PPA recommended. PMOs have structures for SEMS in place; PPA-PMO General Santos to fill currently vacant SEMS positions
<ul style="list-style-type: none"> • No Subprojects in ECA or ECP • DENR Category: B 	<ul style="list-style-type: none"> • PPTA prepared IEEs • EMP: Php 2 million

Summary of Key Environmental Issues Bongao, Jolo and Sitangkai Feeder Ports	
Main Env. Issues & Mitigation Identified	Environmental Management Capacity
<ul style="list-style-type: none"> Bongao, Jolo and Sitangkai - Adverse impacts identified are low to moderate significance and can be mitigated. Measures identified and costed in EMP. Jolo - Additional measures: new mosque to be constructed and plaque provided for historic lighthouse (does not require relocation and not structurally affected). Bongao - EMP incl. septic tanks for h'holds adjacent to port and consideration of sunlight access for houses affected by port wall. 	<ul style="list-style-type: none"> EU for RPMA-ARMM recommended. Port Managers to appoint SEMS for duration of the Project No Subprojects in ECA or a ECP DENR Category: B PPTA prepared IEE and LARP (Bongao) and LARP TOR (Jolo/Sitangkai) EMP: Php 1.8 million
ITDP overall: <ul style="list-style-type: none"> Recommend Category B Capability building included (DENR, IA/SEMS) SIEE prepared (also IEEs) EMPs 6.6 million 	

Summary of Key Social / Resettlement Issues Puerto Princesa Airport Subproject (1)	
Main Issues and Status	Actions Required
<ul style="list-style-type: none"> Most land acquisition and resettlement completed. Expropriation on-going for 5 ha (no structures) and replication (Php 76.4 million). New access road, 21 structures (14 Households) to be removed from AFP land, structures owned by renters (temporary occupancy contracts). Estimated compensation Php 8.94 million. 	<ul style="list-style-type: none"> Supplemental LARP covering access road approval by Government and ADB External LARP monitoring, expropriation and replication to be completed. Fencing of acquired land areas Update MOU with AFP

Summary of Key Social / Resettlement Issues Butuan and Cotabato Airport Subprojects (2)	
Main Issues and Status	Actions Required
<ul style="list-style-type: none"> Most LARP activities completed. Expropriation proceedings on-going for 7 ha. and replication External LARP monitoring conducted Relocation required of 9 AFP and LGU structures, and 4 structures (3 HHs) in DVOR area Gravel road realignment to military hospital required and affects 10 structures (8 HHs) Php16.2 million. 	<ul style="list-style-type: none"> Replication and expropriation completed. Supplemental LARP approval Fence remaining 25% of area and Ongoing monitoring MOA signing with AFP
<ul style="list-style-type: none"> All LARP activities completed except replication. Supplemental LARP identified 7 additional structures/HHs for relocation. Php 33 million + Php 1.7 million 	<ul style="list-style-type: none"> Fence remaining 30% of area; External LARP monitoring and replication to be completed. Supplemental LARP approval

Summary of Key Social / Resettlement Issues Hub Ports and Feeder Ports	
Main Issues and Status	Actions Required
<ul style="list-style-type: none"> Gen. Santos & Zamboanga: No land acquisition or resettlement 	<ul style="list-style-type: none"> Implementation of the LARP once it is approved by the DOTC, LGU of Bongao & ADB; monitoring
<ul style="list-style-type: none"> Bongao - Short LARP prepared. 14 HHs/ structures, 2 lots, fencing/ walls affected plus Coast Guard. Cost of LARP implementation Php 2.59 million and requires 3 - 9 months. Jolo - LARP-TOR prepared. 8 AP households affected by access road requiring preparation of short LARP. Cost of LARP study and implementation Php 2.1 million and requires 3 - 9 months. 300 (approx.) sq. m. of the Barter Trade building and vacant lot needs to be acquired for widening of road. Sitangkai - LARP-TOR prepared. Preparation of Short LARP required during project implementation for 26 households located behind port along causeway. Cost of study and implementation Php 3.16 million and requires 3 - 9 months. 	<ul style="list-style-type: none"> Preparation of short LARPs during project implementation depending on detailed design; implementation of LARP after approval (DOTC, LGUs and ADB); and monitoring

Off-Site Poverty Alleviation Initiatives Proposed for Funding under Japan Fund for Poverty Reduction

Feeder Ports		
Bongao	Jolo	Sitangkai
<ul style="list-style-type: none"> Construction of Public Market adjacent to Chinese Port (\$900,000) Improvement of adjacent Chinese Port to organize Vendor activity and improve management and traffic flow (\$200,000) 	<ul style="list-style-type: none"> Physical improvement of Barter Trade area adjacent to port entrance including management of traffic and parking around Barter Trade area (\$700,000) 	<ul style="list-style-type: none"> Provision of Walkways (on posts), water catchment, toilets and amenities for relocated community on causeway and common use toilets and water / showers for port users (\$200,000)
Total cost of \$ 1.1 million	Total cost of \$700,000	Total cost of \$200,000
\$ 2 million Including planning, design and construction, and capability building		

ITDP Implementation Status			
No significant environmental issues in ITDP Subprojects			
Puerto Princesa Cotabato and Butuan	Zamboanga and Gen. Santos	Bongao	Jolo and Sitangkai
<ul style="list-style-type: none"> Ready to update design Supplemental LARPs Complete TADP LARPs Update PP MOU and complete Butuan MOU Apply for extension of existing ECCs 	<ul style="list-style-type: none"> Ready to design No LARP required Apply for ECCs 	<ul style="list-style-type: none"> Ready to design LARP to be approved and implemented Apply for ECCs 	<ul style="list-style-type: none"> May do FS Ready to design Prepare and implement LARPs Apply for ECCs

THANK YOU VERY MUCH

**ADB Intermodal Transport Development Project (ITDP)
Phase 2**

Mindanao Stakeholders' Presentation

**Policy and Institutional Reforms and
ITDP Implementation Plan**

George Esguerra, Asst. Team Leader/
Transport Planner, ITDP

28 July 2006

Presentation Outline

- Tripartite Agreements
- Civil Aviation
- Maritime Transport
- Road Transport
- BIMP-EAGA Air and Sea Linkages
- PSP/PPP Options
- Institutional Strengthening
 - Procurement procedures
 - Project management and monitoring

Presentation Outline

- Project Organization
- Duration of Project Activities
- Cost Components and Financing
- Contract Packaging
- Financial Plan

Tripartite Agreements

(December 8, 2005)

- **Policy and Institutional Reform
Action Plan to cover:**
 - Airport operation, management and pricing
 - Restructuring of civil aviation organizations
 - RORO ferry operation, regulation and pricing
 - Expansion of air and sea linkages in EAGA
 - Institutional strengthening for DOTC, ATO, PPA, MEDCO and ARMM

Civil Aviation

- **Corporatization of ATO**
 - GOP commitment under ADB Third Airports Development Project
 - CAB included under the proposed Civil Aviation Authority of the Phils. (CAAP) for "administrative convenience"
 - JICA Airport Master Plan recommended CAAP without CAB

Civil Aviation

- **Corporatization of ATO**
 - ITDP recommends CAAP without CAB in keeping with MTPDP policy statement: "... *conversion of ATO into a corporate body will be pursued. An independent oversight unit shall be established within DOTC to handle economic and safety concerns.*"
 - ITDP recommends inclusion of CAAP bill in priority legislative agenda (certification by the President)

Civil Aviation

- **Reorganization of International Airports**
 - 2006 JICA Airport Master Plan recommended the creation of the Airports Authority of the Philippines (AAP) for synergy in trunk airport operations
 - President issued EO 341 in August 2004 integrating international airports under MIAA supervision; IRR issued in March 2006

Civil Aviation

- **Reorganization of International Airports**
 - ITDP recommends implementation of EO 341 IRR, which provide funding and management mechanism for other international airport and considering MTPDP policy on "... *moratorium on the establishment of GOCCs and their subsidiaries.*"

Civil Aviation

- **Devolution of Feeder Airports**
 - 1997 CAMP recommended LGU and private sector involvement; while 2006 JICA Airport Master Plan recommended transfer to LGUs
 - ITDP recommends preparation of guidelines for airport devolution and closure under the TA for the institutional strengthening of ATO

Civil Aviation

- **Pricing of Airport Services**
 - 1997 PTSS cited need for airports to be financially self-supporting, except for developmental airports
 - DOTC/ATO approved 300% tariff increase in 1998, with periodic review and adjustment; revised schedule of 20% increase pending DOTC approval
 - 2006 JICA Airport Master Plan noted that ATO airport charges are lower than MIAA, MCIAA, SBMA, CIAC

Civil Aviation

- **Pricing of Airport Services**
 - JICA Airport Master Plan recommended dual-till approach in airport tariff setting
 - ITDP recommends adjustment of ATO tariffs for recently upgraded airports such as Davao International Airport and General Santos Airport in Southern Philippines, and tariff study under the TA on the Institutional Strengthening of ATO

Maritime Transport

- **PPA Port Functions**
 - Previous transport studies, notably PTSS and the World Bank Infrastructure Development Paper, cited need to separate regulatory and port operation functions
 - MTPDP cited the policy direction of separating these functions of PPA
 - ITDP recommends the review and preparation of possible restructuring of PPA under the TA on Institutional Strengthening of PPA

Maritime Transport

■ PPA Port Functions

- ITDP also recommends the transfer of feeder ports development function from DOTC to PPA, with DOTC in-charge of the strategic transport development planning (national airports, ports, roads and railways)
- Role of DOTC in intermodal transport planning will be covered under the TA on Institutional Strengthening of DOTC

Maritime Transport

■ Port Tariff Structure and Setting

- Previous transport studies recommended the differential pricing of port services among PPA ports
- ITDP recommends the completion of the PPA Port Tariff Study, which should include the consideration of cargo handling rate setting to be handled by an independent body, and further restructuring studies under TA for Institutional Strengthening of PPA

Maritime Transport

■ Expansion of RORO Services

- EO Nos. 170, 170A and 170B defined the extent and operating guidelines for the RRTS/SRNH routes
- DBP identified RORO ports for development under its Sustainable Logistics Development program
- New JICA study on 28 priority RORO ports for mobility enhancement
- ITDP recommends integration of proposals into the RRTS/SRNH Development Plan

Maritime Transport

■ Local shipping regulation

- 2006 JICA Domestic Shipping Development Plan cited need to localize franchising and regulation subject to existing safety regulations of PCG
- ITDP endorses the JICA recommendation to devolve the franchising of local shipping services, particularly short-haul RORO services, to LGUs
- TA on Institutional Strengthening of ARMM-RPMA on port and shipping guidelines

Road Transport	<ul style="list-style-type: none"> ■ Road Sector Reforms <ul style="list-style-type: none"> - Tripartite meeting noted the substantial progress in the implementation of road policy reform program through the support of donor agencies, notably ADB, World Bank and JBIC - ITDP noted specific issues requiring attention as they relate to intermodal transport in Southern Philippines. These are: <ul style="list-style-type: none"> ▪ Upgrading of national and provincial roads such as the Magsaysay Bridge and Butuan Diversion Road, Phase 2 (JBIC proposed) and other road projects
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Road Transport	<ul style="list-style-type: none"> ■ Road Sector Reforms <ul style="list-style-type: none"> ▪ Upgrading of strategic rural roads ▪ Improvement in road maintenance (use of Road Funds) ▪ Stricter regulation of axle loads ▪ Improvement of road safety, particularly those projects identified under the 6th ADB Road Project - ITDP recommends close coordination with MEDCO, DPWH, DILG, NEDA and the Mindanao Road Working Group to accelerate the implementation of priority road segments (TA on Institutional Strengthening of MEDCO)
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BIMP-EAGA	<ul style="list-style-type: none"> ■ Air Linkages <ul style="list-style-type: none"> - GOP to revive air routes under the EAGA Roadmap - Strengthening of CIQS Team through AusAID support - Possible ADB RETA ■ Sea Linkages <ul style="list-style-type: none"> - GOP to revive sea routes under the EAGA Roadmap - Reduction in fees and charges ■ TA on Institutional Strengthening of MEDCO relative to EAGA cooperation
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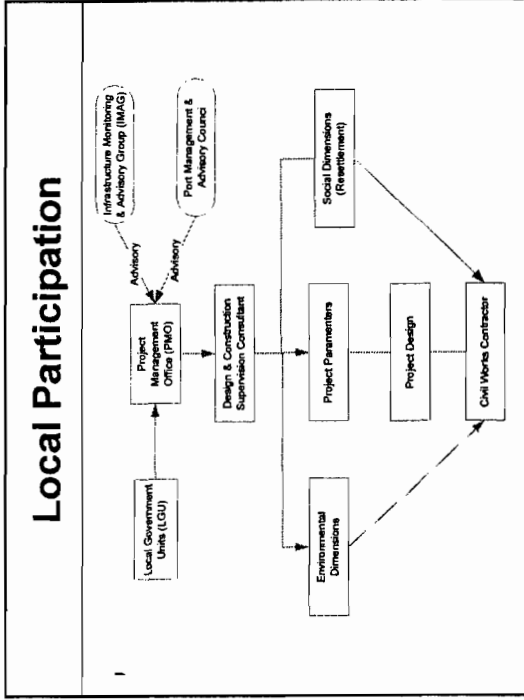
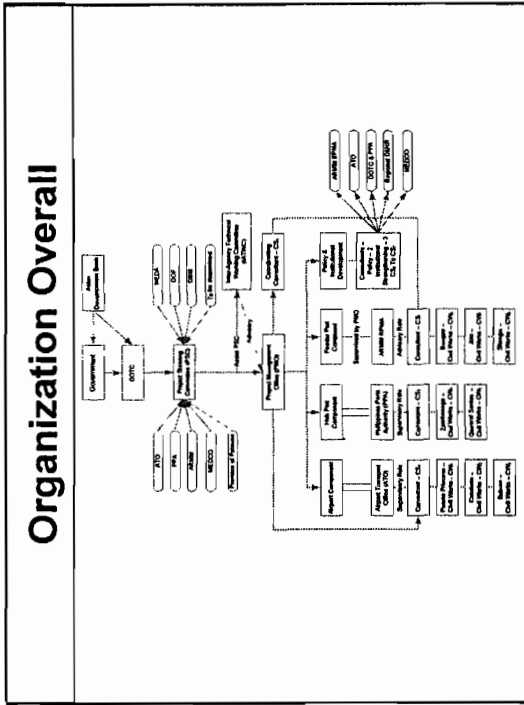
PSP/PPP	<ul style="list-style-type: none"> ■ Potential in ITDP Subprojects <ul style="list-style-type: none"> - Limited scope for PSP/PPP except in the operation and management of transport terminals - Laguindingan Airport business model for PSP/PPP has yet to be presented by the NDC consultant - TA on Institutional Strengthening of DOTC and PPA to cover PSP/PPP options
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Governance in Project Implementation	<ul style="list-style-type: none"> ■ Procurement Procedures <ul style="list-style-type: none"> - TADP implementation delayed due to slow progress of land acquisition and resettlement, and problems in consultant, contractor, and supplier bidding - RA 9184 provided controls for greater transparency - ITDP recommends involvement of Procurement Watch (NGO), permanent BAC secretariat, web publishing of evaluation results, and ITDP project website
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Governance in Project Implementation	<ul style="list-style-type: none"> ■ Project Management and Monitoring <ul style="list-style-type: none"> - TAs on Institutional Strengthening of DOTC/ATO, PPA, MEDCO, ARMM-RPMA as cited earlier - Refer to Implementation Plan
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Policy Dialogue	<ul style="list-style-type: none"> ■ Next Steps <ul style="list-style-type: none"> - Series of inter-agency policy formulation meetings - Finalization of the Aviation Policy and Institutional Reform Action Plan - NEDA Infrastructure Committee endorsement to NEDA Board - Draft CAAP bill to be certified as urgent - Policy briefing to Congress Representatives and Senators
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Financial Plan ITDP Projects	<p>The financial plan is developed based on:</p> <ul style="list-style-type: none"> ■ Organization of the project into 3 components <ul style="list-style-type: none"> - 2 under DOTC (6 subprojects) & 1 under PPA (2) ■ Scope of work and schedule by subproject; ■ Cost estimate by subproject; ■ Contract packages & consulting services and ■ Cost sharing arrangement between the Government & ADB.
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Duration of Key Activities

Activity	Puerto Princesa		Cotabato		Butuan		Zamboanga		Gen. Santos		Bongao		Jolo		Sitangkai	
	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	ML	
Master Plan (in parallel with the final design)	9	0	0	0	0	0	6	3	3	3	3	3	3	3	3	
Environmental, Cultural and Permitting Activities	5	5	5	5	5	5	6	6	6	6	5	5	5	5	5	
Resettlement + Land Acquisition	36	0	6	6	6	0	0	0	36	15	15	15	15	15	15	
Final Engineering + Bid Documents	12	9	9	9	9	9	9	9	9	10.5	10.5	10.5	10.5	10.5	10.5	
Tendering (Bidding + Bid Evaluation + Approvals)	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	
Construction	24	24	24	24	24	24	24	24	24	24	24	24	24	24	24	

ML = Most Likely value used

Duration of the Subprojects

Sub-project Duration Based on MS Project	Start	End	Duration in Years	Rank by Duration	
				Short	est
Puerto Princesa	10/16/07	04/04/12	4.47	4	0.25
Cotabato	10/16/07	01/04/12	4.22	3	0.01
Butuan	10/16/07	01/04/12	4.22	2	0.01
Zamboanga	10/16/07	01/02/12	4.21	1	0.00
General Santos City	10/16/07	08/05/13	5.80	8	1.59
Bongao	10/16/07	07/03/12	4.71	6	0.50
Jolo	10/16/07	02/03/13	5.30	7	1.09
Sitangkai	10/16/07	07/03/12	4.71	5	0.50

Start = Effectiveness of loan End = Of construction
Based on MS Project Schedule

Types of Costs & Cost Sharing

Component	Share of cost - from the loan	Counterpart funding either from the Government or PPA	
		Share of loan	Taxes + duties
Civil Works	65%	35%	35%
Equipment	65%	35%	35%
Consulting Services	65%	35%	35%
Resettlement	65%	35%	No taxes
Administrations	65%	35%	No taxes
Physical Contingencies	65%	35%	35%
Price Contingencies	65%	35%	35%
Financial Charges	100%	0%	No taxes

Contract Packaging

	Civil Works	Equipment	Design + Supervision Construction	Institutional Strengthening
Airports	CW ₁	E ₁ , E ₂	CS ₁	CS ₃
	CW ₂	E ₁ , E ₂	CS ₁	CS ₃
	CW ₃	E ₁ , E ₂	CS ₁	CS ₃
Hub Ports	CW ₄	E ₄	CS ₂	CS ₄
	CW ₅	E ₅	CS ₂	CS ₄
Feeder Ports	CW ₆	E ₃	CS ₁	CS ₃
	CW ₇	E ₃	CS ₁	CS ₃
	CW ₈	E ₃	CS ₁	CS ₃
Institutional Strengthening	Aviation & Maritime Transport Policy Frameworks			CS ₃
	MEDCO + ARMM-RPMA			CS ₃
CS = Regional Services				CS ₃
Poverty Alleviation Initiative (PIA) - Not included in loan				

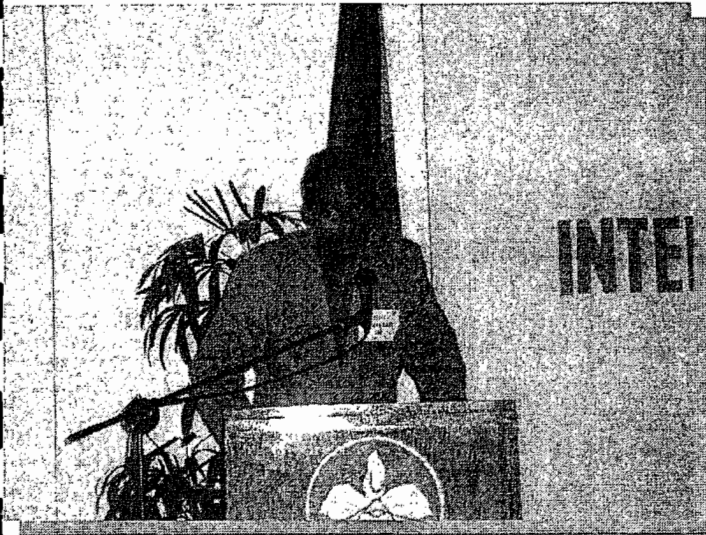
Financial Plan - Base Cost

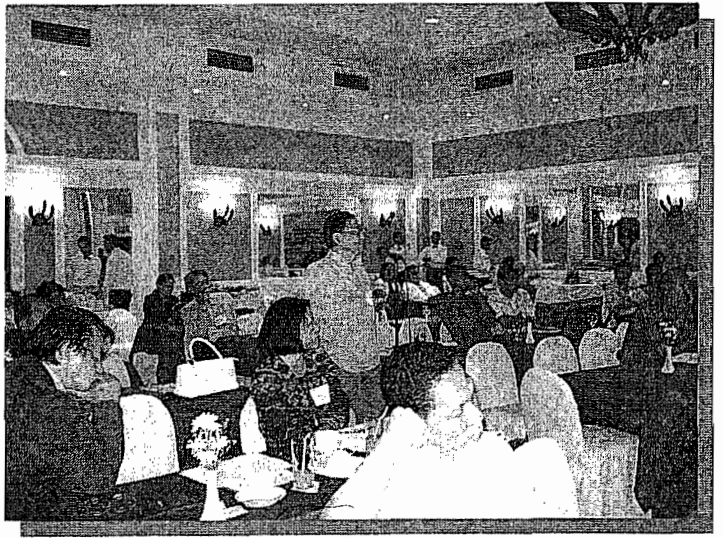
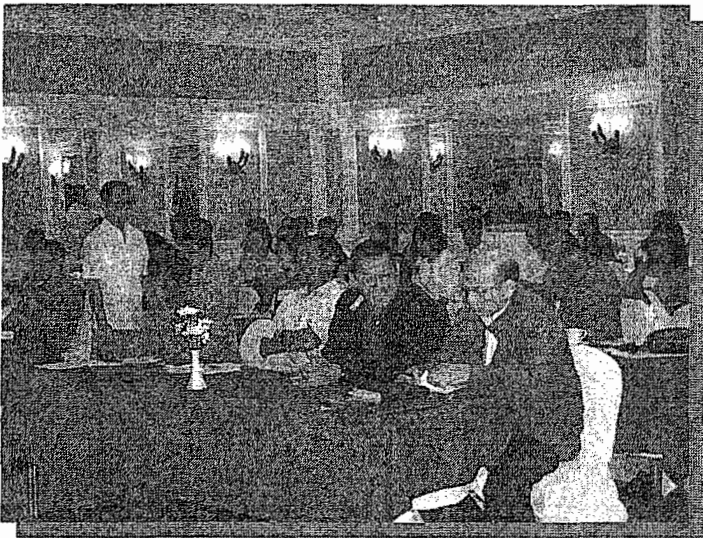
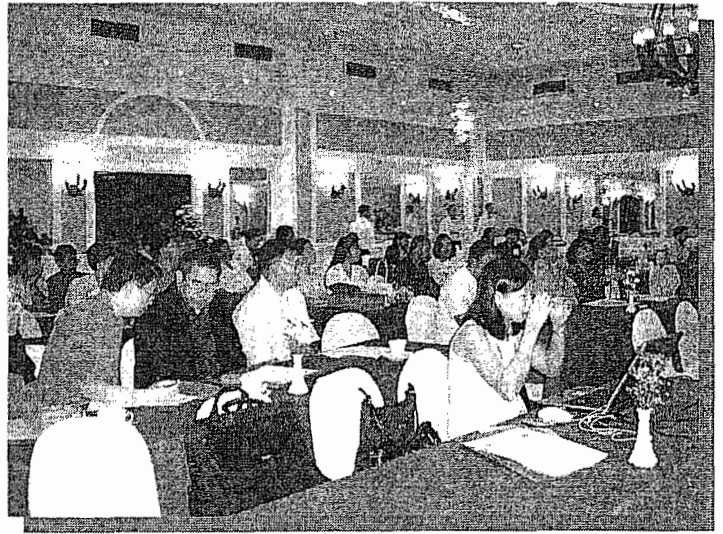
Category of Costs	Asian Development Bank		Government		TOTAL
	Local	Foreign	Local	Foreign	
Base Costs					
Civil Works					
1 Feeder Ports	4,719	5,505	10,224	5,505	15,729
2 Hub Ports	5,615	6,550	12,165	6,550	18,715
3 Airports	3,371	57,349	60,720	32,695	93,415
Total Civil Works	13,704	69,405	83,109	44,751	127,860
Share			65%		35%
Equipment					
1 Feeder Ports	(68)	244	176	95	271
2 Hub Ports	(261)	940	679	366	1,044
3 Airports	(902)	3,248	2,346	1,263	3,609
Total Equipment	(1,231)	4,432	3,201	1,724	4,925
Total Base Cost in 2006 Prices	12,473	73,837	86,310	46,474	132,784

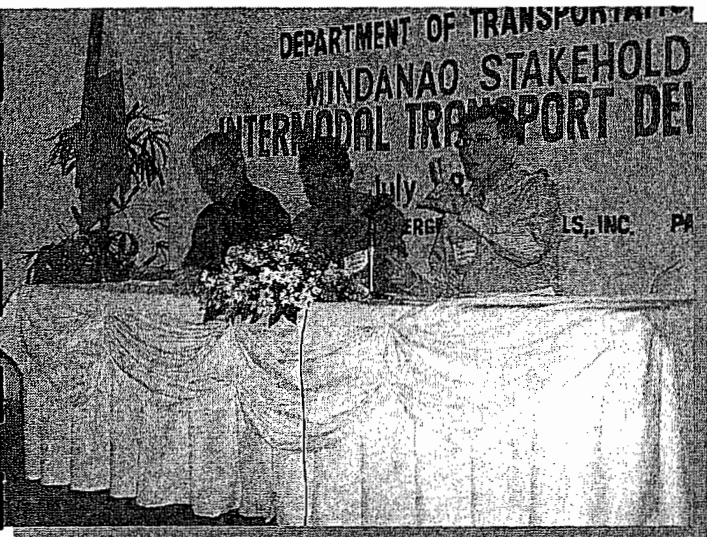
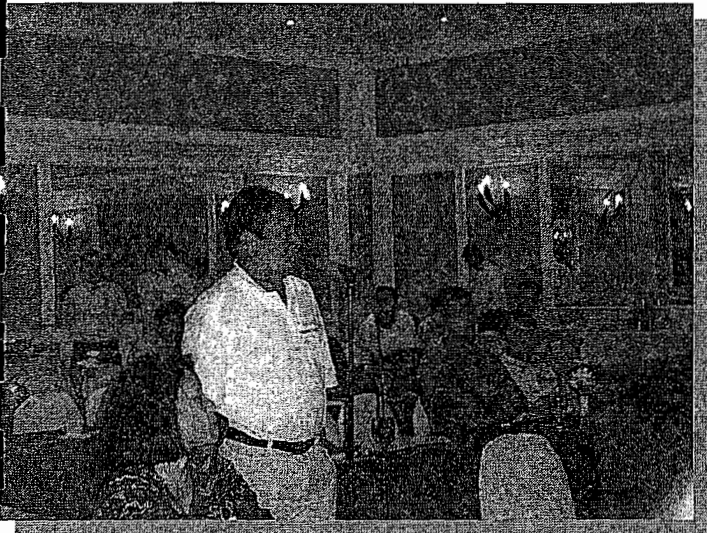
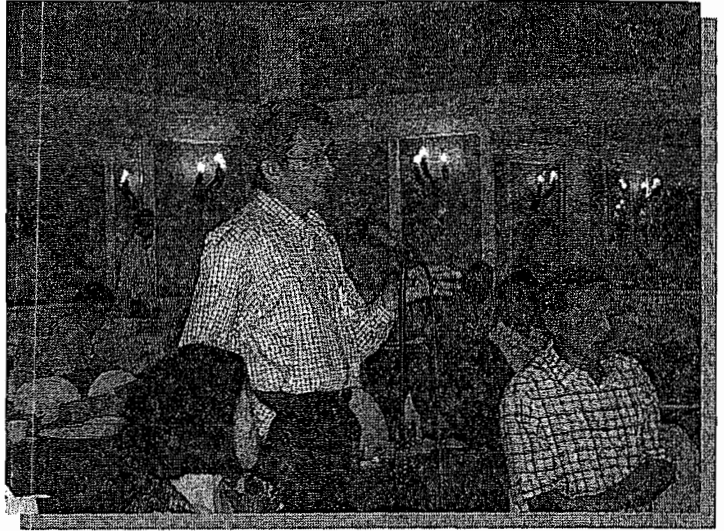
Financial Plan

Category of Costs	Asian Development Bank		Government		TOTAL
	Local	Foreign	Local	Foreign	
Base Costs					
Total Base Cost in 2006 Prices	12,473	73,837	86,310	46,474	132,784
Consulting Services					
Total Consulting Services	2,258	7,525	9,783	5,268	15,051
Resettlement & Land Acquisition					
Total Resettlement	1,422	-	1,422	766	2,187
Administration of the Project by GDP					
Total Administration 3.5 % of Base Cost	2,091	929	3,021	1,627	4,647
Taxes and Duties					
Total Taxes and Duties	11,627	-	11,627	6,261	17,888
Contingencies					
Physical 8.51%	2,542	7,004	9,547	5,141	14,687
Price Escalation	16,051	9,242	25,293	13,619	38,912
Total Contingencies	18,594	16,246	34,840	18,760	53,600
Total Including Taxes and Price Escalation	48,465	98,537	147,002	79,155	226,157
Financial Charges during Implementation					
Total including Taxes and Price Escalation	48,465	129,983	178,448	79,155	257,603

Pictures Taken during the Mindanao Stakeholders' Presentation
conducted on July 28, 2006, Mt. Apo View Hotel, Davao City







APPENDIX D

**Revised Civil Aviation
Authority of the
Philippines Bill**

1 AN ACT
2 CREATING THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES, AUTHORIZING THE
3 APPROPRIATION OF FUNDS THEREFOR, AND FOR OTHER PURPOSES
4

5 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
6 *assembled:*
7

8 ARTICLE I
9 GENERAL PROVISIONS

10 Section 1. *Title.* - This Act shall be known as the Civil Aviation Authority Act of 2006.

11 Section 2. *Declaration of Policy.* - It is hereby declared the policy of the Government to provide
12 safe and efficient air transport and regulatory services in the Philippines by providing for the creation of a
13 civil aviation authority with jurisdiction over the restructuring of the civil aviation system, the promotion,
14 development and regulation of the technical, operational, safety, and aviation security functions under the
15 civil aviation authority.
16

17 ARTICLE II
18 THE CIVIL AVIATION AUTHORITY OF THE PHILIPPINES

19 Section 3. *Creation of the Authority.* - There is hereby created a corporate body to be known as
20 the Civil Aviation Authority of the Philippines (CAAP), hereinafter referred to as the "Authority," attached
21 to the Department of Transportation and Communications (DOTC) for the purpose of policy coordination.

22 Section 4. *Powers of the Authority.* - In addition to the powers granted to the Air Transportation
23 Office under Republic Act No. 776, as amended, the Authority shall have the following powers and
24 functions:

- 25 (a) To provide safe and efficient air transport and regulatory services in the Philippines;
- 26 (b) To promulgate rules and regulations governing the technical, operational, safety, and security
27 aspects of civil aviation, as the Authority may find necessary and proper, for the safety, benefit,
28 and interest of the public, consistent with the purposes of this Act;
- 29 (c) To exercise supervision, control, and regulation of matters relating to safety and security of
30 civil aviation, including but not limited to the air transportation of passengers, cargo, mail, air
31 services, aviation companies, and persons, firms, and corporations engaged in providing air
32 transportation services, and related services;
- 33 (d) To provide civil airways, air navigation and air traffic management facilities, offices, stations,
34 aerodromes, and airport-related facilities and equipment, throughout the Philippines for the
35 purpose of carrying out oversight and services functions, consistent with the Standards and

1 Recommended Practices (SARPs) adopted by the International Civil Aviation Organization
2 (ICAO) and contained in eighteen (18) Annexes to the Convention on International Civil Aviation
3 of 1944;

4 (e) To exercise overall jurisdiction over governmental functions of civil aviation, including
5 supervision, control and regulation of matters relating to safety and security of aircraft, air
6 navigational facilities, airport facilities and installations, whether government or privately owned,
7 as well as the supervision and regulation of safety and security in the Ninoy Aquino International
8 Airport (NAIA), Mactan-Cebu International Airport (MCIA), Diosdado Macapagal International
9 Airport (DMIA), Subic Bay International Airport (SBIA), and other airports which may be created in
10 the future;

11 (f) To provide for tariffs, rates, charges, and fees, as it may deem necessary for airport services,
12 air navigational and air traffic management services, and other services, and prescribe the
13 manner of payment and collection, subject to the provisions of this Act, notwithstanding any laws
14 to the contrary;

15 (g) To exercise the power of eminent domain;

16 (h) To exercise police powers and other law enforcement powers over areas under its jurisdiction
17 and for this purpose, to coordinate with the Philippine National Police and other law enforcement
18 agencies; and

19 (i) To adopt and promulgate such other rules and regulations to implement the provisions of this
20 Act.

21 Section 5. **Corporate Powers.** - To carry out its purposes under this Act, the Authority shall have
22 the following corporate powers:

23 (a) To succeed in its corporate name, to sue and be sued in such corporate name, and to adopt,
24 use and alter its corporate seal, which shall be judicially noticed;

25 (b) To adopt, amend or repeal its By-Laws;

26 (c) To enter into, make, perform, and carry out contracts of every class, kind and description,
27 which are necessary or incidental to the realization of its purposes, with any person, domestic or
28 foreign private firm, or corporation, local or national government office, agency, and with
29 international institutions, or foreign government;

30 (d) To raise money, contract loans, indebtedness, credit and issue commercial papers and bonds,
31 in any local or convertible foreign currency from any other international financial institutions under
32 terms and conditions prescribed by law, rules, and regulations;

1 (e) To execute any deed of guarantee, mortgage, pledge, trust or assignment of any property for
2 the purpose of financing the programs and projects deemed vital for the attainment of its goals
3 and objectives;

4 (f) To construct, acquire, own, hold, operate, maintain, administer, and lease personal and real
5 properties, including buildings, machinery, equipment, other infrastructure, agriculture lands, and
6 its improvements, property right, and interest therein, and to encumber, mortgage, dispose, sell,
7 or alienate or otherwise dispose the same at the fair market value; to lease its plant, machinery,
8 equipment or goods not immediately required by it;

9 (g) To receive gifts, donations, grants, bequests, services, properties, whether personal or real,
10 and assistance of all kinds, from private and public sources, firms, institutions, domestic and
11 foreign governments, and international institutions, and utilize the same;

12 (h) To invest its funds and other assets in such areas, ventures, and projects as it may deem
13 wise;

14 (i) To settle under such terms and conditions most advantageous to it, any claim by or against it;

15 (j) To determine and keep its own system of accounts following generally accepted principles of
16 accounting, as well as the forms and contents of its contracts and other business documents;

17 (k) To enter into contracts for the sale or lease of pieces of equipment, facilities, installations, and
18 aerodromes owned by the former ATO;

19 (l) To perform such other acts, and to do all things as may be necessary, proper, or convenient in
20 connection with the performance of its functions, to carry out the purposes of this Act; and

21 (m) To exercise such other powers provided for by the Corporation, not otherwise provided herein.

22 Section 6. **Subsidiaries.** - The Authority shall have the power to form, establish, organize,
23 incorporate and maintain subsidiary corporation or corporations. Such subsidiary or subsidiaries shall be
24 formed in accordance with the Corporation Code of the Philippines and the existing rules promulgated by
25 the Securities and Exchange Commission, unless otherwise provided in this Act.

ARTICLE III
BOARD OF DIRECTORS, OFFICERS AND PERSONNEL

Section 7. **Board of Directors.** - The powers and functions of the Authority shall be vested in and exercised by, a Board of Directors, which are as follows:

- (a) Provide comprehensive policy guidance for the promotion and development of the aviation industry as provided in this Act;
- (b) Formulate the objectives, strategies, and policies to be followed by the Authority;
- (c) Ensure that the Authority performs its functions in a proper, efficient, and effective manner;
- (d) Determine the organizational structure of the Authority, establish a human resources management system based on merit and fitness, and adopt a rational compensation and benefits scheme;
- (e) Approve the annual and supplementary budget;
- (f) Submit an annual report to the President of the Philippines and the Congress.

Section 8. **Board Meetings.** - The Board shall meet regularly once a month and may hold special meetings to consider urgent matters upon call of the Chairman or any three (3) members. Internal rules of procedure in the conduct of Board meetings shall be as prescribed by the Board.

Section 9. **Composition of the Board.** - The Board shall be composed of seven (7) members who shall be appointed by the President of the Philippines:

- (a) The Secretary of the Department of Transportation and Communications shall act as Chairman *ex-officio*;
- (b) The Vice Chairman shall be elected among the members of the Board, provided that the Director General of Civil Aviation (DGCA) who shall automatically be a member of the Board, shall not be elected as Vice-chairman: and
- (c) Five (5) other members from either the private sector or relevant government agencies.

The appointed members of the Board shall have a term of five (5) years. Of the initial members of the Board, the Vice-chairman and the DGCA shall be appointed for a term of five (5) years; two (2) shall be appointed for a term of four (4) years; and two (2) for a term of three (3) years. In case of vacancy, the appointee shall serve the unexpired term of the predecessor. Members of the Board shall be eligible for reappointment.

Section 10. **Qualifications.** - No person shall be appointed or designated as a member of the Board unless he is a Filipino citizen, of good moral character, unquestionable integrity and recognized competence in the field of aviation, aeronautical engineering, economics, law and international relations, or management in related fields.

1 Section 11. **Per Diems.** - Members of the Board shall be reimbursed by the Authority for
2 necessary expenses incurred in the performance of their duties. They shall also be entitled to per diem,
3 the amount of which shall be determined pursuant to a resolution adopted by the Board, which shall be
4 adjusted annually based on the consumer price index as determined by the National Government.

5 Section 12. **Conflict of Interest.** - No member of the Board shall have financial or pecuniary
6 interest, directly or indirectly, in any business contract or transaction entered into by the Authority or in
7 any privilege granted by it. Neither shall a member have any interest, financial or otherwise, in any
8 undertaking or business with an inherent conflict of interest with the Authority.

9 Section 13. **The Director General.** - The head of the Authority shall be known as the Director
10 General of Civil Aviation and must be an airman or must have been an airman, with at least ten (10) years
11 of experience in the field of aviation, five (5) years of which shall be in senior management position.

12 Section 14. **Duties and Responsibilities.** The Director General shall be the Chief Executive and
13 Operating Officer of the Authority. He shall have the following powers, duties and responsibilities:

14 (a) To execute, administer, and implement the objectives, policies and programs approved by the
15 Board; enforce the decisions, orders, rules, and regulations approved or prescribed by the Board;

16 (b) To direct and supervise the management, operations and administration of the Authority;

17 (c) To represent the Authority in all dealings with offices, agencies and instrumentalities of the
18 Government, and with all persons, firms and institutions, public and private, domestic and foreign,
19 including the International Civil Aviation Organization, other international agencies, and
20 institutions; to act as the primary government representative in all technical and safety matters
21 relating to international aviation, bilateral, multilateral consultations, conferences, negotiations,
22 and the like;

23 (d) To provide for rules and regulations, as may be required, covering (i) air traffic services; (ii) air
24 navigation services including the establishment, administration, registration, inspection,
25 classification, rating, issuance, denial, revocation, cancellation, modification, and investigation of
26 civil airways navigation radio and telecommunication facilities, aerodromes, repair stations,
27 training schools, and other air agencies and installations; (iii) licenses, permits, and certificates;
28 (iv) aircraft accidents; and (v) such other rules, regulations, standards, practices, methods,
29 procedures as the Director General may determine;

30 (e) To enforce the rules and regulations and impose fines, penalties and similar sanctions for any
31 violations thereof;

32 (f) To ensure the safety, effectiveness and efficiency of air transportation, consistent with national
33 objectives, and existing treaties, conventions and agreements;

1 (g) To exercise police powers in all areas within the jurisdiction of the Authority, enforce all laws,
2 regulations and rules relating thereto in the exercise of these powers, he shall coordinate closely
3 with the Philippine National Police and other law enforcement agencies of the government;

4 (h) To perform such powers, and duties provided for in this Act, or as may be delegated by the
5 Board; and

6 (i) To continue to exercise the powers provided for in Republic Act No. 776, as amended, not
7 inconsistent with this Act.

8 Section 15. **Management Officials and Employees; Merit System.** - The Authority shall
9 establish a human resources management system which shall base promotions and appointments on
10 merit and fitness and will promote professionalism at all levels of the Authority in accordance with the
11 sound principles of management.

12 Section 16. **Exemption from the Salary Standardization Law.** - The Authority shall have the
13 power to determine and fix the compensation and fringe benefits of the employees holding technical
14 positions not common to other agencies of the government. Detailed employment benefits and package
15 shall be specified in the Implementing Rules and Regulations. The Authority shall be exempted from
16 coverage of the rules and regulations of the Salary Standardization Law.

17 Section 17. **Development of Airports, Aviation Accident Investigation and Other Ancillaries.**
18 - The development and construction of new national airports and relocation of existing national airports
19 shall be under the Department of Transportation and Communications (DOTC) subject to the transfer of
20 maintenance and management to the Civil Aviation Authority, when said airports become operational.

21 In order to avoid conflict of interest and maintain the transparency of proceedings in case of civil
22 aviation-related accidents and incidents, an independent investigation body shall be established under
23 the Department of Transportation and Communications (DOTC).

1 ARTICLE IV

2 CAPITAL AND FISCAL ADMINISTRATION

3 Section 18. **Capitalization.** - The Authority shall have an authorized capital stock of Seventy-Five
4 Billion Pesos (P75,000,000,000.00) and shall be fully subscribed by the Republic of the Philippines. The
5 subscription of the National Government shall be paid as follows:

6 (a) The unexpended balances of appropriations in the current General Appropriations Act,
7 Executive Order No. 132 and other acts in force upon approval hereof, pertaining to, held or used
8 by, the Air Transportation Office (ATO);

9 (b) The values of the existing assets of the Air Transportation Office (ATO), which shall be
10 determined by an independent and qualified appraiser or appraisers within a year from the
11 effectivity of this Act;

12 (c) Any surplus income accruing to the Authority upon its organization into a corporate body and
13 its assumption of the assets and liabilities of the Air Transportation Office (ATO); and

14 (d) Such amount as may be appropriated from time to time from the funds of the National
15 Treasury, including any outlay from the infrastructure program of the National Government. The
16 initial operating capital for the Authority in the amount of One Billion Nine Hundred Million Pesos
17 (P1,900,000,000.00) is hereby authorized to be appropriated out of the National Treasury.

18 Section 19. **Sources of Funds.** - The following shall constitute the sources of funds against
19 which the operating expenses of the Authority may be drawn:

20 (a) All revenues from the aeronautical and allied services operated or rendered by the Authority,
21 including remittances from foreign counterpart aeronautics administrations and authorities;

22 (b) Proceeds from sales of bonds, grants, donation, disposals of assets and sales of disposable
23 assets, loans and other forms of indebtedness entered into by the Authority;

24 (c) Interests which may be earned on investments or on idle cash of the Authority; and

25 (d) Drawings upon the capital or surplus of the Authority.

26 Section 20. **Retention of Moneys Collected and Dispositions Thereof.** - Moneys collected by
27 the Authority under the provisions of this Act shall be retained by the Authority, which shall be disbursed
28 as the Authority may deem necessary and appropriate, to carry out the objectives and policies of this Act.

29 Section 21. **Management of Funds.** - The Authority may invest any of its funds not immediately
30 required for operating expenses, or other immediate obligations in any business venture that it may deem
31 appropriate, or in such secured note, government securities, and other negotiable instruments that satisfy
32 the guidelines prescribed by the Board.

1 Funds of the Authority shall be deposited in such commercial and universal banks as the
2 Authority may determine, subject to the requirements of existing laws. The Board shall designate the
3 officials authorized to deposit in or withdraw funds from such depository banks.

4 Section 22. **Obligations.** - Upon approval of the President with the prior concurrence of the
5 Monetary Board, the Authority shall be authorized to secure or contract domestic or foreign loans, credits
6 and other indebtedness, and to issue bonds, notes, debentures, securities and other instruments of
7 indebtedness, as it may deem necessary to carry out the purposes of this Act, *Provided* that:

8 (a) The outstanding liabilities and obligations, foreign and domestic, shall not exceed, at any time,
9 fifty percent (50%) of its net worth;

10 (b) The annual amortization on principal and interest shall not be more than twenty percent (20%)
11 of the prior year's gross revenues;

12 (c) Where appropriate, obligations incurred from private sources of capital may be secured by
13 suitable assets or backed by priority claims against property of the Authority;

14 (d) Obligations shall be considered the sole liability of the Authority, unless otherwise guaranteed
15 by the Republic of the Philippines upon approval of the President with the prior concurrence of
16 the Monetary Board; and

17 (e) Issuance of bonds or long term notes shall be with prior approval of or in accordance with the
18 rules issued by the National Treasurer.

19 Section 23. **Annual Budget.** - The Authority shall adopt an annual budget. Unless the Authority
20 shall require subsidy and/or a guarantee of its liability from the National Treasury, its budget for the year
21 need not to be submitted to Congress for approval and inclusion in the General Appropriations Act.
22 Supplementary estimates may be prepared or adopted in any of the Board meetings called for that
23 purpose.

24 Section 24. **Exemption from Taxes, Customs and Tariff Duties.** - The importation of
25 equipment, machineries, spare parts, accessories, and other materials, including supplies and services
26 used in the operations of the Authority, not obtainable locally, shall be exempt from all direct and indirect
27 taxes, wharfage fees and other charges and restrictions, the existence of pertinent laws to the contrary
28 notwithstanding.

29 All obligations entered into by the Authority and any income derived therefrom, including those
30 contracted with private international banking and financial institutions shall be exempt from all taxes on
31 both principal and interest.

32 The Authority is also exempt from the payment of capital gains tax, real estate tax and other local
33 government imposts and fees upon the effectivity of this Act.

1 ARTICLE V

2 MISCELLANEOUS PROVISIONS, ADDITIONAL POWERS, RELATIONSHIPS
3 WITH GOVERNMENT AGENCIES

4 Section 25. *The Authority of Officers to Administer Oaths.* – The Director General and such
5 other duly designated officers of the Authority shall have the authority to administer oaths in the
6 transaction and performance of official business.

7 Section 26. *Statutory Lien on Aircraft, Equipment, Machinery.* – The Authority shall have the
8 power to impose lien on any aircraft, equipment, and machinery:

9 (a) If the charges and other fees are not paid in full on due date for payment, or any part of the
10 charges or the late payment penalty thereto remains unpaid; and

11 (b) For serious and gross violation of the rules and regulations promulgated by the Authority in
12 connection with its oversight functions, involving safety of navigation, within the various territories
13 of the Authority, such as, aerodrome zones, the airspace above said zones, including the landing
14 approaches and departures therefrom, and relevant navigation requirement.

15 Aircraft levied upon pursuant to this Section shall be in the custody of the Authority, and its
16 clearance shall be withheld until the fines imposed are fully paid. Such aircraft may be sold after notice to
17 the owners and the proceeds of the sale shall be applied to the payment of the fines and penalties and
18 other obligations that are due and payable.

19 Section 27. *Lien on Personal and Real Properties.* - The Authority shall have the power to
20 impose lien on personal and real properties, and other assets of persons, corporations, partnerships, and
21 such other entities that shall be in default, or fail to perform their obligations, or fail to pay the fines and
22 other penalties imposed for violations of the law, rules and regulations of the Authority.

23 Properties, moneys, and assets levied upon may be sold and the proceeds thereof applied to the
24 satisfaction of the obligation after due notice and hearing.

25 Section 28. *General Penalty.* - Any violation of the provisions of this Act, or any order, rule or
26 regulation issued thereunder, or any term, condition or limitation of any certificate or permit issued under
27 this Act for which no penalty is expressly provided shall be subject to fine as determined in the
28 Implementing Rules and Regulations of this Act.

29 Section 29. *Power to Regulate Height of Buildings and Installations that may endanger the*
30 *Safety of Flights.* - The Authority shall have the power to regulate the height of the buildings, towers,
31 antennae, and other edifices, situated within the vicinity of, or in close proximity to, airports which shall
32 endanger flights of aircraft. It shall also have the power to prohibit or regulate the establishment and
33 operations of electrical, electronics, sound, magnetic, laser, or other gadgets or installations which shall
34 interfere with or impair air navigation and may cause mishaps in the operations of aircraft.

1 Section 30. **Building Permits Subject to Prior Approval of Authority.** - No building permit or
2 other license, or authority of any kind or nature shall be granted by local authorities with respect to
3 buildings and installations covered by the preceding section, or for any other activity that may endanger
4 the safety of navigation or flight, without the prior approval of the Authority. Should any conflict arise
5 between the Authority and the local government units concerned on matters affecting the safety of
6 navigation as cited above, or other matters within the jurisdiction of the Authority, the decision of the
7 Authority shall prevail.

8 For this purpose, the Authority may call upon any law enforcement agency, other instrumentality
9 of the government, or local government, to enforce rules and regulations, which may include removal of
10 the obstructions to the safety of flight, including the seizure of personal properties that may directly or
11 indirectly cause danger to the safety of navigation or flight.

12 Section 31. **Role of Departments, Bureaus, Offices and Other Agencies and**
13 **Instrumentalities of the Government.** - All Heads of the Departments, Bureaus, Offices, Agencies, and
14 Instrumentalities of the Government are hereby directed to give full support to the institutionalization and
15 restructuring program of civil aviation, and to cooperate and coordinate with the Authority to facilitate and
16 expedite the transition.

17 Section 32. **Relationship with Local Governments.** - Existing laws, rules and regulations to the
18 contrary, notwithstanding, the Authority shall, in coordination with the local government units, exercise
19 administrative and regulatory powers over any land, building, installation and appurtenances thereto,
20 including constructions of any building, road, tower, within the territorial areas, the airspace above the
21 zones, including the navigable airspaces.

22 Section 33. **Police Authority.** - The Authority shall have the power to exercise such police
23 authority within its premises or area of operations as may be necessary to carry out its functions and
24 attain its purposes and objectives *provided*, that the Authority may request the assistance and deputation
25 of any law enforcement agency. Such police authority shall be exercised in providing public safety;
26 maintaining peace and order; ensuring the security of passengers, crew, cargo and aircraft, buildings,
27 installations, equipment and machinery; regulating and controlling entry into, and exit from, and
28 movement within controlled areas; supervising private security guards, and enforcing rules and
29 regulations of the Authority.

30

1 ARTICLE VI

2 TRANSITORY PROVISIONS

3 Section 34. **Abolition of the Air Transportation Office.** - The Air Transportation Office (ATO)
4 under the Department of Transportation and Communications (DOTC) is hereby abolished.

5 All powers, duties, and rights vested by the Law and exercised by the Air Transportation Office
6 (ATO) is hereby transferred to the Authority.

7 All assets, real and personal properties, funds and revenues owned by or vested in the different
8 offices of the ATO, are transferred to the Authority. All contracts, records and documents relating to the
9 operations of the abolished agency and its offices and branches are likewise transferred to the Authority.

10 Section 35. **Transfer of Personnel of Air Transportation Office.** - To ensure smooth transition
11 into a corporate structure, the incumbent Assistant Secretary of the Air Transportation Office shall
12 continue to hold office and assume the powers of the Director-General until his successor shall have
13 been appointed and inducted into office in accordance with this Act. Officials and employees of the ATO
14 shall be absorbed into the Authority on the basis of merit and fitness; *Provided*, that officials and
15 employees who shall be laid-off during the first two years of the effectivity of this Act and as a result of
16 this reorganization, shall be entitled to gratuity at the rate equivalent to two (2) months salary for every
17 year of continuous and satisfactory service rendered of the equivalent nearest fraction thereof favorable
18 to them on the basis of the highest salary received, in addition to the retirement benefits or pensions
19 under existing law.

20 Such officers and employees who may later be reinstated in the Authority, or who shall be rehired
21 in any government office or instrumentality, shall refund the unearned portion of gratuity received from the
22 Authority before he shall be reinstated or rehired.

23 Section 36. **Organization of the Authority.** - Within sixty (60) days from effectivity of this Act, the
24 Board of Directors of the Authority, or if none has been appointed, the incumbent Director-General or
25 Assistant Secretary of ATO, as the case may be, shall organize the Authority.

26 Section 37. **Appropriations.** -The amount of Seven Billion Five Hundred Million Pesos
27 (P7,500,000,000.00) is hereby appropriated for the purpose of funding the gratuity to be distributed under
28 Section 31 hereof.

29 Section 38. **Saving Clause.**- All orders, determinations, rules, regulations, permits, certificates,
30 licenses and privileges which have been issued, made, granted, or allowed to become effective by the
31 ATO and its predecessors shall continue to be in effect according to their terms until modified, amended,
32 revoked, canceled, superseded, or set aside.

1 Section 39. ***Injunction and Restraining Order.*** - The implementation of the projects for the
2 institutionalization and restructuring of the aviation industry shall not be restrained or enjoined except by
3 an order issued by the Supreme Court of the Philippines.

4 Section 40. ***Legal Counsel.*** - Without prejudice to the appointment of Corporate Counsel by the
5 Board, the Government Corporate Counsel shall be the ex-officio counsel of the Authority.

6 Section 41. ***Auditor.*** - The Commission on Audit shall appoint a representative who shall be the
7 full-time auditor of the Authority, and such personnel as may be necessary to assist said representative in
8 the performance of his duties.

9 Section 42. ***Implementing Rules and Regulations.*** - The Authority shall adopt rules and
10 regulations to implement the provisions of this Act within sixty (60) days from its approval.

11 Section 43. ***Separability Clause.*** - If for any reason, any section or provision of this Act shall be
12 declared unconstitutional or invalid, the other sections or provisions hereof which are not affected thereby,
13 shall continue in full force and effect.

14 Section 44. ***Repealing Clause.*** - All acts, decrees, orders, executive orders, instructions, rules
15 and regulations or parts thereof inconsistent with the provisions of this Act are repealed or modified
16 accordingly.

17 Section 45. ***Effectivity.*** - This Act shall take effect thirty (30) days after its approval and
18 publication in the Official gazette and in a newspaper of general circulation.

19 **Approved,**

APPENDIX E

Status of the BIMP-EAGA Priority Programs and Projects (as of December 2005)

APPENDIX E

STATUS OF THE BIMP-EAGA PRIORITY PROGRAMS AND PROJECTS
(PHILIPPINE SIDE)
as of December 2005

PROGRAMS/PROJECTS/POLICIES	BRIEF DESCRIPTION	STATUS/RECENT DEVELOPMENTS OF PHILIPPINE INITIATIVES
<p>I. CLUSTER ON SME DEVELOPMENT AND CIQS (Lead Country: Philippines)</p> <p>Halal Poultry Project</p>	<p>A bilateral Joint Venture Agreement (JVA) between private sectors of Brunei Darussalam and the Philippines which aims to penetrate the huge market for halal-certified poultry products in Middle East through the following arrangement :</p> <ol style="list-style-type: none"> 1. Brunei Darussalam—Halal Certification and Marketing 2. Philippines—Poultry production and operation of slaughter houses 	<p>A bilateral Joint Venture Agreement (JVA) between Brunei Darussalam and the Philippines has been drafted.</p> <p>Mr. Vic T. Lao, CEO of Maharlika Agro-Marine Ventures Corp., a Filipino investor based in Davao City, will be signing the JVA which is now in transit from Brunei to Philippines. After which, the parties shall proceed to register the newly formed company in Brunei Darussalam under the name "BIMP Corporation".</p> <p>The corporation is targeting first shipment of poultry to Middle East early next year at an estimated annual production capacity of 212,456 MT.</p> <p>As lead country for the SME cluster, the Philippines is presently seeking other investors who may be interested to join the project. Mindanao has strong comparative advantage on this project with an average poultry production of 200,000 MT per year.</p>

PROGRAMS/PROJECTS/POLICIES	BRIEF DESCRIPTION	STATUS/RECENT DEVELOPMENTS OF PHILIPPINE INITIATIVES
<p>Oil Palm Industry Development</p>	<p>A BIMP-EAGA flagship project aimed at increasing the sub-region's production of oil palm through the development of large-scale plantations in Indonesia and Philippines infusing expertise, as well as capital investments, from Malaysia.</p>	<p>MEDCo is currently facilitating a government-to-government negotiation for the importation of oil palm seeds from Malaysia. Malaysia agreed to facilitate the importation of germinated seeds as part of their support to the peace process in the island.</p> <p>During the 13th BIMP-EAGA Senior Officials Meeting/ 10th Ministerial Meeting on 19-21 September 2005 in Brunei Darussalam, Malaysia requested the Philippines to already consolidate its palm oil areas in preparation for the entry of Malaysian investments.</p> <p>MEDCo convened a meeting with LGUs to consolidate potential areas for oil palm development in Mindanao. Approximately 290,000 hectares were identified during the initial screening.</p> <p>MEDCo also noted some queries on certain land requirements and business arrangements preferred by Malaysia with respect to possible joint business ventures.</p> <p>A team of technical experts from Malaysia's Federal Land Development Authority (FELDA) is scheduled to visit the identified areas in Mindanao in the first quarter of 2006 to validate their suitability for oil palm development.</p>

<p>Seaweed Industry Development</p>	<p>Through this project, BIMP-EAGA bids to become the world's leading producer of dried seaweed. As agreed during the recent SOM, Indonesia will host the BIMP-EAGA Seaweed Industry Conference in 2006. The Conference aims to provide a venue for the suppliers and buyers to discuss and resolve issues and concerns relating to market accessibility and product pricing to name a few.</p> <p>The project is focusing on the following:</p> <ul style="list-style-type: none"> - expansion of food grade carageenan production in the Philippines and pet grade carageenan in Indonesia; and, - improvement of Indonesia's capability to produce food grade carageenan 	<p>Seaweed or carageenan, for which the Philippines is known to be the number one producer in the world, is mainly produced in the island provinces of Western Mindanao (mainly Tawi-Tawi) at an average rate of 98,000 metric tons per year.</p> <p>Thus, Mindanao plays a strategic role in this flagship project particularly in the production of food grade variety.</p> <p>In line with this, P-EAGA is actively promoting the expansion and strengthening of family-based seaweed farming modules (focus on food grade) in Mindanao.</p> <p>The 6th Mindanao Seaweed Congress was also conducted on 08-09 September 2005 in Zamboanga City.</p>
<p>Virgin Coconut Oil Project</p>	<p>See notes under NRD Cluster</p>	
<p>Herbal Ginger Project</p>	<p>See notes under NRD Cluster</p>	
<p>Customs-Immigration-Quarantine-Security Strengthening BIMP-EAGA Support Team on Customs-Immigration-Quarantine-Security (BEST on CIQS)</p>	<p>AusAID is providing a two-year Technical Assistance Project entitled "Strengthening the BIMP-EAGA Support Team on CIQS (BEST on CIQS). The TA aimed to enhance the capacity of the MEDCO Secretariat and the CIQS agencies in the Southern Philippines to provide CIQS services through-out BIMP-EAGA.</p>	<p>Consultations at the Central and Regional Offices have taken place from 22 June to 08 July 2005 in order to generate inputs from the CIQS agencies on strategic directions that will be carried under the Technical Assistance.</p> <p>In addition, two (2) separate workshops for the MEDCO Secretariat and the representatives from the CIQS agencies from Southern Philippines have been conducted in June 2005 and August 2005 in Davao City, to assess the training requirements of these agencies.</p>

	<p>With the assistance of AusAID, this Seminar aimed at providing MS client-partners (CIQS focal agencies, private sector, etc.) with preventive measures against terrorist activities and untoward incidents such as bomb explosions.</p>	<p>An Inaugural Meeting of the Project Coordinating Committee and the Signing of the MOU between MEDCo, NEDA, and AusAID on the management and implementation of the project will be held on 15 December 2005 in Manila.</p> <p>Conducted seminars in Zamboanga City on 25-26 October 2005 and in Davao City (for Davao City and General Santos City) on 27-28 October 2005. This is part of the assistance being extended by AusAid to inform CIQS focal agencies, the private sector, and other institutions about safety measures and bomb detection techniques.</p>
<p>II. CLUSTER ON TRANSPORT, INFRASTRUCTURE AND ICT DEVELOPMENT (Lead Country: Brunei Darussalam)</p>		
<p>Expansion of Air Linkages</p>	<p>Progressive Liberalization of Air Services</p>	<p><u>On-going P-EAGA Air Linkages</u></p> <p>There were previously three (3) existing air linkages from points in Mindanao to strategic destinations in BIMP-EAGA. These are the (1) Davao-Manado; (2) Zamboanga-Sandakan; and, (3) Zamboanga-Kota Kinabalu. However, the Zamboanga-Sandakan and Zamboanga-Kota Kinabalu flights were recently suspended by South Phoenix Airways in August due to technical problems with their lone aircraft (see notes on revival initiatives).</p> <p><u>Davao-Manado</u></p> <p>Used to be regularly served by two (2) carriers: Merpati Airlines and Bouraq Airlines. However, Bouraq Airlines has temporarily suspended operation in December 2004 as it needs to change its charter in the Indonesian side and upgrade its aircraft to be able to provide convenient services to the growing number of passengers from Davao City to Manado City, vice-versa. Meanwhile, Merpati Airlines continues to serve this route every Mondays.</p>

Resumption of Zamboanga-Sandakan Route

The management of South Phoenix Airways is currently reviving air services in the Zamboanga –Sandakan Route under a new company name, Orient Airlines, thru a joint venture agreement with Astro Air International. Regular flights from Zamboanga-Sandakan are scheduled to resume in the first quarter of 2006 using a 60-seater YS 11 aircraft.

The company is also negotiating a possible code sharing arrangement with Malaysian Airlines (MAS) for the Sandakan-Kota Kinabalu Route.

Other Forthcoming P-EAGA Air Linkages

Davao—Bandar-Seri Begawan, Brunei Darussalam

This proposed route is envisioned to strengthen trade and investment activities between the area since this is strongly backed with related initiatives such as the forthcoming establishment of the Brunei Consular Office in Davao City, as well as the creation of the Philippine-Brunei Business Council.

Davao- Melonguane, Talaud, Indonesia

MEDCo is closely working with its counterparts in Indonesia to facilitate the establishment of the Davao-Melonguane, Talaud, Indonesia air linkage. The proposed route was jointly endorsed by the private sector from the Jose Abad Santos Glan Sarangani—Cooperation Triangle (JAGS-CT) and their counterparts in the Regencies of Talaud and Sangir during the JAGS-CT Trade Mission to Indonesia on 17-24 January 2005.

		<p>The National Government of Indonesia strongly supports this initiative as a strategy to accelerate economic development in borders of Talaud. However, they manifested that there is a need to upgrade the existing facilities of Talaud Airport to conform with international standards.</p> <p><u>Incentives for the Airline Operators</u></p> <p>Airline operators participating in BIMP-EAGA have recently requested incentives from the government to make their operation in BIMP-EAGA viable considering that passenger and cargo traffic in BIMP-EAGA routes are not yet stable.</p> <p>The requested incentives include:</p> <ul style="list-style-type: none"> • Discount on CAB Permit Fee; • Waiver/Discount of ATO Landing, Take Off and Parking Fees; and • Waiver of Customs and Immigration Overtime Charges. <p>This request for incentives will be discussed in the forthcoming meeting of the P-EAGA Cluster on TIID.</p>
<p>Travel Tax Exemption</p>	<p>The re-imposition of travel tax in June 2004 has resulted in a decline of cross-border economic activities in P-EAGA focus areas. Local traders, tourists and travelers from Mindanao are not yet ready to bear the additional cost from the imposition of travel tax at this critical juncture when business in the sub-region has just started to recover from the recent global economic upheavals and the slow down of BIMP-EAGA developments from 1997-2000.</p>	<p>The Department of Finance (DOF) has provided recommendations concerning the request for extension of the travel tax exemption. Per DOF's recommendation, the renewal of the 100% extension is hardly feasible due to the fiscal problem. Instead, the Department suggested a 50% reduction of the travel tax instead of full exemption. The reduced rates proposed are P1350 for 1st class passage and P810 for economy class passage.</p> <p>Her Excellency has committed to consider DOF's proposal during the briefing in Malacañang for the EAGA Summit.</p>

<p>Expansion of Sea Linkages</p>	<p>Development of Shipping Services between ports in the subregion.</p>	<p><u>Ongoing P-EAGA Sea Linkages</u></p> <p><u>Zamboanga-Sandakan</u></p> <p>There used to be three shipping lines operating in the Zamboanga-Sandakan sea route: Aleson Shipping Lines, SRN Fast Sea Crafts, and Sampaguita Shipping Lines. However, Sampaguita Shipping Lines terminated its operation on 18 January 2001. Meanwhile, Aleson Shipping Lines and SRN Fast Seacrafts have continued their voyages in the said route. The average rate for a one-way voyage from Zamboanga to Sandakan is only US\$33.00 or P1,815.00. This will require 18 hours voyage time.</p> <p><u>Tawi-Tawi-Sandakan</u></p> <p>SRN Fast Sea Crafts has also been providing regular shipping services between Tawi-Tawi and Sandakan on a twice-weekly basis.</p> <p><u>General Santos Bitung</u></p> <p>MV Rimba Tujuh, an Indonesian-flagged container vessel, with a 200-TEU capacity, used to ply this route every fortnight. However, it has terminated its services due to the inability of the current cargo traffic to meet the minimum volume requirement of the vessel.</p> <p>At present, M/L Aljamar, a Philippine-flagged vessel, with a capacity of 90 GRT, is operating a monthly voyage in this route thru the management of NHU Customs Brokerage and Shipping Agency, a shipping agent based in General Santos.</p>
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Forthcoming P-EAGA Sea Linkages

Glan (JAGS-CT)—Tahuna-Bitung (Indonesia)

NHU Customs Brokerage and Shipping Agency has also expressed strong interest to render the required shipping services between JAGS-CT and Indonesia utilizing its vessel, "M/L Aljamar".

The proposed route shall include Glan, as port of entry/exit for JAGS-CT and Tahuna and Bitung as trading partners in the Indonesian side.

During an Inter-Agency CIQS Meeting MEDCo organized for this project last 1 December 2005 in General Santos City, it was agreed that JAGS-CT will commence the shipping operations early in the 1st Quarter of 2006, as their traders are still in the process of complying export/import requirements. Meanwhile, a Memorandum of Understanding (MOU) will be signed by JAGS-CT, NHU Customs Brokerage, and the CIQS agencies on 12 December 2005 for the operationalization of this initiative.

Brooke's Point, Palawan—Kudat, Malaysia

Recently, the Municipality of Brooke's Point conducted its Cross Border Trade Mission, Exhibits and Business Matching on 16-22 November 2005 in Kudat, Sabah, Malaysia. The Mission had initial discussions to mount trade linkage with Kudat, Malaysia. Brooke's Point operates a port facility which could cater incoming vessels from Malaysia. Further, some traders based in this municipality own vessels which could be used in the conduct of trade with Kudat.

<p>Uniform Port Tariff (UPT) Agreements</p>	<p>The following are the two (2) basic principles recognized by the two countries in the implementation of the UPT Agreement:</p> <ul style="list-style-type: none"> • The harmonization of port tariff and lowering of the charges thereof are expected to assist in the success of BIMP-EAGA program in accordance with the laws and regulations of the four member countries; and, • Various shipping companies of the member countries have been clamoring for the immediate implementation of lower vessel charges as an incentive to vessels operating under the BIMP-EAGA program. <p>Prescribed Port Dues</p> <p>Port Dues- US\$0.040/GRT Dockage - US\$ 0.020/GRT/Day</p>	<p>MEDCo facilitated the extension of the following Agreements:</p> <p>UPT Agreement between RP-RI has been extended, from January 2004 to January 2006.</p> <p>UPT Agreement between RP-Brunei Darussalam has also been extended, from April 2005 to April 2007.</p> <p>Negotiations for the adoption of UPT Agreement between the Philippines and Malaysia is still on-going.</p>
<p>Telecommunication and ICT</p>	<p>Rural Telephone Network Development</p>	<p>A number of projects undertaken by TELOF in various provinces, including Mindanao, have supported this program. These include:</p> <ul style="list-style-type: none"> • National Telephone Program Tranche I-3 in Regions IX, X, XI, XII; • Telepono sa Barangay Phase 1 (TSB 1). This project calls for the establishment of 3,470 telephone lines in 347 barangays located in the provinces of Zamboanga del Norte, Zamboanga del Sur, Lanao del Norte, Quezon, Sulu, Basilan, and Tawi-Tawi. The program aims to provide the unserved and underserved rural

		<p>barangays telecommunications access to the information highway, as well as, to the national and international communities;</p> <ul style="list-style-type: none"> • Telepono sa Barangay Phase 1-A (TSBI-A); and, • Community e-Centers. The project aims to provide the general public with access points for the delivery of e-government services and affordable access to a variety of information and communications services such as internet access, email, fax, distance learning and other online community-based services.
<p>Addressing the Digital Divide</p>		<p><u>Emerging E-Services Hub</u></p> <p>Investment promotion initiatives are focused on the development of contact/call centers, business process outsourcing, and computer software programs and applications development.</p> <p>Other investment areas are in the development of telecommunication facilities, such as:</p> <ul style="list-style-type: none"> • Local exchange service (to include public calling offices/alternative communications programs) • International gateway facilities • Broadband service or infrastructure • Telecommunication projects involving satellites (e.g., inter-exchange service, global mobile personal communications, trunk radio service, and international satellite communications) <p>Davao, Cagayan de Oro, Zamboanga and General Santos are being marketed as premier areas for investments in ICT and ICT-enabled services</p> <p>Moreover, wireless communication services such as cellular phones are widely used in Mindanao.</p>

<p>Construction and Construction Materials</p>		<p>Local government communities, even in rural areas, are linked by internet services. 99.8 percent of LGUs in Mindanao have internet access.</p>
<p>Housing Development Project</p>	<p>The C/CM WG has agreed to support the human settlement development project in the City of Enjikong and Nanga Badau specifically the area bordering West Kalimantan and Sarawak, during its 02 August 2004 Meeting. Indonesia is currently preparing the business plan for the project. Pre-Feasibility Study is being undertaken by the Ministry of Human Settlements, Development and Planning Board and Public Works Service of West Kalimantan.</p> <p>Also included as priorities under housing development initiatives are:</p> <ul style="list-style-type: none"> • Construction of houses in the Mixed Development Project of Education Village in Miri, Sarawak; and, • Construction of houses in the Mixed Development Project of the Federal Government Administrative Center in Rambungan, Sarawak. 	<p>It was agreed during the 1st TIID Cluster Meeting that the BIMP-EAGA Business Council (BEBC) and the BIMP-EAGA Facilitation Center (BIMP-FC) shall prepare the business plan for this project. Per updates from the Department of Trade and Industry (DTI), neither BEBC nor BIMP-FC provided status on their assignments.</p> <p>The Department of Trade and Industry XI, which is the Lead Agency for the C/CM WG, is planning to conduct the 12th WGM during 1st Qtr of next year.</p>

<p>BIMP-EAGA Nautical Highway</p>	<p>BIMP-EAGA Multimodal Transport System</p>	<p>As an offshoot to the successful implementation of the Philippine Government's Flagship Program on the Strong Republic Nautical Highway (SRNH), through the Road Roll-on Roll-Off Transportation System (RRTS), the Philippines proposed the adoption of the BIMP-EAGA Nautical Highway as a flagship project under the TIID Roadmap during the recent NSM. However, the Philippine HODs anticipated major policy constraints in the implementation of this concept in the BIMP-EAGA in light of the disparity of land transportation policies.</p> <p>The proposed BIMP-EAGA Nautical Highway should not exclusively rely on the viability of the RORO system alone. It should also take into account the need to improve other modes of intermodal transport that could facilitate freer mobility of persons and efficient trading of goods and services within the sub-region. Considering the archipelagic set-up of BIMP-EAGA, journey or trading within the sub-region usually combines air, sea and road transport.</p> <p>The project title itself may be modified as "<u>BIMP-EAGA MULTI-MODAL TRANSPORT SYSTEM</u>".</p>	<p>The Asian Development Bank (ADB) study is formulating and preparing an Intermodal Transport Project that will improve access to the Southern Philippines by preparing an integrated transport development plan for Mindanao and Palawan that will identify key priorities to improve the efficiency of the intermodal (air, sea, and land) transport system. Under the project, the development of the following seaports and airports in Mindanao and Palawan have been identified as priority areas for ADB funding:</p> <ul style="list-style-type: none"> • Jolo Port (feeder port) • Bongao Port (feeder port) • Sitangkai port (feeder port) • Pangutaran (Simbahan) Port • Zamboanga Airport • Zamboanga Port (hub port) • Dapitan Port (hub port) • Solar (Olutanga) Port • Sta. Ana Davao Port • Cotabato Airport Butuan Airport • Surigao Port (hub port) and • Puerto Princesa Airport
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III. CLUSTER ON NATURAL RESOURCES DEVELOPMENT ¹ (Lead Country: Indonesia)		
Agro-Industry Virgin Coconut Oil Project	According to BEBC's report during the 2 nd NRD Cluster Meeting, Spark Prestige Sdn. Bhd., the private sector lead in the project, is currently consolidating their production and marketing operations in Sabah, Malaysia. It is, likewise, planning to expand its operations into Indonesia under an Indonesia-led private sector initiative between North Sulawesi and Sabah.	In the process of preparing an Industry Development Plan
Herbal Ginger Project	BEBC reported that the proponent of the project, Elisa Food Trading, has a business arrangement involving ginger based upstream and downstream activities with two leading Malaysian organizations. The Meeting noted that there is currently a short supply of ginger in Sabah, Malaysia and that Kalimantan, Indonesia can be a source of planting material for the said project. <i>See notes under SMED Cluster</i>	In the process of preparing an Industry Development Plan
Halal Poultry Project	<i>See notes under SMED Cluster</i>	
Oil Palm Industry Development Project	<i>See notes under SMED Cluster</i>	
Seaweeds Industry Development Project	<i>See notes under SMED Cluster</i>	

¹ The P-EAGA NRD Cluster will conduct its Coordination Meeting on 08 December 2005 in order to come-up with their Work Programme with respect to the implementation of the priority programs and projects.

IV. CLUSTER ON JOINT TOURISM DEVELOPMENT (Lead Country: Malaysia)		
<p>Extensive Marketing and Promotions</p>	<p>Promotion of BIMP-EAGA as a Single CAN (culture, adventure, nature) plus golf and diving Tourism Destination</p>	<p>Tourism Regional Offices in Mindanao and Palawan have been constantly and aggressively promoting tourist destinations to foreign tourists.</p> <p>1) Tour packages - the ASEAN-Japan Centre's (AJC) will be providing technical assistance in coming up with EAGA tour packages.</p> <p>2) EAGA passenger cruise - from the submitted project proposal prepared by MEDCo, the BIMP-EAGA Tourism Council (BETC) got a positive response of Star Cruises. Discussions are on-going between BETC and Star Cruises on this matter (e.g., CIQS concerns)</p> <p>3) China-ASEAN Expo 2005 - the JTD cluster took the lead in BIMP-EAGA's participation to the CAEXPO 2005 wherein the BIMP-EAGA booth won the "Special Supporter Award"</p>
<p>ASEAN Tourism Forum (ATF) 2006</p>	<p>The ASEAN Tourism Forum 2006 (ATF06) was hosted by the City of Davao on 13-21 January 2006.</p> <p>The ATF06 is the most prestigious tourism event in ASEAN regularly participated in by the ten (10) ASEAN member countries together with Japan, China, Korea, Russia and Australia. The Forum aims to promote exchange of ideas, industry updates and joint efforts to accelerate the growth of ASEAN tourism.</p>	<p>Among the activities conducted during the ATF06 in Davao City were as follows:</p> <ul style="list-style-type: none"> ■ Government meetings held at Pearl Farm Beach Resort from 12-18 January 2006. ■ Private sector meetings held at the Waterfront Insular Hotel on 16 January 2006. ■ ASEAN Tourism Conference held at the Apo View Hotel on 18 January 20056; ■ Travel Exchange (Travex) to be held at the NCCC Mall. ■ Luncheon reception between Mindanao and Palawan LGUs with the international TRAVEX buyers on 19 January 2005, 12:00 - 1:30 p.m. at the Grand Men Seng Hotel.

APPENDIX F

Briefer on the IMAG

**Example of a Draft
Executive Order used to
create IMAGs**

Appendix F

Briefer

INFRASTRUCTURE MONITORING AND ADVISORY GROUP (IMAG)

- i. Introduction.* Several major projects that are being implemented in Mindanao have been delayed due to various constraints such as the inadequate logistics of the contractor, road right-of-way (RROW) acquisition, quarry sites and security concerns among others.

Because of the problems besetting these projects, there is a need for a mechanism that will support and assist the implementing agency during all phases of project implementation starting from the procurement phase, actual construction and up to the post construction phase.

- ii. Background.* The IMAG was first presented during the Mindanao Arterial Roads Task Force (MARTF) meeting on 25 January 1996 in Manila. It was conceptualized by former Presidential Assistant for Mindanao and MEDCo Chairman Paul G. Dominguez. The Growth with Equity in Mindanao (GEM) Program prepared the concept paper defining IMAG as an ad hoc mechanism in each project area intended to support the implementing agencies during all phases of project implementation.

The assistance of the host community who are most familiar with the area is very critical. In the IMAG, all the sectors come together to assist in resolving issues and concerns. In the implementation of most nationally-funded projects, the progress of the project including the problems encountered are generally discussed only within and among the implementing agencies. As such, there is a lack of performance accountability on the part of the implementers towards the host community.

With the IMAGs, the implementers report regularly to the community the progress of the project including the problems encountered that hamper implementation.

iii. Functions

- Assist the implementing agencies in addressing problems in implementation;
- Provide advisory assistance to the implementing agencies and contractors;
- Provide a forum where the implementers will regularly report the progress of projects, the problems encountered and the assistance needed; and
- Serve as an ad-hoc sub-committee and field arm of the Mindanao Infrastructure Task Forces in its monitoring functions.

IV. Composition

- LGU officials who act as convenors;
- Project contractors and consultants;
- Concerned line agencies (such as DPWH, NIA, DENR, NEDA, PMS);
- Private sector representatives;

- NGO/religious representatives; and
- Media representatives.

V. *Mechanics*

- The IMAG members set the day of its regular monthly meetings with an understanding that more frequent meetings will be called when there are urgent issues that need to be resolved.
- The meetings proceed by discussing pending matters. Then the implementing agencies and/ or the project contractors or consultants report the status of the projects including the problems encountered.
- The IMAG will deliberate on the report and will address the concerns. Members of the IMAG and/ or other agencies will be tasked to act on the concerns. Problems that cannot be resolved at the level of the IMAGs will be elevated to the appropriate agencies in the form of resolutions.
- In all meetings of the IMAGs, various representatives from the different sectors in the community are invited. Likewise, agencies which have specific concerns are invited i.e. the PNP and the AFP for matters concerning security in the project site.
- The IMAG will be assisted by a secretariat usually composed of the planning and development office of the convening LGU, and technical staff of the implementing agency.
- The IMAG will continue to exist and function through the completion of the project. After the completion of its task, the IMAG can dissolve itself and properly inform the MEDCo and the Task Force of its decision. The secretariat shall compile and store all documents.

VI. *IMAGS in Mindanao*

Road Projects with IMAGs:

- Davao-Bukidnon Road Project (completed);
- Davao-Digos-General Santos City Road Project (completed);
- Maramag-Kibawe-Kabacan Road Project (completed);
- Zamboanga-Pagadian Road Project (3 IMAGs);
- Phil. Japan Friendship Highway Rehabilitation Project (3 IMAGs; 2 sections completed);
- National Roads Improvement Project (NRIMP) 1 (3 IMAGs);
- KFAED-assisted Road Projects (3 IMAGs);
- Rural Roads Network Development Project (RRNDP); and
- Cotabato City East Diversion Road.

Water Resources Projects with IMAG

- Malitubog-Maridagao Irrigation Project; and
- Saug Multi-purpose Irrigation Project (inactive).

Airport Project with IMAGs

- Laguindingan Airport Project;
- Dipolog Airport (inactive); and
- Pagadian Airport (inactive).

Port Project with IMAG

- Mindanao Container Terminal Port Project

Other Projects with IMAGs

- Butuan City Foreign-Assisted Projects (formerly the IMAG for the Lower Agusan Development Project;
- Samal Islands Tourism Estate Project (SITEP) (inactive); and
- DPWH-ARMM Engineering Districts (2 IMAGs).

Summary of IMAGs:

Active	–	20
Inactive	-	4
Dissolved (project completed)-		3
Total IMAGs created-	27	

VII. Accomplishments

- Designation of the Regional Directors as Special Supervisors for Foreign-Assisted Projects;
- Membership of the IMAG Chairmen in the DPWH PBAC;
- Project transparency;
- LGU empowerment – enhanced community participation in project implementation;
- Consideration of project gaps in ongoing projects;
- Facilitated completion of delayed projects;
- Facilitated prompt release of project funds; and
- Replication of IMAG concept.

VIII. Updates. MEDCo is currently coordinating with the following local chief executives for the creation of IMAGs for projects in their respective provinces:

- Gov. Wahab Akbar – Basilan Circumferential Road under Saudi Fund for Development;
- Gov. Datu Andal Ampatuan – Rural Road Network Development Project III: Central Mindanao Road Project under JBIC; and
- Mayor Vicente Emano - Rural Road Network Development Project III: Bulua- PN Roa – Lumbia Road Project under JBIC.

EXECUTIVE ORDER NO. ____

CREATING THE INFRASTRUCTURE MONITORING AND ADVISORY GROUP (IMAG) FOR THE
_____ PROJECT

WHEREAS, several major road projects are being implemented by the government in Mindanao but the construction of most of these projects are delayed due to issues and problems such as inadequate logistics of the contractor, road right-of-way acquisition, access to quarry sites, security problems, among others;

WHEREAS, because of the problems besetting major projects in Mindanao, there is a need to have an ad-hoc mechanism that will support and assist the implementing agency during all phases of project implementation starting from bidding/tendering through actual construction up to post construction activities in each of the project area;

WHEREAS, an Infrastructure Monitoring and Advisory Group (IMAG) is an ad-hoc organization that monitors the implementation of specific government projects in an area. It is a mechanism by which the implementing agency, together with the host community, can discuss and resolve issues and problems affecting project implementation;

NOW THEREFORE, I, _____, Governor, Province of _____, by virtue of the power vested in me by law, do hereby order the following:

SECTION 1. CREATION. There is hereby created the Infrastructure Monitoring and Advisory Group (IMAG) for the _____ project.

SECTION 2. COMPOSITION. The IMAG shall be composed of the following:

Chair : Provincial Governor

Vice-Chair : (DPWH or LGU)

Members :

Agency

PERMANENT MEMBERS

Local Government Units:
DPWH:

(Concerned Mayors)
Usec. Manuel Bonoan
Undersecretary for Operations
DPQH Central Office

ASec. Rafael Yabut
Assistant Secretary for Operations for
Visayas, Mindanao and NCR

PMO Project Director

District Engineers

Presidential Management Staff: _____

Department of Environment and Natural Resources: _____

National Economic Development Authority: _____

Philippine Information Agency: _____

Project Contractors: _____

Business Sector: (Chamber of Commerce and Industry and
Transport Sector)

Non-government Organization: (Rotary Club)

Media: _____

The Chair may decide to invite other agencies, private or public sector to attend IMAG meetings. Suggestions, comments and other inputs coming from all invited participants shall be heard but in cases where a decision must be reached through voting, only the members of the IMAG as identified in this Executive Order or their duly designated representatives, can vote.

SECTION 3. FUNCTIONS. There is hereby created an Infrastructure Monitoring and Advisory Group (IMAG) for the _____ project to:

1. Assist the implementing agency in addressing and resolving issues and problems affecting the implementation (i.e. bidding/tendering, actual construction and post-construction activities) of the project;
2. Provide advisory assistance to the implementing agency and the project contractor to facilitate the implementation of the project;
3. Provide a forum where the implementing agency, together with the project contractor, will regularly report (on a monthly basis) its accomplishment, problems encountered and assistance needed from the host community;
4. Serves as ad-hoc sub-committee and field arm of the Mindanao Arterial Roads Task Force (MARTF) in relation to monitoring the implementation of specific road projects within Mindanao.

SECTION 4. SCHEDULE OF IMAG MEETING. The IMAG shall meet every month. However, the IMAG needs to meet as often as possible i.e. weekly, when major issues and problems need to be addressed and resolved urgently.

SECTION 5. SECRETARIAT. The Provincial Planning and Development Office shall serve as the Secretariat of the IMAG with the DPWH (concerned region) as members.

SECTION 6. BUDGET. The Provincial Government shall allocate funds for the activities of the IMAG. Other sources of funds may also be mobilized for this purpose.

SECTION 7. EFFECTIVITY. This Order shall take effect immediately and shall continue to exist and function through the completion of the project and until later when the completed project will be turned-over to the government and the guaranteed maintenance will be satisfactorily fulfilled by the project contractor.

Done this _____ day of _____ at the _____.

Provincial Governor

APPENDIX G

**Estimated Cost of
Consulting Services for
the ITDP**

Appendix G

Summary of Consulting Services

Institution - type	Location	US\$	Php (1,000)
<i>DOTC - Design & Construction Supervision</i>			
Feeder Ports	3 locations	2,495,250	129,753
Airports	3 locations	5,156,500	268,138
<i>PPA - Design & Construction Supervision</i>			
Ports	2 locations	4,122,000	214,344
<i>Policy</i>			
Aviation	Metro Manila (MM)	1,322,000	68,744
Sea	Metro Manila (MM)	330,500	17,186
<i>Capacity Building</i>			
MEDCO	Mindanao	677,000	35,204
ARMM RPMA	Mindanao	534,000	27,768
DENR	Mindanao/MM	82,982	4,315
<i>Other (Policy + CB) Total</i>		2,946,482	153,217
<i>Total Consulting Service</i>		14,720,232	765,452

Consultancy Services - Feeder Ports - DOTC	Duration of Phase in Months	International Expert	Local Expert	Unit Cost International Expert (US\$)	Unit Cost Local Expert (US\$)	International Consultants - US\$	Local Consultant - US\$	Subtotal - US\$	Total in US\$
Design	15								
Team Leader		0	-	0	0	0	0		
Deputy Team Leader		0	-	0	0	0	0		
Sr Port Engineer (I)	15		26,500	0	397,500	0			
Port Engineer (2)		15	-	9,000	0	135,000			
Structural Engineer		5	-	9,000	0	45,000			
Geotechnical Engineer		5	-	9,000	0	45,000			
Cost Estimator (Intermittant)		10	-	9,000	0	90,000			
Electrical Engineer		4	-	9,000	0	36,000			
Architect		4	-	9,000	0	36,000			
Utility Engineer		3	-	9,000	0	27,000			
Contract Documents		3	-	9,000	0	27,000			
Update Feasibility Studies									
Transport Economist	1.5	3	26,500	9,000	39,750	27,000			
Port Engineer (3)		1	-	9,000	0	9,000			
Financial Analyst		2	-	9,000	0	18,000			
Environmental Specialist		4	-	9,000	0	36,000			
Poverty Specialist		1.5	-	9,000	0	13,500			
Resettlement		2	-	9,000	0	18,000			
Subtotal Design Phase	16.5	63			437,250	562,500	999,750		
Field Investigations									
Geotechnical Surveys			100,000			100,000			
Hydrological Surveys			21,000			21,000			
Other Surveys			15,000			15,000	136,000	\$1,135,750	
Tendering	10.5								
Team Leader		1	26,500	0	26,500	0			\$0
Deputy Team Leader		2.5	-	9,000	0	22,500			
Subtotal Tendering Phase	1	2.5	26,500		26,500	22,500	49,000	\$49,000	
Construction Supervision	24								
TL-Resident Engineer (Intermittant)		12	23,500	0	282,000	0			
Deputy Resident Engineer		24	-	6,500	0	156,000			
Site Engineers 1		24	-	6,500	0	156,000			
Site Engineers 2		10	-	6,500	0	65,000			
Specialists - International		5	23,500	0	117,500	0			
Specialists		10	-	6,500	0	65,000			
Quantity Engineer		24	-	6,500	0	156,000			
Inspectors 1		3	-	5,000	0	15,000			
Inspectors 2		3	-	5,000	0	15,000			
Inspectors 3		3	-	5,000	0	15,000			
Subtotal Construction Supervision	17	101			399,500	643,000	1,042,500		
Project Monitoring and Assistance during Implementation (Environmental Monitoring for entire CS contract)									
Environmental Specialist (Overall in CS)		0	0	-	0	0	0		
Social/Poverty Specialist		6	-	6,500	0	39,000			
Economist		6	-	6,500	0	39,000			
Resettlement Specialist		6	-	6,500	0	39,000			
International Experts		2	23,500	0	47,000	0			
Subtotal Project Monitoring and Assistance during Implementation					47,000	117,000	164,000		
Surveys									
Social, environmental and economic surveys include \$84000 for environmental surveys						104,000	104,000	\$1,310,500	
Total Feeder Ports in US\$								\$2,495,250	
Total Feeder Ports in Php (1,000) at 52 Php per US\$								Php129,753	

Notes:

1. Environmental Surveys construction \$84,000
2. Allocation of CS costs among the projects
 - Bongao 35%
 - Jolo 50%
 - Sitangkai 15%

Consultancy Services - Hub Ports - PPA	Duration of Phase in Months		International Expert		Local Expert		Unit Cost International Expert (US\$)		Unit Cost Local Expert (US\$)		International Consultants - US\$		Local Consultant - US\$		Subtotal - US\$		Total in US\$	
Design	9																	
Team Leader		9			26,500	0	238,500	0										
Deputy Team Leader			9		0	9,000	0	81,000										
Sr Port Engineer (1)		9			26,500	0	238,500	0										
Port Engineer (2)			9		0	9,000	0	81,000										
Senior Structural Engineer		5			26,500	0	132,500	0										
Structural Engineer			7		0	9,000	0	63,000										
Geotechnical Engineer			5		0	9,000	0	45,000										
Cost Estimator			6		0	9,000	0	54,000										
Electrical Engineer			3		0	9,000	0	27,000										
Utility Engineer			2		0	9,000	0	18,000										
Architect			3															
Contract Documents			3		0	9,000	0	27,000										
Master Plan Zamboanga																		
Transport Economist/Planner			3		0	9,000	0	27,000										
Financial Analyst			2		0	9,000	0	18,000										
Environmental Specialist			4		0	9,000	0	36,000										
Poverty Specialist			1.5		0	9,000	0	13,500										
Resettlement			2		0	9,000	0	18,000										
Subtotal Design Phase		23	60					609,500	508,500	1,118,000								
Field Investigations																		
Geotechnical Surveys				1	120,000					120,000								
Hydrological Surveys				1	21,000					21,000								
Other Surveys				1	15,000					15,000			156,000					\$1,274,000
Tendering	10.5																	
Team Leader		2			26,500	0	53,000	0										\$0
Deputy Team Leader			3.0		0	9,000	0	27,000										
Subtotal Tendering Phase		2	3		26,500		53,000	27,000	80,000									\$80,000
Construction Supervision	42																	
TL-Resident Engineer		42			23,500	0	987,000	0										
Deputy Resident Engineer			42		0	6,500	0	273,000										
Site Engineers 1			24		0	6,500	0	156,000										
Site Engineers 2			24		0	6,500	0	156,000										
Specialists - International		5			23,500	0	117,500	0										
Specialists			10		0	6,500	0	65,000										
Quantity Engineer			42		0	6,500	0	273,000										
Inspectors 1			24			5,000	0	120,000										
Inspectors 2			24			5,000	0	120,000										
Subtotal Construction Supervision		47	190					1,104,500	1,163,000	2,267,500								
Project Monitoring and Assistance during Implementation																		
Environmental Specialist (TL+DTL)		3	5		26,500	6,500	79,500	32,500										
Social/Poverty Specialist			3			8,500	0	25,500										
Economist			3			8,500	0	25,500										
Resettlement Specialist			3			8,500	0	25,500										
Local Environmental Specialist/Enumerators			42			4,000		168,000										
International Expert		2			26,500		53,000	0										
Subtotal Project Monitoring and Assistance during Implementation							132,500	277,000	409,500									
Surveys																		
Social, environmental and economic surveys include \$71,000 for environmental surveys								91,000	91,000									\$2,768,000
Total Hub Ports in US\$																		\$4,122,000
Total Hub Ports in Php (1,000) at 52 Php per US\$																		Php214,344

Notes:

1. Environmental Surveys - Construction \$71,000
2. Allocation of CS costs among the projects
 - Zamboanga 20%
 - General Santos City 80%

Consultancy Services - Airports Puerto Princesa, Cotabato, & Butuan - DOTC / ATO		Duration of Phase in Months	International Expert	Local Expert	Unit Cost International Expert (US\$)	Unit Cost Local Expert (US\$)	International Consultants - US\$	Local Consultant - US\$	Subtotal - US\$	Total in US\$
Design		12								
Team Leader		12			26,500	0	318,000	0		
Deputy Team Leader			12		0	9,000	0	108,000		
Sr Airport Engineer (1)		12			26,500	0	318,000	0		
Airport Engineer (2)			14		0	9,000	0	126,000		
Structural Engineer			5		0	9,000	0	45,000		
Geotechnical/Pavement Engineer		1.5	5		26,500	9,000	39,750	45,000		
Cost Estimator			10		0	9,000	0	90,000		
Electrical Engineer			4		0	9,000	0	36,000		
Utility Engineer			3		0	9,000	0	27,000		
Architect			6		0	9,000	0	54,000		
Baggage Handling		1			26,500	0	26,500	0		
NavAid Specialist		1			26,500	0	26,500	0		
HVAC Engineer			2		0	9,000	0	18,000		
Senior Contract Specialist		0.5			26,500	0	13,250	0		
Contract Specialist			3		0	9,000	0	27,000		
Update Master Plan for Puerto Princesa										
Airport Transport Planner		3			26,500	0	79,500	0		
Transport Economist			3		0	9,000	0	27,000		
Financial Analyst			2		0	9,000	0	18,000		
Environmental Specialist			4		0	9,000	0	36,000		
Poverty Specialist			1.5		0	9,000	0	13,500		
Resettlement Specialist (Phase 2)			4		0	9,000	0	36,000		
Subtotal Design Phase		31	79				821,500	706,500	1,528,000	
Field Investigations										
Geotechnical Surveys			3		30,000			90,000		
Noise Surveys (if required)			3		3,000			9,000		
Other Surveys			3		5,000			15,000	114,000	\$1,642,000
Tendering		10.5								
Team Leader (Intermittant)		3			26,500	0	79,500	0		\$0
Deputy Team Leader			5.0		0	9,000	0	45,000		
Subtotal Tendering Phase		3	5				79,500	45,000	124,500	\$124,500
Construction Supervision										
TL-Resident Engineer		30			23,500	0	705,000	0		
Deputy Resident Engineer			30		0	6,500	0	195,000		
Site Engineer 1			24		0	6,500	0	156,000		
Site Engineer 2			24		0	6,500	0	156,000		
Site Engineer 3			5		0	6,500	0	32,500		
Specialists - International		15			23,500	0	352,500	0		
Specialists			20		0	6,500	0	130,000		
Quantity/Quality Engineers			50		0	6,500	0	325,000		
Inspector 1			24			5,000	0	120,000		
Inspector 2			24			5,000	0	120,000		
Inspector 3			24			5,000	0	120,000		
Inspector 4			24			5,000	0	120,000		
Inspector 5			24			5,000	0	120,000		
Subtotal Construction Supervision		45	273				1,057,500	1,594,500	2,652,000	
Project Monitoring and Assistance during Implementation										
Environmental Specialist			3	7	26,500	6,500	79,500	45,500		
Social/Poverty Specialist				4		8,500	0	34,000		
Economist				4		8,500	0	34,000		
Resettlement Specialist				7		8,500	0	59,500		
Environmental Specialist/Enumerators (4)				84		4,000		336,000		
International Experts			2		26,500		53,000	0		
Subtotal Project Monitoring and Assistance during Implementation							132,500	509,000	641,500	
Surveys										
Social, environmental and economic surveys include \$76500 for environmental surveys								96,500	96,500	\$3,390,000
Total Airports in US\$										\$5,156,600
Total Airports in Php (1,000) at 52 Php per US\$										Php268,138

Notes:

1. Environmental Surveys - Construction \$76,500
2. Allocation of CS costs among the projects
 - Puerto Princesa 45%
 - Cotabato 40%
 - Butuan 15%
3. Design costs based on the use of existing designs

APPENDIX H

Project Schedule

Appendix H - PROJECT SCHEDULE

ID	Task Name	Duration	Start	Finish	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
1	Project Start Up Activities	16.27 mons?	Thu 6/1/06	Tue 10/16/07											
2	Loan Preparation and Negotiation Activities	16.27 mons?	Thu 6/1/06	Tue 10/16/07											
3	DOTC & PPA Approvals	1.91 mons	Thu 6/1/06	Mon 7/31/06											
4	Review	60 edays	Thu 6/1/06	Mon 7/31/06											
5	Approval	0 days	Mon 7/31/06	Mon 7/31/06											
6	NEDA & DOF Approvals	5.82 mons	Sat 7/1/06	Thu 12/28/06											
7	NEDA Review	120 edays	Sat 7/1/06	Sun 10/29/06											
8	NEDA Approval	0 days	Sun 10/29/06	Sun 10/29/06											
9	DOF Review & Loan Preparation	60 edays	Sun 10/29/06	Thu 12/28/06											
10	Loan Application Submitted to ADB	0 days	Thu 12/28/06	Thu 12/28/06											
11	Loan Negotiations to Effectiveness	9.45 mons?	Thu 12/28/06	Tue 10/16/07											
12	ADB Procedures Leading to Negotiations	200 edays	Thu 12/28/06	Mon 7/16/07											
13	Loan Signing	0 days?	Mon 7/16/07	Mon 7/16/07											
14	GOP Compliance Loan Conditionalities	92 edays	Mon 7/16/07	Tue 10/16/07											
15	Loan Effectiveness	0 days?	Tue 10/16/07	Tue 10/16/07											
16	Consultant Selection and Award	7 mons	Tue 10/16/07	Sat 5/17/08											
17	Design & CS - Port Projects	7 mons	Tue 10/16/07	Sat 5/17/08											
18	Feeder Ports - Consulting Services with DOTC	214 edays	Tue 10/16/07	Sat 5/17/08											
19	Hub Ports - Consulting Services with PPA	214 edays	Tue 10/16/07	Sat 5/17/08											
20	Design & CS - Airport Projects with DOTC	214 edays	Tue 10/16/07	Sat 5/17/08											
21	NTP - Port Projects	0 days	Sat 5/17/08	Sat 5/17/08											
22	NTP - Airport Projects	0 days	Sat 5/17/08	Sat 5/17/08											
23	Port Projects	67.73 mons?	Sat 5/17/08	Mon 2/3/14											
24	Feeder Ports	67.73 mons?	Sat 5/17/08	Mon 2/3/14											
25	Bongao	60.77 mons?	Sat 5/17/08	Wed 7/3/13											
26	Environmental Studies and Approvals	150 edays?	Mon 6/16/08	Thu 11/13/08											
27	Resettlement and Land Acquisition	1095 edays?	Sat 5/17/08	Tue 5/17/11											
28	Final Engineering Design and Bid Documents	14.82 mons?	Sat 5/17/08	Tue 8/18/09											
29	Preliminary Design and Feasibility Study	93 edays?	Sat 5/17/08	Mon 8/18/09											
30	Final Design	365 edays?	Mon 8/18/09	Tue 8/18/09											
31	Final Designs and Contract Documents comp	0 mons	Tue 8/18/09	Tue 8/18/09											
32	Tendering	320 edays?	Tue 8/18/09	Sun 7/4/10											
33	Construction	730 edays?	Sun 7/4/10	Tue 7/3/12											
34	Defects & Liability Period	365 edays?	Tue 7/3/12	Wed 7/3/13											
35	Project Completion	0 emons?	Tue 7/3/12	Tue 7/3/12											
36	Jolo	67.73 mons?	Sat 5/17/08	Mon 2/3/14											
37	Environmental Studies and Approvals	150 edays?	Mon 6/16/08	Thu 11/13/08											
38	Resettlement and Land Acquisition	458 edays?	Sat 5/17/08	Tue 8/18/09											
39	Final Engineering Design and Bid Documents	14.82 mons?	Sat 5/17/08	Tue 8/18/09											
40	Preliminary Design	93 edays?	Sat 5/17/08	Mon 8/18/08											
41															

Appendix H - PROJECT SCHEDULE

ID	Task Name	Duration	Start	Finish	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
42	Final Design	365 edays?	Mon 8/18/08	Tue 8/18/09											
43	Final Designs and Contract Documents comp	0 mons	Tue 8/18/09	Tue 8/18/09											
44	Tendering	320 edays	Tue 8/18/09	Sun 7/4/10											
45	Construction	945 edays?	Sun 7/4/10	Sun 2/3/13											
46	Defects & Liability Period	365 edays?	Sun 2/3/13	Mon 2/3/14											
47	Project Completion	0 emons?	Sun 2/3/13	Sun 2/3/13											
48	Sitangkai	60.77 mons?	Sat 5/17/08	Wed 7/3/13											
49	Environmental Studies and Approvals	150 edays?	Mon 6/16/08	Thu 11/13/08											
50	Resettlement and Land Acquisition	458 edays?	Sat 5/17/08	Tue 8/18/09											
51	Final Engineering Design and Bid Documents	14.82 mons?	Sat 5/17/08	Tue 8/18/09											
52	Preliminary Design	93 edays?	Sat 5/17/08	Mon 8/18/08											
53	Final Design	365 edays?	Mon 8/18/08	Tue 8/18/09											
54	Final Designs and Contract Documents comp	0 mons	Tue 8/18/09	Tue 8/18/09											
55	Tendering	320 edays	Tue 8/18/09	Sun 7/4/10											
56	Construction	730 edays?	Sun 7/4/10	Tue 7/3/12											
57	Defects & Liability Period	365 edays?	Tue 7/3/12	Wed 7/3/13											
58	Project Completion	0 emons?	Tue 7/3/12	Tue 7/3/12											
59	Hub Ports	73.68 mons?	Sat 5/17/08	Tue 8/5/14											
60	Zamboanga	54.82 mons?	Sat 5/17/08	Tue 11/13											
61	Master Plan (in parallel with the final design)	183 edays	Sat 5/17/08	Sun 11/16/08											
62	Environmental Studies and Approvals	183 edays?	Mon 6/16/08	Tue 12/16/08											
63	Resettlement and Land Acquisition	1 day?	Mon 5/19/08	Mon 5/19/08											
64	Final Engineering Design and Bid Documents	275 edays?	Sat 5/17/08	Mon 2/16/09											
65	Tendering	320 edays?	Mon 2/16/09	Sat 1/2/10											
66	Construction	730 edays?	Sat 1/2/10	Mon 1/2/12											
67	Defects & Liability Period	365 edays?	Mon 1/2/12	Tue 1/1/13											
68	Project Completion	0 emons?	Mon 1/2/12	Mon 1/2/12											
69	General Santos City Port	73.68 mons?	Sat 5/17/08	Tue 8/5/14											
70	Environmental Studies and Approvals	180 edays?	Mon 6/16/08	Sat 12/13/08											
71	Resettlement and Land Acquisition	1 day?	Mon 5/19/08	Mon 5/19/08											
72	Final Engineering and Bid Documents	305 edays?	Sat 5/17/08	Wed 3/18/09											
73	Tendering	320 edays?	Wed 3/18/09	Mon 2/1/10											
74	Construction	1281 edays?	Mon 2/1/10	Mon 8/5/13											
75	Defects & Liability Period	365 edays?	Mon 8/5/13	Tue 8/5/14											
76	Project Completion	0 emons?	Mon 8/5/13	Mon 8/5/13											
77	Airports	57.91 mons?	Sat 5/17/08	Fri 4/5/13											
78	Puerto Princesa	57.91 mons?	Sat 5/17/08	Fri 4/5/13											
79	Airport Master Plan (in parallel with the final design)	275 edays?	Sat 5/17/08	Mon 2/16/09											
80	Environmental Studies for Phase 2	153 edays?	Sat 1/17/09	Fri 6/19/09											
81	Resettlement and Land Acquisition Phase 2	1098 edays?	Sat 1/17/09	Fri 1/20/12											
82	Update Final Engineering Design and Bid Documents	366 edays?	Sat 5/17/08	Mon 5/18/09											

Appendix H - PROJECT SCHEDULE

ID	Task Name	Duration	Start	Finish	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
83	Tendering	320 edays?	Mon 5/19/09	Sat 4/3/10											
84	Construction	732 edays?	Sat 4/3/10	Wed 4/4/12											
85	Defects & Liability Period	366 edays?	Wed 4/4/12	Fri 4/5/13											
86	Project Completion	0 emons?	Wed 4/4/12	Wed 4/4/12											
87	Cotabato	54.95 mons?	Sat 5/17/08	Fri 1/4/13											
88	Environmental Studies and Approvals	153 edays?	Sat 5/17/08	Fri 10/17/08											
89	Resettlement and Land Acquisition	1 day?	Mon 5/19/08	Mon 5/19/08											
90	Update Final Engineering Design and Bid Documents	275 edays?	Sat 5/17/08	Mon 2/16/09											
91	Tendering	320 edays?	Mon 2/16/09	Sat 1/2/10											
92	Construction	732 edays?	Sat 1/2/10	Wed 1/4/12											
93	Defects & Liability Period	366 edays?	Wed 1/4/12	Fri 1/4/13											
94	Project Completion	0 emons?	Wed 1/4/12	Wed 1/4/12											
95	Butuan	54.91 mons?	Sat 5/17/08	Thu 1/3/13											
96	Environmental Studies and Approvals	153 edays?	Sat 5/17/08	Fri 10/17/08											
97	Resettlement and Land Acquisition	183 edays?	Sun 8/17/08	Mon 2/16/09											
98	Update Final Engineering Design and Bid Documents	275 edays?	Sat 5/17/08	Mon 2/16/09											
99	Tendering	320 edays?	Mon 2/16/09	Sat 1/2/10											
100	Construction	732 edays?	Sat 1/2/10	Wed 1/4/12											
101	Defects & Liability Period	365 edays?	Wed 1/4/12	Thu 1/3/13											
102	Project Completion	0 emons?	Wed 1/4/12	Wed 1/4/12											
103	Institution Capacity Building	59.45 mons?	Sat 5/17/08	Thu 5/23/13											
104	Action Plan - Dialogue on Transport Policy	59.45 mons?	Sat 5/17/08	Thu 5/23/13											
105	Policy Issues in Aviation	1830 edays	Sat 5/17/08	Tue 5/21/13											
106	Policy Issues in Maritime Transport	1830 edays	Mon 5/19/08	Thu 5/23/13											
107	Policy Dialogue Completed	0 emons?	Thu 5/23/13	Thu 5/23/13											
108	Institutional Support to ARRM - PMA	59.36 mons?	Sat 5/17/08	Tue 5/21/13											
109	Data Collection and Management	1830 edays?	Sat 5/17/08	Tue 5/21/13											
110	Environmental Management	1830 edays?	Sat 5/17/08	Tue 5/21/13											
111	HIV/AIDS Awareness	1830 edays?	Sat 5/17/08	Tue 5/21/13											
112	Completion of Institution Support under the Loan	0 mons	Tue 5/21/13	Tue 5/21/13											
113	Training	1830 edays?	Sat 5/17/08	Tue 5/21/13											
114	Workshops	1830 edays?	Sat 5/17/08	Tue 5/21/13											
115	Project Completion Report	16.32 mons?	Wed 4/4/12	Tue 8/20/13											
116	Preparation of Completion Report (End of Construction)	16.32 mons?	Wed 4/4/12	Tue 8/20/13											
117	Feeder Port Projects	15 edays?	Sun 2/3/13	Mon 2/18/13											
118	Hub Port Projects	15 edays?	Mon 9/5/13	Tue 8/20/13											
119	Airport Projects	15 edays?	Wed 4/4/12	Thu 4/19/12											
120	Policy	0.5 emons?	Thu 5/23/13	Mon 6/3/13											
121	Submit Completion Report	0 days?	Tue 8/20/13	Tue 8/20/13											

APPENDIX I

Summary of Project Costs (See Appendix ES-C)

APPENDIX J

Comments Matrix

Final Report Comments Matrix

Volume I – Main Report

Comment (Principal Author)	Action Taken
General Comments	
<u>NEDA</u> <ul style="list-style-type: none"> Inconsistency in membership and chairmanship of proposed CAAP as contained in the Appended Civil Aviation Review Report 	Appended Civil Aviation Review Report has been deleted. DOTC-ATO-CAB agreed draft of the CAAP bill is attached instead.
<ul style="list-style-type: none"> Heading errors in the comparative table of restructuring proposals as contained in the Appended Civil Aviation Review Report 	Appended Civil Aviation Review Report has been deleted. DOTC-ATO-CAB agreed draft of the CAAP bill is attached instead.
<ul style="list-style-type: none"> ITDP recommended exclusion of CAB in proposed CAAP and deferral of filing of AAP Bill contrary to the JICA Airport Master Plan recommendations 	DOTC-ATO-CAB agreed draft of the CAAP excludes CAB. It was also agreed upon to prioritize CAAP Bill over the AAP Bill considering that EO on international airports has been issued by OP.
<ul style="list-style-type: none"> Recommended airport and air navigation/air traffic control services fee adjustment requires DOTC order 	Draft DOTC order raising airport fees at Davao Airport is pending signature of the DOTC Secretary. Future increases would be formalized through DOTC orders.
<ul style="list-style-type: none"> Annual subsidy levels using current ATO charges and MIAA/MCIAA/SBMA have not been provided in the report and cannot be derived from given data in the report 	Airport FS included as appendices the detailed breakdown of project costs, schedule of fees and income statement of ATO by airport subprojects. NEDA may be asking for the financial evaluation worksheet, which can be provided.

Volume II – Airport Feasibility Studies

Comment (Principal Author)	Action Taken
General Comments	
<p><u>NEDA Infrastructure Staff</u></p> <ul style="list-style-type: none"> Financial evaluation should also show the point of view of the proponent (equity-capital or equity holder’s approach) 	<p>Equity-capital financial evaluation results were included in the airport feasibility studies (Section 12 of Puerto Princesa, Cotabato and Butuan Updated FS, Volume II)</p>
<ul style="list-style-type: none"> ADB will finance more than 65% and estimated to be 88.35% (except project administration and applicable duties and taxes), resulting in a lower figure for WACC of 6.466%. 	<p>The assumed financing plan involves the use of ADB loan to fund the foreign currency component, plus a portion of the local cost component. The share of ADB financing will remain 65% of the total airport project cost. ADB local cost financing will be limited to civil works and equipment installation.</p>
<ul style="list-style-type: none"> Inconsistent figures in the % increase of airport fees in Cotabato Airport to make the project financially viable (900% and 90%) 	<p>Re-evaluation of financial costs and revenues for Cotabato Airport resulted in 900% required airport fee increase to break-even. The recommended 90% increase (now revised to 100%) relates partial cost recovery of O+M expenses.</p>
<ul style="list-style-type: none"> Error in local and forex cost entries in Table 11.3-1 for Puerto Princesa and Cotabato Airports 	<p>Table 11.3-1 for each of the airport FS reports has been corrected.</p>

Volume III – Hub Port Feasibility Studies

Comment (Principal Author)	Action Taken
General Comments	
<p><u>PPA AGME</u></p> <ul style="list-style-type: none"> It was suggested to include in the study the discussions on the proposed facilities that would be in place by 2010. This is to determine whether the facilities proposed by the Study Team is in line with the PPA's vision which is to meet international standard in port facilities in ten (10) priority ports (including Zamboanga and General Santos) by year 2010. 	<p>The Study included discussions on the development plans of PPA for the hub ports. Discussions are presented in Section 3.1 of Parts II and III.</p>
<ul style="list-style-type: none"> Our Engineering Office is interested in the detailed engineering aspect of the project to be able to examine the extent of the proposed facilities vis-a-vis PPA's plans and programs for the subject ports. 	<p>The Report gave detailed drawings for the movable RoRo ramp (Vol II, Figure 6.2-1) and cross-section of the wharf structure (Vol III, Figure 6.2.1-1)</p>
<ul style="list-style-type: none"> It was suggested to include in the study the discussions on the cost and operational efficiency of proposed facilities for subject ports. 	<p>Paragraphs 3.2.24 to 3.2.28 discuss the rationale for recommending a movable RoRo ramp for the Port of Zamboanga.</p>
<ul style="list-style-type: none"> The Study Team was also requested to include discussions on the operational system of the subject ports for the benefit of the port managers concerned. 	<p>Sections 4 and 5 of Volumes II and III discuss Port Management and Operation, and Equipment for Port Production Improvement, respectively.</p>
Part II	
<p><u>NEDA</u></p> <ul style="list-style-type: none"> NEDA's query on sudden increase of benefits in the last year of evaluation. 	<p>The increase is due to the addition of the depreciated (salvage) value of the last capital investment. A note was added to the bottom of Table 7.3-2 and at Appendix E explaining the reason for the increase</p>
<p><u>PPA AGME</u></p> <ul style="list-style-type: none"> To determine the need for a quay crane based on the types of ship and volume of traffic. 	<p>The Study analyzed the container and non-container traffic at the Port of Zamboanga. (See paragraphs 2.4.11 to 2.4.15) Although the forecast showed steady increase of container traffic, it is still not of significant volume to warrant a big investment for quay cranes. Moreover, the majority of container traffic is domestic and carried by RoRo vessels, not cellular container vessels.</p>

<ul style="list-style-type: none"> On the recommendation of the Study Team to put up a movable RORO ramp (20 meters high) which costs P113 Million, PPA staff requested the Study Team to provide comparative cost-benefit analysis for putting up movable RORO ramps worth P113 Million as against putting up several RORO ramps worth P113 Million. 	<p>This is discussed in Section 3, paragraph 3.2.27. A CBA was not done because there really is no space to build many RoRo ramps at the port.</p>
<ul style="list-style-type: none"> Include discussions on the pros and cons of the recommended floating pier worth P111 Million. 	<p>Appendix G was added to explain the advantages of having a floating pier to serve the fast crafts.</p>
<p>Part III</p>	
<p><u>NEDA</u></p> <ul style="list-style-type: none"> NEDA's query on sudden increase of benefits in the last year of evaluation. 	<p>The increase is due to the addition of the depreciated (salvage) value of the last capital investment. A note was added to the bottom of Table 7.3-2 and at Appendix E explaining the reason for the increase</p>
<p><u>PPA</u></p> <ul style="list-style-type: none"> Correct land areas in 1.2.3 	<p>Corrected</p>
<ul style="list-style-type: none"> Correct wharf dimensions in 1.2.6 and 1.3.2 	<p>Corrected</p>
<ul style="list-style-type: none"> Correct Chassis Storage Area in 1.3.5 	<p>Corrected</p>
<ul style="list-style-type: none"> Correct entries in Table 1.3.2-1 	<p>Updated table</p>
<ul style="list-style-type: none"> Add concrete strength details (3,500 psi for wharf upper structure and 5,000 psi for concrete piles) in 6.1.4 and Table 6.1.1-1 	<p>Added details</p>
<p><u>PPA AGME</u></p> <ul style="list-style-type: none"> To include in the study the discussion on tariff (e.g., any recommendation to increase rates). 	<p>Discussions are made in Volume I, Chapter 6, paragraphs 6.2.29 to 6.2.35.</p>
<ul style="list-style-type: none"> To consider PPA's on-going project at the eastern portion of the port 	<p>Paragraph 3.2.6 takes this into account. The Study makes the recommendation that the alignment of the new wharf should be along the contour line of -10m so that large amount of dredging (both capital and maintenance dredging) can be avoided.</p>

Volume IV – Feeder Port Feasibility Studies

Comment (Principal Author)	Action Taken
<p><u>NEDA</u></p> <ul style="list-style-type: none"> On Feasibility Studies: The financial evaluation should also show the point of view of the proponent (equity-capital or equity holder's approach) 	<p>Additional comment inserted in financial evaluation chapters of Feeder Ports volume (IV) to highlight the fact that this type of analysis was not undertaken since the basic analysis has already shown that the basic financial condition is not feasible, and the result of applying the approach would not change the outcome. Also, neither DOTC nor RPMA are corporate entities.</p>
<ul style="list-style-type: none"> The role of the key stakeholders should be spelled out as well (LGU, RPMA, etc). Since it is under ARMM, does it follow that DOTC need not be involved? 	<p>Chapter 6 for each of the Feasibility / Pre-feasibility reports in Volume IV were modified to incorporate description / discussion on the importance of DOTC citing current lack of capability at ARMM level to implement project. Use of IMAGs and coordination agencies cited as well. LGUs would coordinate through the IMAGs.</p>

Volume V – Environmental and Social Safeguards

ADB Review Comment	Action Taken
<p><u>ADB</u></p> <ul style="list-style-type: none"> As already noted many times this document needs to be prepared as a stand-alone document authored by the EA. As such please re number paragraphs since the current document is a section of volume 5 of the final report. Please initiate each section in a new page. Include table of contents and glossary. 	<p>Completed as requested.</p> <p>See Volume V, Appendix U</p>
<ul style="list-style-type: none"> Introduction. Is it correct that all subprojects under the ITDP have been derived from previous studies? This is surely not the case for the LARP for the ports. Please correct 	<p>No revision needed. All ITDP subprojects were derived from previous transport studies and plans.</p>
<ul style="list-style-type: none"> Introduction. All section 4.1.3 needs to be erased. Please instead include the Land Acquisition and Resettlement (LAR)-related conditions for project appraisal and implementation which we have already discussed many times. To facilitate please find below a suggested text. 	<p>Completed as requested.</p> <p>See Para. 1.3 of LARPFPG.</p>
<ul style="list-style-type: none"> Section 2. Paragraph 4.2.5 text's is unclear and a bit convoluted. Please clarify the text. Erase paras. (4.2.6/7) 	<p>Completed as requested.</p> <p>See Para. 2.5 of LARPFPG.</p>
<ul style="list-style-type: none"> Section 2. (4.2.8) Add to the principles that : (i) compensation is to be provide before the property is affected and (ii) that in the process of compensation the property rights of women will be given the same relevance given to the tights of men. 	<p>Completed as requested.</p> <p>See Para. 2.6 of LARPFPG.</p>
<ul style="list-style-type: none"> Section 2. Please erase all sub-section (4.2.5) 	<p>Completed as requested.</p>
<ul style="list-style-type: none"> Section 3. (4.3.3) please rephrase in a positive way (substitute "only" with "all"). Clearly indicate that all APs with and without formal title are entitled to compensation and In para 4.3.7 please reinforce the idea that in general non-titled APs are eligible to rehabilitation and that the non-entitled are only professional squatters.. 	<p>Completed as requested.</p> <p>See Para. 3.3 of LARPFPG.</p>

<ul style="list-style-type: none"> • Section 3. (in para 4.3.14 and in section 4.3.6) please stress that expropriation will be possible only when it is (i) demonstrated that just (i.e. replacement cost) has been offered and when there are no other options. 	<p>Completed as requested.</p> <p>See Para. 3.14 of LARPFPG.</p>
<ul style="list-style-type: none"> • Section 4. Please entitle this chapter "Relocation of informal settlers and preparation of resettlement areas". 	<p>Completed as requested.</p> <p>See Title to Chapter 4 of LARPFPG.</p>
<ul style="list-style-type: none"> • Section 5. Include information on the independent land and other items assessor. 	<p>Completed as requested.</p> <p>See Para. 5.13 and Fig 5.2-1 of LARPFPG.</p>
<ul style="list-style-type: none"> • Section 6. (4.6.3) the cut-off date is not negotiated but established as a standard practice as the date of the start of the impact survey. The APs will be informed but there is no need to consult or negotiate either with local authorities or APs. 	<p>Completed as requested.</p> <p>See Para. 6.3 of LARPFPG.</p>
<ul style="list-style-type: none"> • Section 6. Disclosure procedures are fine but incomplete. The LARCPFPG and the LARPs will have to be disclosed on the ADB website. Also LARCPFPG and LARP in Tagalog or in the local language (if in the relevant locality people do not speak well English or Tagalog) will be disclosed in the local barangay offices. Finally, a primer in Tagalog or in the local language (if in the relevant locality people do not speak well English or Tagalog) will have to be sent to all APs. 	<p>Completed as requested.</p> <p>See Para. 6.7 of LARPFPG.</p>
<ul style="list-style-type: none"> • Please include in the main text of the LARPFPG a list of all subprojects involving LAR and indicate which are the core and the non-core projects. 	<p>Completed as requested.</p> <p>See Para. 1.9 of LARPFPG.</p>
<ul style="list-style-type: none"> • Section 5. This summary needs to be separated from the Bongao LARP. Also this summary is useful but it requires some more clarity on what remains to be done. Please for each subproject clearly indicate in bullets LARP already prepared and LARPs yet to be prepared. Also a few things relative to project processing need to be either added or changed for some of the subprojects. Please see below. <ul style="list-style-type: none"> - Puerto Princesa: please indicate that a supplementary LARP is to be prepared and indicate the number of APs.; 	<p>Completed as requested.</p> <p>See Tables 5.1-1 and 5.1-2</p>

<ul style="list-style-type: none"> - Cotabato: <i>more explanation to avoid possible misunderstandings (such as the one that perhaps is unfolding in this moment) is needed. The vendors have been already compensated or not? If they were not compensated some rehabilitation is to be given to them and an additional short LARP needs to be prepared. Please clarify.</i> - Butuan: please indicate that a supplementary short-LARP is to be prepared. 	
<ul style="list-style-type: none"> • Bongao Resettlement Plan. As already noted many times this document needs to be prepared as a stand-alone document authored by the EA. As such, please take out generic sections related to: (i) general project design issues (summary of LARP activities for all subprojects); Text relative to Sitangkai Puerto Princesa or Butuan. Also renumber paragraphs since the current document is a section of volume 5 of the final report. Please initiate each section in a new page. Include table of contents, glossary. 	<p>Completed as requested.</p> <p>See Volume V, Appendix V</p>
<ul style="list-style-type: none"> • Introduction. Explain more about the project, refer to the LARCPFPG and indicate that this is a core-subproject. Also indicate in the cover and in the text that this is a short-LARP and explain why so. Finally indicate the subproject processing conditionalities based on the LARCPFPG. 	<p>Completed as requested.</p> <p>See Para. 1.1 and 2.3</p>
<ul style="list-style-type: none"> • Introduction. The legal background chapter indicates how the differences between national law/regulation and ADB policy have been reconciled. 	<p>Completed as requested.</p> <p>See Para. 3.5</p>
<ul style="list-style-type: none"> • Introduction. Put the chapter on compensation eligibility and entitlements immediately after the chapter on impact assessment. Expand the summary of the same chapter of the CPFPG. Also include in the entitlements matrix the number of APs for each impact category. The matrix mixes up impacts of different nature (i.e. buildings and business losses). Please redraft so as to keep the category of impact (not AP category) as the leading column. Separate impacts categories so as to distinguish between land, buildings, income, rent and various allowances. In particular business 	<p>Completed as requested.</p> <p>See Chap. 6 and Table 6.1 which is adopted from the draft LARPFPG</p>

<p>losses compensation needs to be defined in a more precise manner. Finally all allowances, subsidies which do not depend on assessment need to be established already; please provide unit values.</p>	
<ul style="list-style-type: none"> • Introduction. Please group all relevant section in a "Consultation, Participation and Disclosure" chapter. In this chapter indicate the requirements for disclosure as above indicated in respect to the LARCPFBG. Also please include in appendix the Information primer for the subproject. 	<p>Completed as requested.</p> <p>See Chap. 7 and Para. 7.5 and Annex 1</p>
<ul style="list-style-type: none"> • Introduction. Include a chart for the organization chapter. 	<p>Completed as requested. See Figure 9.1</p>
<ul style="list-style-type: none"> • Introduction. The methodology followed for the assessment of compensation prices is unclear and does not provide any justification for the price of 1,500 Pesos /m² decided by DOTC since the only commercial land prices listed are from 25 to 675% higher than this price. Please clarify. Following the clarification ADB may require a re-evaluation of land prices. • Introduction. The LARP costs need to be revised as to include relocation assistance for 15 houses that are totally removed). Costs will also be revised if changes in land valuation are warranted. 	<p>Completed as requested.</p> <p>See Para. 10.3; Tables 10.1-2 and 10.2-2</p> <p>See Para. 10.6.</p>

Significant Changes in Text by Project Team

Volume III – Hub Port Feasibility Studies

Comment (Principal Author)	Action Taken
Part II	
<u>S. Custodio</u>	
<ul style="list-style-type: none"> Tables 2.4-10 and 2.4-11 are duplications of earlier tables. Delete these tables and adjust the numbering of succeeding tables. 	The two tables were deleted and the succeeding tables were re-numbered accordingly.
<ul style="list-style-type: none"> In Figure 7.2.3-1, the y-axis should be Cost per hour and the x-axis should be GRT. The values in the figure do not correspond to the values in the text. 	Replaced figure
<ul style="list-style-type: none"> The time savings from ship service time was inter-changed with savings from ship waiting time. There are also errors in the calculation of time savings. This would change the EIRR and ENPV of the project. 	The time savings were recalculated and the new EIRR is now 21.52% and ENPV is 214,827. The tables were consolidated for better understanding and presentation. The results of the new sensitivity analysis were reflected in Table 7.4-1.
<ul style="list-style-type: none"> The hurdle rate to be used should be the Weighted Average Cost of Capital (WACC) and not the lending rate of ADB. This should also be consistent with the other sections (airports and feeder ports) 	Discussions at 8.4.3 and 10.0.14 were adjusted to reflect the new hurdle rate. Tables 8.3-1 to 8.4-1 were also adjusted to reflect the new figures.
Part III	
<u>S. Custodio</u>	
<ul style="list-style-type: none"> Remove reference to movable ramp in 4.1.24 and 7.1.18, as this is not a recommendation for the Port of Gen. Santos 	Corrected
<ul style="list-style-type: none"> In Figure 7.2.3-1, the y-axis should be Cost per hour and the x-axis should be GRT. The values in the figure do not correspond to the values in the text. 	Replaced figure
<ul style="list-style-type: none"> There are typo errors in Table 7.2.3-5, and some figures do not match the calculations 	Corrected the table
<ul style="list-style-type: none"> Table 7.4-1 contains errors in the calculations in the 20% increase in benefits. 	Corrected the table
<ul style="list-style-type: none"> The hurdle rate to be used should be the Weighted Average Cost of Capital (WACC) and not the lending rate of ADB. This should also be consistent with the other sections (airports and feeder ports) 	Discussions at 8.4.3 were adjusted to reflect the new hurdle rate. Tables 8.3-1 to 8.4-1 and Figures 8.4-1 and 8.4-2 were also adjusted to reflect the new figures.

Volume IV – Feeder Port Feasibility Studies

Comment (Principal Author)	Action Taken
Part II	
<u>C. Diaz</u>	
<ul style="list-style-type: none"> Chapter 7: Table 7.2-2 – Detailed Cost Estimate for Bongao Port (in 1,000 Php) – data reflected on Resettlement cost not up-to-date; computation of Administration cost and Contingency incorrect base used 	Table updated and recalculation reflected
<ul style="list-style-type: none"> Chapter 8: Para 8.5.1 – economic cost needs recalculation due to adjustments in cost estimate 	Economic cost changed to “386,232”
<ul style="list-style-type: none"> Chapter 8: Table 8.5-1 - Economic Investment Cost for Bongao Port needs updating and recalculation 	Table replaced
<ul style="list-style-type: none"> Chapter 8: Para 8.6.1 – ENPV and EIRR need updating per recalculation of costs 	ENPV (15%) updated to “644,207” and EIRR to “31%”
<ul style="list-style-type: none"> Chapter 8: Table 8.7.1-1 - Sensitivity Analysis of ENPV and EIRR for Bongao Port Project 	Table replaced
<ul style="list-style-type: none"> Chapter 9: Para 9.5.1 – Reflected financial cost needs updating per revisions in costs 	Financial cost changed to “428,621”
<ul style="list-style-type: none"> Chapter 9: Table 9.5-1: Financial Investment Cost for Bongao Port – needs replacement per recalculation of costs 	Table replaced
<ul style="list-style-type: none"> Chapter 9: Para 9.6.1 – Updating of FNPV value needed as a result of recalculation of costs 	FNPV (7.4%) revised to “negative 370,155”
<ul style="list-style-type: none"> Chapter 9: Para 9.6.1.1 – Fees considered may need to be mentioned and sensitivity test recalculation required 	Addition of “fees (including wharfage, storage, terminal fees, arrastre and stevedoring, as well as space rental by concessions)” and revision to “385% (almost 4 times) of the current levels”
<ul style="list-style-type: none"> Chapter 12: Para 12.3.1 – EIRR figures need updating due to changes in cost estimates 	“31% in the base case and 22%” inserted in replacement of previous figures
<ul style="list-style-type: none"> Chapter 12: Para 12.4.1 –FIRR figures need updating due to changes in cost estimates 	“370,155 Pesos” inserted in replacement of previous figure

Comment (Principal Author)	Action Taken
Part III	
<u>C. Diaz</u>	
<ul style="list-style-type: none"> Chapter 7: Table 7.2-2 – Detailed Cost Estimate for Jolo Port (in 1,000 PhP) – data reflected on Resettlement cost not up-to-date; computation of Administration cost and Contingency incorrect base used 	Table updated and recalculation reflected
<ul style="list-style-type: none"> Chapter 8: Para 8.5.1 – economic cost needs recalculation due to adjustments in cost estimate 	Economic cost changed to “PhP 606,524 thousand pesos”
<ul style="list-style-type: none"> Chapter 8: Table 8.5-1 - Economic Investment Cost for Jolo Port needs updating and recalculation 	Table replaced
<ul style="list-style-type: none"> Chapter 8: Para 8.6.1 – ENPV and EIRR need updating per recalculation of costs 	Updated to “ENPV (15%) value of PhP 253,094 thousand Pesos, and EIRR value of 19.9%.
<ul style="list-style-type: none"> Chapter 8: Table 8.7.1-1 - Sensitivity Analysis of ENPV and EIRR for Jolo Port Project 	Table replaced
<ul style="list-style-type: none"> Chapter 9: Para 9.5.1 – Reflected financial cost needs updating per revisions in costs 	Financial cost changed to “PhP 673,720”
<ul style="list-style-type: none"> Chapter 9: Table 9.5-1: Financial Investment Cost for Jolo Port – needs replacement per recalculation of costs 	Table replaced
<ul style="list-style-type: none"> Chapter 9: Para 9.6.1 – Updating of FNPV value needed as a result of recalculation of costs 	FNPV (7.4%) revised to “negative PhP 711,655”; other revisions include the statements “Starting in the fourth year of operation, the net revenue is positive, indicating yearly costs related to operation can be covered by projected revenues, but for years 1 to 3, additional subsidy to operation would be required, over and above the investment expenses.”
<ul style="list-style-type: none"> Chapter 9: Para 9.6.1.1 – Fees considered may need to be mentioned and sensitivity test recalculation required 	Addition of “from fees (including wharfage, storage, terminal fees, arrastre and stevedoring, as well as space rental by concessions)” and revision to “would have to increase to almost ten times (at 995%)”
<ul style="list-style-type: none"> Chapter 12: Para 12.3.1 – EIRR figures need updating due to changes in cost estimates 	“20% in the base case and 13%” inserted in replacement of previous figures
<ul style="list-style-type: none"> Chapter 12: Para 12.4.1 –FIRR figures need updating due to changes in cost estimates 	“negative PhP 711,655” inserted in replacement of previous figure

Comment (Principal Author)	Action Taken
Part IV	
<u>C. Diaz</u>	
<ul style="list-style-type: none"> Chapter 7: Table 7.2-2 – Detailed Cost Estimate for Sitangkai Port (in 1,000 PhP) – data reflected on Resettlement cost not up-to-date; computation of Administration cost and contingency incorrect base used 	Table updated and recalculation reflected
<ul style="list-style-type: none"> Chapter 8: Para 8.5.1 – economic cost needs recalculation due to adjustments in cost estimate 	Economic cost changed to "PhP 171,155 thousand pesos"
<ul style="list-style-type: none"> Chapter 8: Table 8.5-1 - Economic Investment Cost for Sitangkai Port needs updating and recalculation 	Table replaced
<ul style="list-style-type: none"> Chapter 8: Para 8.6.1 – ENPV and EIRR need updating per recalculation of costs 	Updated to "ENPV (15%) value of PhP 273,009 thousand Pesos, and EIRR value of 32%.
<ul style="list-style-type: none"> Chapter 8: Table 8.7.1-1 - Sensitivity Analysis of ENPV and EIRR for Sitangkai Port Project 	Table replaced
<ul style="list-style-type: none"> Chapter 9: Para 9.5.1 – Reflected financial cost needs updating per revisions in costs 	Financial cost changed to "PhP 179,424"
<ul style="list-style-type: none"> Chapter 9: Table 9.5-1: Financial Investment Cost for Sitangkai Port – needs replacement per recalculation of costs 	Table replaced
<ul style="list-style-type: none"> Chapter 9: Para 9.6.1 – Updating of FNPV value needed as a result of recalculation of costs 	FNPV (7.4%) revised to "negative PhP 172,793 thousand" FIRR also revised to "negative 7.4%";
<ul style="list-style-type: none"> Chapter 9: Para 9.6.1 – Fees considered may need to be mentioned and sensitivity test recalculation required 	Addition of "from fees (including wharfage, storage, terminal fees, arrastre and stevedoring, as well as space rental by concessions)"
<ul style="list-style-type: none"> Chapter 9: Para 9.6.1.1 	Revision to "would have to increase to almost six times (at 558%)"
<ul style="list-style-type: none"> Chapter 12: Para 12.3.1 – EIRR figures need updating due to changes in cost estimates 	"32% in the base case and 23% inserted in replacement of previous figures
<ul style="list-style-type: none"> Chapter 12: Para 12.4.1 –FIRR figures need updating due to changes in cost estimates 	"negative 172,793 thousand pesos" inserted in replacement of previous figure

Comments from ADB

To: "Charles E. Feibel" <gemcef@mozcom.com>
Subject: Fw: Comments on draft summary Initial Environmental Examination for ITDP

Charlie:
Here are comments from Yue-Lang.
Please check if the version of your file SIEE is correct or not.
It seems she has commented the advanced version of SIEE that you
sent me.
Thanks,
Shi.

----- Forwarded by Shihiru Date/SERD/ADB on 06/08/2006 01:39 PM -----

Yue-Lang Feng/SERD/ADB To Shihiru Date/SERD/ADB
cc
06/08/2006 12:19 PM Subject Comments on draft summary Initial Environmental Examination for ITDP [Link](#)

Shi:

Please see and forward the attached comments to the TA consultants. Thanks.

Yue-Lang

Yue-Lang Feng
Principal Environment Specialist
Asian Development Bank
Tel (632) 632-6769
www.adb.org



Shihiru Date/SERD/ADB

Shihiru Date/SERD/ADB
02/05/2006 04:10 PM

To Yue-Lang Feng/SERD/ADB@ADB

cc

Subject Fw: ITDP - Advanced copy of draft Initial Environmental
Examination for ITDP

Yue-Lang:
For your review please.
Thanks, Shi.

**Intermodal Transport Development Project
Comments on SIEE**

General Comments

1. The project descriptions for airports and ports needs to provide the number of flights, types of aircrafts, and the schedule of flights in each airport, and the number and types of ships in the hub and feeder ports so that one could further assess the extent and duration of various environmental impacts of the airports and ports.
2. The project descriptions also need to provide the duration of construction for each subproject, or average construction duration of the subprojects.

Specific Comments:

3. Tables 2.2.3-1 and 2.2.3-2—Please clarify what DENR noise standard the noise level measurements failed to comply with? Is it for residential area, commercial area, etc?
4. Tables 2.2.3-3—It is not clear what it means by “levels at N1 & N2 higher during non-flight hours”. Please clarify and complete the sentence
5. Table 2.2.4-1—Please provide unit of the land
6. Para 2.2.36—What is “ATO”? Please spell it out. Please also provide a description of the health effect of long-term exposure to noise levels higher than 65d(b). Will there be night or evening flights? What are their impacts on residents?
7. Para 2.2.43—The area of Butuan Terminal will be expended from 868 m² to 1,332m², which is around 50% enlargement and is not a minor change. However, the associated impacts might not be substantive. Please correct the statement.
8. Section 2.2.4 Forecasting Environmental Impacts of Airports—Are there fuel tanks or maintenance operations in the proposed airports? What are the current practices of disposal of waste oil and grease? Is there a contingency plan in each of the airports for accidental spoil or emergency hazard? How are they being implemented? Please provide additional assessment on hazard management and capacity of contingency management. Same comments apply to ports subprojects
9. **Table 2.2.4-4: Summary of Environmental Impacts & Proposed Mitigation**—The proposed mitigation measures for noise impacts might include installation of noise insulation windows for school and hospital buildings in the zoning ordinance. It might not be appropriate to include assisting local government to apply for land use conversion as a mitigating measure. Please reconsider
10. Para 2.3.42 Biological Environment and Fishery Resources—Are there rules or guidelines of port operations, which prohibit willful or inadvertent release of liquid

and solid wastes into the sea by ships or port operators? Are there provisions of fines for violation?

11. Para 2.3.46—See comment 8.

12. Paras 2.3.57 and 2.5.6—Please refer to comment 10. The capacity building program should also include review and strengthening of the current port operational rules if the current rules are insufficient in environmental management.

Para 2.5.20 **Hub Port Subprojects**.... “Issuing permits for handling DG”—Please spell out “DG”.

To: "Charles E. Feibel" <gemcef@mozcom.com>
Subject: Fw: Comments on draft summary Initial Environmental Examination for ITDP

One more thing Charlie.
Thanks,
Shi.

----- Forwarded by Shihiru Date/SERD/ADB on 06/09/2006 10:57 AM -----

Yue-Lang Feng/SERD/ADB

To Shihiru Date/SERD/ADB@ADB

cc

06/09/2006 10:54 AM

Subject Re: Comments on draft summary Initial Environmental Examination for
ITDP [Link](#)

Shi:

I missed the following. Please forward it to the consultant.

Table 2.3.2-1 Environmental condition of General Santos Port--The table refers to Sarangani Bay, Dumpao and Calumpang points while make no reference to the location of the port. Please make it clear the status of coastal ecology in the port area.

Para. 2.3.26--Please provide info on the duration of the construction period.

Yue-Lang

Comments from ARMM



Republic of the Philippines

DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS

31 May 2006

Mr. **CHARLES E. FEIBEL**

Team Leader

Inter-modal Transport Development Project

Louis Berger Group, Phils. Inc.

Unit 3, 12/F ExportBank Plaza, Sen. Gil Puyat

Corner Don Chino Roces Avenues

Makati City

RECEIVED
DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS
INTER-MODAL TRANSPORT DEVELOPMENT PROJECT

RECEIVED

05-31-06 by [signature]

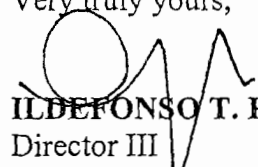
Dear Mr. Feibel:

We are referring to you the attached letter of **Director PAMA P. DIMAPANAT**, Autonomous Region in Muslim Mindanao (ARMM) highlighting their comments on the Inter-modal Transport Development Project (ITDP) Draft Final Report in relation to the Port of Polloc and The Small Port Development Sub-Package for ARMM.

Kindly reply directly to Dir. Dimapanat, copy furnished the undersigned.

Best regards.

Very truly yours,


ILDEFONSO T. PATDU, JR.

Director III

Transportation Planning Service



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
Republic of the Philippines
Autonomous Region in Muslim Mindanao
DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS
OFFICE OF THE REGIONAL EXECUTIVE DIRECTOR
Sinsuat Avenue, Cotabato City
(064) 390 26 - 50



May 26, 2006

HON. ROBERT R. CASTANARES
Assistant Secretary for Planning and Project Development
Department of Transportation and Communications
Columbian Tower, Ortigas Ave., Mandaluyong City, M.Mla.

Attn: Director Ildefonso Patdu, Jr.
Planning & Project Dev't. Services

RE: COMMENTS ON ITDP DRAFT FINAL REPORT

Dear Asst. Secretary Castanares:

The Autonomous Region in Muslim Mindanao (ARMM) under the leadership of His Honor, Regional Governor Datu Zaldy Uy Ampatuan is very innate to the DOTC - ADB funded Intermodal Transport Development Project, its short-list included four (4) candidate subprojects, viz:

- 1) Cotabato (Awang) Airport, Maguindanao
- 2) Jolo Port, Jolo, Sulu
- 3) Bongao Port, Tawi-Tawi
- 4) Sitangkai Port, Tawi-Tawi

However, we noted that the subprojects did not include two (2) of the high priority projects of the Autonomous Regional Government, which are vital intermodal transport facilities not only for the Autonomous Region, but also for Central Mindanao. These are:

1) **The Port of Polloc** at Parang, Maguindanao. Polloc Port does not only serve as the foods and goods terminal of Central Mindanao and the ARMM, but a major hub port of the proposed Agro-Industrial Center of the Autonomous Region. The port has some 2 million people beneficiaries within its zone of influence covering the two regions. It is the primary gateway to the regions affecting 80% of the regions' population, who could not avail of costly air travel and use sea transport.

Polloc Port is a vital seaport of the two regions under the Strong Republic Nautical Highway/Roads Roll On-Roll Off Terminal System (SRNH/RRTS) Programs of the Arroyo Administration in support to the BIMP-EAGA.

2) **The Small Port Development Sub-Package** for ARMM. As originally proposed under the ITDP, the small port development sub-package should be included for ADB grant under the Japan Fund for Poverty Reduction under the ADB Project. The proposed 15-small-port package (5 in Sulu Archipelago, 5 in Lake Lanao and 5 in Liguasan Marsh) with not less than \$ 2 million estimated cost should be implemented along with the candidate subprojects. The sub-package is for small boat landings to improve access to remote, low income and historically conflict-affected areas.

The inclusion of the above two major transport priorities in the implementation of ITDP is not only supportive to the on-going peace and development efforts in the Southern Philippines, but will boost the integrated development thrusts of the Autonomous Region.

isolation shall come in the process as the island provinces along the so-called economic corridors shall be developed to sustain the hub port of Zamboanga, not the Polloc Port.

Under the circumstances, we reiterate our recommendations, viz:

- 1) Inclusion of the two priority projects of the Regional Government of ARMM under the ITDP, namely: Hub Port of Polloc and the Small Port Development Sub-Package; and
- 2) On the proposed policy reform, air transport services and facilities in the ARMM, as newly devolved, should be excluded from the proposed corporatization of ATO and CAB. We noted that airports, including their landside services and facilities with corresponding budgets and personnel, have to be actually turn-over to the ARMM as already devolved and transferred from the ATO under the Organic act and implemented under Executive Order 435. Further, ATO-ARMM is still being organized to assume management and sustain operations of devolved airport services and facilities of the five (5) development airports in the ARMM.

Hoping for your kind consideration hereon.

Very sincerely yours,


PAMA P. DIMAPANAN, MPS
Director IV

Copy furnished:

The Honorable Regional Governor
ARMM

DOTC
OFFICE OF ASSISTANT SECRETARY FOR PLANNING
& PROJECT DEVELOPMENT
MAY 30 2006
RECEIVED
BY: ROGER O.

Comments from CAB



Republic of the Philippines
 Department of Transportation and Communications
CIVIL AERONAUTICS BOARD
 OLD MIA ROAD, PASAY CITY,
 Metro Manila



A Century of bringing the Filipinos
 closer together through better
 transportation and Communications

17 May 2006

DIRECTOR ILDEFONSO I. PATDU JR.
 Office of Planning and Project Development
 Department of Transportation and Communications
 The Columbia Tower, Ortigas Avenue
 Mandaluyong City

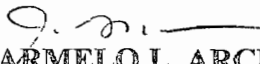
Dear Dir. Patdu:

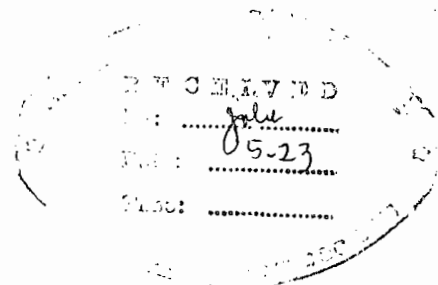
This refers to the ADB Intermodal Transport Development Project (ITDP) Phase 2 study recommendations regarding civil aviation policy and institutional reforms.

The CAB interposes no objection to the ITDP recommendations on the creation of the Civil Aviation Authority of the Philippines (CAAP) without the CAB. However, we would like to be clear that the CAB will remain an independent regulatory agency on economic issues following the principle of separation between operational functions on the one hand and policy making, quasi-judicial and regulatory functions on the other.

We hope our position on the matter will be reflected accordingly.

Very truly yours,


CARMELO L. ARCILLA
 Executive Director





Republic of the Philippines
DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS

31 May 2006

Mr. CHARLES E. FEIBEL
Team Leader
Inter-modal Transport Development Project
Louis Berger Group, Phils. Inc.
Unit 3, 12/F ExportBank Plaza, Sen. Gil Puyat
Corner Don Chino Roces Avenues
Makati City

RECEIVED
66-01-04

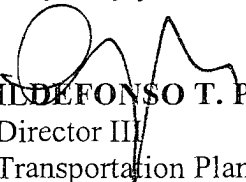
Dear Mr. Feibel:

We are referring to you the attached letter of **Mr. Carmelo L. Arcilla**, Executive Director, Civil Aeronautics Board (CAB), expressing their position on the Inter-modal Transport Development Project (ITDP) recommendation creating the Civil Aviation Authority of the Philippines (CAAP).

Kindly reply directly to Mr. Arcilla, copy furnished the undersigned.

Best Regards.

Very truly yours,


DEFONSO T. PATDU, JR.
Director II
Transportation Planning Service

Comments from NEDA

FROM :

FAX NO. :

Jun. 08 2006 03:02AM P1

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
Infrastructure Staff
177, NEEDA-cc-Pasig Building, #12 Blessed J.M. Escrivá Drive, Ortigas Complex
Pasig City

TRANSMITTAL COVER SHEET

FOR : DIRECTOR PATOU, DTC
FAX NO. : 7271703 NO. OF PAGES: 9 DATE: 8 June 2006
(Including cover page)
FROM : OFFICE OF ADG REINOSO (c/o of Oyle)
SUBJECT: Comments on IROP

Note: *els*

Per Glenda, this is NEEDA's final comments on Draft Final Report.

BEST COPY AVAILABLE

FROM :

FAX NO. :

Jun. 09 2006 03:00AM P2



Republic of the Philippines
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

NEDA sa Pasig, 12 Blessed Josemaria Escrivá Drive, Ortigas Center, Pasig City 1605
P.O. Box 419, Greenhills • Tels. 631-0945 to 64
<http://www.neda.gov.ph>

08 June 2006

Mr Ildefonso T. Patdu, Jr.
Director
Transportation Planning Service
Department of Transportation and Communications
The Columbia Tower
Bgy. Wack-Wack, Ortigas Avenue
1555 Mandaluyong City

Dear Director Patdu:

This refers to the ADB-assisted Intermodal Transport Development Project. Please find attached an Aide Memoire containing our comments on the Draft Final Report of the study.

Should you require further clarification, please feel free to coordinate with the Transport Division of our Infrastructure Staff through Ms. Rorelita R. Maralit at tel. nos. 631-21-92 or 631-37-24.

Very truly yours,


Ruben S. Reinoso, Jr.
Assistant Director-General

FROM :

FAX NO. :

Jun. 09 2006 03:09AM P3

Aide Memoire

**Subject : ADB-assisted Intermodal Transport Development Project
(Draft Final Report)**

Date : 08 June 2006

Airport Subprojects

1. Improvements recommended are as follows : for Puerto Princesa-building a new passenger terminal with facilities for international arrivals and access road across the runway from the existing terminal; for Cotabato-building a new passenger terminal with facilities and access road across the runway from the existing terminal; and for Butuan-expansion and improvement of the existing terminal and extending the runway by 100 meters
2. Based on the updated feasibility study, the feasibility indicators for the three airports are summarized as follows:

Project	Indicator		Increase in fees/charges to break-even*
	Financial	Economic	
Puerto Princesa	FIRR=0.623%@WACC=7.4% NPV@7.4=(-)PhP1,159 million	20.8%	90%
Cotabato	NPV@7.4=(-)PhP1,824 million	15.3%	90%
Butuan	NPV@7.4=(-)PhP(-)5.6 million	36.6%	160%

*MIAA, MCIAA and SBMA fees/charges

3. The results indicate that like other national airports in the country, the three airports are not financially viable even if the prevailing rates at MIAA, MCIAA and SBMA are assumed in the analysis. The financial viability of the three airports is contingent on at least a 100% increase in the assumed prevailing rates of MIAA, MCIAA and SBMA for the corporatized ATO by 2012 when the improved airports would commence.
4. Sources of incremental revenues include aeronautical fees, passenger service charges, airport business income and (only for Puerto Princesa) additional government taxes from foreigners.
5. The following economic benefits were considered in the economic analysis:
 - Aircraft operating cost savings;
 - Benefits from international business or tourist travelers;
 - Passenger travel cost savings;
 - Air freight cost savings;
 - Aviation safety and security benefits;

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- Passenger service improvement benefits; and
 - Repair and maintenance cost savings (only for Cotabato).
6. Recommendations of the study based on the results of the update of the previous F/S are the following:
- The improvement of the three airports should be implemented since the EIRRs exceed 15% (i.e., the subprojects are economically feasible);
 - The detailed design for the Puerto Princesa should include an update of the Master Plan to examine future limitations (budget for this has been included in the investment cost);
 - The subprojects depend on the successful implementation of the agreement with the AFP and actions by DOTC such as replication of AFP facilities and relocation of AFP operations to be done separately prior to the commencement of the project;
 - All land acquisitions and resettlement issues must be resolved ; and
 - The civil aviation policy reform agenda which is a consolidation of : 1) policy on civil aviation formulated under the Study and; and 2) the updated institutional reform action plan prepared by the Study has to be approved by the NEDA Board through the IATCTP/INERACOM upon the recommendation of DOTC prior to loan application.

Comments

On Feasibility Studies

7. The air passenger traffic and cargo forecasts under the three previous studies (i.e., Third Airports Development Project (TADP, 2000 Study), Southern Philippines Airports Development Projects (SPADP, 2004 Study), and the Master Plan Study for the Improvement of National Airports (JICA, 2006 Study)) were compared in the Study. The comparison indicates that the TADP forecasts correlate well with those of the JICA and that the forecast done under the SPADP has significantly higher growth rates and has much higher traffic forecasts than those of TADP and JICA. The JICA forecast has been adopted by the study inasmuch as it was completed in 2006 and endorsed by DOTC. Forecasting methods applied by JICA for the passenger and cargo movement forecasts are econometric modeling and use of growth trends while the aircraft movements were directly estimated based on the passenger and cargo movement forecasts.
8. The financial evaluation considered the point-of-view of the Project (all-capital or total investment approach). In the all-capital approach, the cash inflows are the revenues while the cash outflows are the costs of capital investment and operation and maintenance. The financial evaluation should also show the point of view of the proponent (equity-capital or equity holder's approach). In the equity-capital approach, the cash inflows are the loan disbursements and the revenues, while the cash outflows are the debt repayment, and the costs of capital investment and operation and maintenance.

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9. The Weighted Average Cost of Capital (WACC) was computed by the Study to be 7.4%, based on: 1) current borrowing and loan interest rates of ADB (6% p.a.); and 2) coupon rates of the 10-year Philippine treasury bonds issued in February, 2006 (10% p.a.) and a financing ratio of 65:35.
10. It is indicated in the project financing plan of each airport F/S that overall, ADB will be financing 65% of the estimated total project investment cost. However, it is also mentioned in the same section (for instance Section 11.2.3 on page 11-2 of F/S on the Puerto Princesa Airport) that the *proposed ADB loan will likewise be used to finance the local currency cost requirements of the project except the costs of project administration and applicable duties and taxes*. If this is so, then the percentage of funds to be financed by ADB is 88.35% and not 65% as used in the computed WACC of 7.4%. The WACC (for Puerto Princesa Airport) was re-computed as follows:

Funding Source	FOREX (PhP Billion)	Local (PhP Billion)	Total (PhP Billion)	% of Total Project Cost (A)	Interest Rate (%) (B)	WACC (A*B)
ADB	1.498	1.255	2.753	88.35	6	5.301
GOP	-	0.363	0.363	11.65	10	1.165
TOTAL	1.498	1.618	3.116	100.00		6.466

11. Inconsistency is observed on the estimated percentage of increase in airport fees and charges for Cotabato Airport to make the project financially feasible: 1) 900% on page 12-7, section 12.4.6; and 2) 90% on page 12.4.7, section 12.4.7.
12. There is an addition error in the computation of local and forex costs. Breakdown of local and forex costs for Puerto Princesa Airport when added totals PhP4.634 billion and not PhP3.116 billion as indicated in the cash disbursement schedule of the project on table 11.3-1, page 11-3. Same is true with Cotabato Airport while corresponding computation for Butuan Airport is correct.

On Policy Issues and Recommendations

13. At different sections in the report, there is inconsistency in the recommendations with regard to the chairmanship or membership of DOTC Secretary in the Civil Aeronautics Board (CAB), in line with the reorganization in the civil aviation sector. In one section, the study mentions that the DOTC Secretary will not be the chairman or even a member of CAB to address the issue on the separation of regulation and operation functions in the sector. Another section in the report indicates otherwise. Section 7.2 of Appendix D (p.27 of 40, last paragraph) states that "*the DOTC Secretary will not be a member or the chairman of CAB, although the CAB, as a regulatory agency, will be under the administrative supervision of the DOTC Secretary*". This is in line with the effort to address the issue on the separation of the regulation and operation functions in the sector.

The regulation function is recommended to be lodged at CAR. The Civil Aviation Authority of the Philippines (CAAP), the corporatized ATO, will not include CAB which will remain a separate technical, safety and economic regulator in the sector. On the other hand, Section 6.2.9 (on p. 6-7) states one of the policy recommendations of the study which indicates that *CAB is to be chaired by the DOTC Secretary.*

14. Relatedly, there seems to be a disorder in the titling of the last three columns of the table in Appendix D (p. 30 of 40) which is described as the comparison between existing restructuring proposals and the restructuring being recommended in the study. If the last column reflects the recommendations of the study, then it is observed that the item on *Board of Directors* mentions that CAB, again, is not to be chaired by the DOTC Secretary.
15. It is noted that there are policy recommendations of the study which do not agree with or deviates from the recently-concluded, recently-presented-to-the-IATCTP/INTRACOM JICA-assisted Master Plan study on the Improvement of National Airports such as the exclusion of the CAB from the proposed Civil Aviation Authority of the Philippines (CAAP) and the deferment of the filing of bill creating the Airport Authority of the Philippines (AAP) which will integrate the management of all nine international airports, among others. DOTC's decision on which to adopt is inquired.
16. To make the projects financially viable, at least 100% increase in the assumed prevailing tariff rates of MIAA, MCIAA and SBMA for the corporatized ATO is necessary by 2012 when the improved airports will start operations. It is noted that part of the recommended actions/initiative in the study is for airport tariffs to be adjusted to the levels of independent airport authorities (MIAA, MCIAA and SBMA) by September 2006 and progressively adjust airport tariffs based on the implementation scheduled agreed upon in the Technical Assistance on Tariff Reforms. There may be a need to issue a department order to this effect.
17. Annual subsidies, if ATO charges and if MIAA, MCIAA and SBMA charges are used in the financial analysis, have not been provided in the report and cannot be derived from the data given in the report. Provision/inclusion of the same in the report is deemed necessary if only to give decision makers concrete idea in deciding on the recommendations of the study.

Hub Port Subprojects' F/S

Zamboanga Hub Port

18. Page 7-2 of Vol. III mentions the inability of shipping lines to pass on to passengers and cargo shippers the expected lower rates as a result of port improvements due to collusion among the shipping lines in the setting of rates. There may be a need to include this for further policy and administrative reforms.

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19. It is noted that if the "willingness to pay" (WTP) is taken out from the economic benefits, the project's economic IRR would be 12% which is below the hurdle rate of 15%. This WTP is attributable to the port facilities/amenities provision for comfort and convenience. In addition, the column under WTP included revenue from concession rentals - this may be more appropriately treated in the financial analysis (concession revenues and passenger terminal fees).

Assuming that WTP benefit will be taken out from the economic viability of the project, there may be a need to reduce the scope to exclude other amenities/facilities which may be appropriately sourced from PPA corporate funds in line with their mandate to ensure comfort and safety for port users. It has been observed that PPA has in its MTPIP other projects like GAD and other port improvements which could accommodate such undertakings and need not be borrowed from ADB.

20. There may be a need to provide the breakdown of cost to be eligible for ADB financing for purposes of WACC computation. On Page 8-7 of Vol III, it was noted that from the bank's perspective, the FIRR is 4.44% indicating that the project would be able to repay the amortization of principal and interest payments without difficulty. There may be a need to clarify further such statement since the FIRR from PPA's viewpoint is -1.74% - - which is indicative of PPA's difficulty to repay the loan.

General Santos Hub Port

21. Similar to the Zamboanga Hub Port Economic Evaluation, it is inquired why in year 2035 there seem to be a sudden increase in the benefit side. Given that the project would be financially unviable and given that increasing the port fees by more than 100% would be politically impossible to implement, other options are likewise inquired.

Feeder Port Subprojects' F/S

22. Generally the three ports as presented are economically feasible but not financially viable. All of these ports are outside the PPA port system and therefore would be implemented by Regional Port Management Authority (RPMA ARMM). Given that the project is financially unviable, there is no discussion how RPMA can sustain the project. There should be an analysis showing the corporate standing of RPMA, similar to DOF-CAG's report for GOCCs like PPA. There should be a detailed discussion on the implementation arrangement especially the financial aspect of the project. The role of the key stakeholders should be spelled out as well (LGU, RPMA, etc.) Since it is under ARMM, does it follow that DOTC need not be involved? Given that the project is very important since the port is the main mode of transport in the area, the financial sustainability of the project should have been discussed in more detail.

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Private Sector Participation for the Subprojects

- 23. Considering the high priority projects being formulated for the period 2006-2010 by the NEDA Board Committee on Infrastructure (INFRACOM), the three airports and the three feeder ports subprojects of the Study have been included by DOTC in their latest submission under the classification of government financing. According to the Study, there do not appear to be many opportunities for private sector participation in ITDP, except in the operation and management of transport terminals.

INFRASTRUCTURE STAFF

Comments from PPA



MARSMAN BUILDING, 22 MUELLE DE SAN FRANCISCO, SOUTH HARBOR, PORT AREA, MANILA 1016, PHILIPPINES
TEL. NO. (6532) 527-8356, 527-8375, FAX NO. (6532) 527-4655, <http://www.ppia.com.ph>

JUL 31 2006

HON. ROBERT R. CASTAÑARES

Assistant Secretary for Planning and Project Development
Chairman, Inter-Agency Technical Working Committee
Department of Transportation & Communications
The Columbia Tower
Brgy. Wack-Wack, Ortigas Avenue
1555 Mandaluyong City

Dear Assistant Secretary Castañares:

As per request of Mr. George D. Esguerra, member of the Study Team, with reference to the Draft Final Report of the Asian Development Bank (ADB)-assisted Intermodal Transport Development Project (ITDP) for Southern Philippines (Mindanao and Palawan) Study, hereunder are the comments and suggestions of Engineering Office (EO) verbally conveyed to Dr. Koji Kobune on 12 May 2006 at the Conference Room of Project Development Department, to wit:

1. It was suggested to include in the study the discussions on the proposed facilities that would be in place by 2010. This is to determine whether the facilities proposed by the Study team is in line with PPA's vision which is to meet international standard in port facilities in ten (10) priority ports (including Zamboanga and General Santos) by year 2010.
2. Our Engineering Office is interested in the detailed engineering aspect of the project to be able to examine the extent of the proposed facilities vis-à-vis PPA's plans and programs for the subject ports.
3. It was suggested to include in the study the discussions on the cost and operational efficiency of proposed facilities for subject ports.
4. The Study Team was also requested to include discussions on the operational system of the subject ports for the benefit of the port managers concerned.
5. For Zamboanga:
 - a. To determine the need for a quay crane based on the types of ship and volume of traffic.
 - b. On the recommendation of the Study Team to put up a movable RO-RO ramp (20 meters high) which costs \$113 Million, PPA staff requested the Study Team to provide comparative cost-benefit analysis for putting up movable RO-RO ramps worth

Comments on ITDP Draft Final Report Page 1

ESD-0719206-308-PDD
By 2010, PPA shall have met the international standards in port facilities and services in at least ten (10) ports in support of national development.

PPA 710
This was done
We commit to provide reliable and responsive services to our ports, custom development of our port communities and the environment and to a model corporate citizenry.

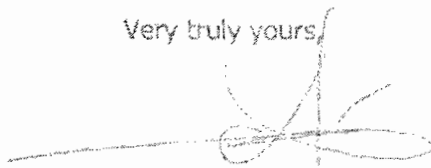
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₱113 Million as against putting up several RO-RO ramps worth ₱113 Million.

- c. Include discussions on the pros and cons of the recommended floating pier worth ₱111 Million.
6. For General Santos:
- a. To include in the study the discussions on tariff (e.g. any recommendation to increase the rates).
 - b. To consider PPA's on-going project at the eastern portion of the port.

For consideration by the ADB-ITDP Study Team under the Phase 2 of said study.

Very truly yours,



ENGR. CLARO V. MARANAN
Assistant General Manager
Engineering Office

CC: Note: The original of this letter bears the signature of the AGM-Engineering. Copies hereof are cleared for distribution to the following e-mail addresses: GM (gm@ppa.com.ph); AGMO (agmo@ppa.com.ph); AGME (agme@ppa.com.ph); AGMFA (agmfas@ppa.com.ph); A/GM-CASP (rtsan@ppa.com.ph); SPD Manager (amle@ppa.com.ph); PDM-SoMin (ppasomin@mezc.com); ESDMgr-SoMin (accallardo@ppasomin.ph); PM-Zamboanga (ppa_zambo@yahoo.com); ESDMgr-Zamboanga (JOHN@yahoo.com); PM-GenSan (ppa_gensan@yahoo.com); ESDMgr-GenSan (don101875@yahoo.com);

- ASec R. Castañares, DOTC (asec_robert@dotcmain.gov.ph); (Director Idefonso T. Patdu, Jr., Transportation Planning Service, DOTC (dirpatdu@dotc.gov.ph) or dirpatdu@yahoo.com); Mr. George D. Esguerra, ITDP Asst. Team Leader ITDP Project, 12/F ExportBank Plaza, Sen. Gil Puyat Cor Don Chino Roces Ave. Makati City (gesguerra@pciasia.com)

PPA POLICY ON PORT DEVELOPMENT, OPERATION AND MANAGEMENT

1. PPA POLICIES

1.1 Port Administration and Management

1.1.1 Basis

The administration of ports is mainly guided by the PPA Charter which vests it with both regulatory and proprietary functions in the prescription of rules and regulations governing the construction and operations of ports, provision of essential port services either on its own or by contract and collection of dues for providing these facilities and services, among other stated powers and duties.

1.1.2 Dichotomy

Both the regulatory and proprietary functions of the PPA are best viewed against the perspective of its mandate of port development, which obliges it to pursue port projects regardless of their financial viability, vis-à-vis its responsibility as a corporate body, which requires it to generate a level of revenue that can sustain its operation. The practice of cross-subsidization, which is borne out of this dichotomy, is exemplified between government and private ports; between viable and non-viable ports; and, between its operations tariff on foreign and domestic traffic.

The PPA realizes that it will take sometime before a sizeable number of ports in the country can be financially viable and hence attractive to private sector investment. Until then, the government will have to contend with the factor of cross-subsidization. This underlines the need for a body that can regulate and at the same time, continue to develop other ports from the social standpoint. It is recognized that the regulatory, developmental and proprietary functions of the PPA are not mutually exclusive. The PPA has to develop and maintain its facilities because of the demand from port users for constant improvement in facilities and services. As a corporate body adhering to its mandate, it also has to maintain a level of viability and earn enough to create a surplus to fund its port development.

1.1.3 Gradual Departure form Centralized Port Administration

While the PPA is clothed by its charter to centrally manage a nationwide system of ports, our country is gradually witnessing a

departure from the concept of a centralized government port administration with the creation of such bodies like the Cebu Port Authority (CPA), Cagayan Economic Zone Authority (CEZA), Subic Bay Metropolitan Authority (SBMA) and the Autonomous Region of Muslim Mindanao (ARMM).

It is believed that the trend in privatization and demonopolization of ports in the country will definitely lead to an environment where there are different co-existing port organizations with the Government exercising regulatory functions, similar to what the country's neighbors in the ASEAN have done. Other functions such as development and operation, may be placed in the hands of another agency or agencies, government or private. The full implementation of this change, however, would warrant a comprehensive study to determine its impact on the developmental function of the government particularly on numerous ports whose financial viability is wanting if not nil. Consistent with its mandate, PPA will equally continue exercising regulatory functions over private ports only. Other government ports outside the umbrella of PPA are governed by laws or executive fiats which created them.

Changes which will impact on PPA's charter which are assured to redound to further efficiency in port development, management and operation are welcome but may have to be introduced through legislation or act of Congress.

2. Port Operations

2.1 Generating Private Sector Investment

Increasing the capacity of the port, by way of introducing operational solutions like improved cargo handling technology and support systems and procedures, is foremost to PPA when addressing existing or anticipated traffic demands. Existing guidelines of the PPA allow the private parties to offer operational measures in their capacity as either port owners/operators, lessees of PPA properties or service providers at government ports. To generate private sector investment in port operations, the PPA's perspective in the exercise of its functions should be to balance its strong regulatory role with greater amount of transparency and openness

Existing PPA guidelines (PPA Administrative Order Nos. 06-95 and 03-2004, among others) allow private sector to offer developmental and/or operational measures in its bid to be a port operator, lessee or service provider. Privatization takes different forms such as the transfer of commercial enterprises, lease of port areas, grant of service contracts and those that fall

within the purview of the Build-Operate-Transfer and Joint Venture Arrangements. To generate private investments, PPA balances its regulatory role with greater amount of transparency and openness.

2.2 Promoting Competition

Closely intertwined with encouraging private sector participation is the policy on the promotion of competition as part of the overall strategy being pursued by the PPA to afford the clients with the benefit of choice. That is, offering alternatives in terms of facilities, services and costs.

This is clearly illustrated in the initiatives that the PPA has introduced to improve domestic services at the Port of Manila which consist of the grant of permit for commercial domestic operation to the Harbor Center Port Terminal (HCPT), the Modernization of North Harbor and the opening of South Harbor to domestic operations. These terminals are assumed to be equipped with necessary facilities for multi-purpose operations consistent with the PPA guidelines. They are assumed to be in competition with one another for a share of the domestic market. Vessels, for their part, are expected to enjoy the freedom of calling at whichever port meet stheir expectation in terms of service efficiency. As to the PPA operated ports/terminals, competition will compel the government to operate according to improved standards which only the private sector has been traditionally thought of as capable of providing. Inability to cope will consequently lead any player out of competition. The PPA's task, therefore, will increasingly be in overseeing and guaranteeing that a free interplay of the market forces will influence the utilization of these Manila-based terminals and others which will be similarly situated in the future.

3. Port Development

It has been PPA's policy that the provision and operation of ports and port facilities in the country is a government function. The private sector, for its part, which is expected to play complementary role, is encouraged to assist and is allowed to participate in the delivery of these functions particularly when the government is incapable of meeting current and projected demand or when specialized facilities and/or services are involved. PPA views private sector investment as an opportunity for the government to redirect its resources in areas of equally high priority but where the private sector is not interested to venture into.

3.1 Emphasis on Consultation with Stakeholders

PPA consults its various stakeholders in pursuing port development to have a full grasp of the market behavior.

The PPA places emphasis on consultation with various stakeholders in pursuing port development in order to have a full grasp of the behavior of the market. Demand necessarily underpins PPA's port development decisions. Consistent with sound maxims in port planning, operational solutions, in terms of improved port productivity and value added packaging, takes precedence over engineering solutions. Alternative solutions should not be evaluated in favor of the amount to be invested on infrastructure development but on improvement measures on the efficiency of the port. This is understandable considering that the former is more expensive and takes time to implement. However, when the market indicates that there is incongruence between the projected demand and anticipated capacity, notwithstanding improvements in support systems and operational measures., then the engineering solution becomes tenable.

A significant component of PPA's development plan will continue to be the improvement of the major gateways based on market demands as well as of Ro-Ro links.

3.2 Promotion of RO-RO Networks and Reduction of Logistics Costs

It is generally acknowledged that a big part of remaining competitive lies on a country's ability to keep its transport logistics cost to the minimum, with logistics generally acknowledged as the driver of increased trade. By diminishing the expense of carriage, the link between production and consumption points and thus access of consumers to cheaper goods is significantly enhanced.

It is along this line and in view of the archipelagic configuration of our country that we are putting premium on the reduction of logistics costs by securing the continued improvement of our major gateways and the simultaneous promotion of RO-RO networks/transport systems to integrate the entire archipelago. We expect that our various RO-RO Transport Systems (RRTS) will bridge our scattered islands and, consequently, open new markets in the areas of tourism and trade, apart from reaping such benefits/savings in terms of logistics capacities and port performance that are anticipated to significantly contribute to economic development.

It needs clarifying, however, as has already been established in various for a that port costs (port charges and cargo handling costs) comprise a very small component of logistics costs. Other

costs are shipping, warehousing, miscellaneous charges, taxes, etc. which are beyond PPA's control. A complete logistics cost study, if undertaken independently will confirm this.

4. Financing Port Development

4.1 Comprehensive Review of Tariff Schedules

The PPA recognizes the enormity of resource requirements to be able to adequately meet the development and maintenance of ports. It is on account of this that it is embarking on a comprehensive tariff review which hopes to address the issues on cross-subsidization and the need to reflect the true cost of delivering services.

Shortlisting of pre-qualified bidders is completed and the study is expected to commence by early next year.

4.2 Priority to Private Sector Financing

Priority shall be given by the PPA to private sector financing whether it be for the purpose of establishing a private commercial port or as an investment in government ports. The expected results of any private sector investment is an opportunity for the government to generate savings which it can channel to other important projects the private sector may not want to invest in.

5. THE PPA PORT SYSTEM

The PPA Charter refers either directly or impliedly to a PPA PORT SYSTEM under which umbrella are ports in its supervision, control, regulation, and covered by its development and operations programs. On account of this, the PPA Board of Directors originally approved a listing of some 122 base ports, terminal ports and municipal ports comprising the Port System.

The issue on which ports are included in the PPA Port System has become contentious in the light of the present number of ports that now aspires to partake of the PPA portfolio for development and maintenance.

Realizing that a permanent listing of ports is inflexible and insensitive to the changing priorities of the government, the PPA Board of Directors approved a new definition of the PPA Port System which effectively places under the PPA all ports which are not explicitly provided by law to be under the umbrella of other government organizations. The PPA, however, shall continue to adopt a scheme of prioritizing investments in ports.

New ports will continue to be allowed to be established and operate precisely because of their purported role in the national transport network. Should they prove to be unable to prove and assert their importance, the natural law of competition will render them obsolete and redundant. While there may be cases where ports are compelled to discontinue operation because of redundancy, these are not many since a careful study of the market can help potential investors to determine whether there is enough room to accommodate new players.

6. OTHER IMPORTANT ISSUES

6.1 Creation of a Permanent Secretariat of NPPD Council

The recommendation to create a permanent secretariat which shall be empowered to establish, propose, follow-up, review and revise the National Plan for Port Development (NPPD) merits a re-thinking. Members of the secretariat may change depending on the pleasure of the appointing authority, the positions involved being a creation only of a special order and not by the position classification office in charge of creation of regular plantilla position. This might put in peril the continuity and sustainability of programs on ports. Foremost, the functions of NPPD appear to duplicate that of other agencies like NEDA.

6.2 Issue on PPA Regulatory Functions

As has been earlier mentioned, the PPA is opened to the idea of rationalizing the function that it can effectively assume. The statement, however, referring to what is efficient or inefficient is rather relative. Even the International Standards Organization (ISO) does not have the "hard and fast" rules on efficiency in quality management and/or service delivery. The benchmarks of efficiency are something that may be endemic in an area and are generally determined by consensus of stakeholders concerned. Sound planning dictates that the facilities and services to be made available in a particular port should be those that are commensurate to existing and anticipated traffic demands, lest the port takes the risk of over or under investment.

6.3 Separation of Operational Function from PPA

This is a reality that is happening now particularly in the case of the ICTSI in the Manila International Port and the ATI in the South Harbor and the Port of Batangas. PPA's policy is leaning towards allowing capable private groups to undertake the development, management and operation of ports/terminals subject to certain concessionary arrangements. This is the direction that is also being followed for North Harbor.

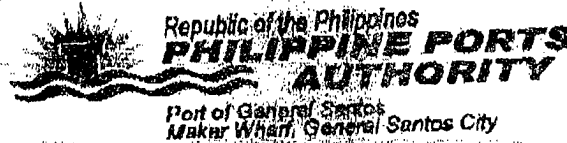
6.4 Separation of Regulatory Function of PPA

It is rather an understatement to say that the contentious issue on PPA's regulatory function has hampered its efficacy in port development and in service delivery. On the contrary, it has allowed non-viable but socially important ports to be constructed and operated because it is able to subsidize these ports by invoking its regulatory functions. If it becomes imperative, however, for this regulatory function to be taken away from PPA, it will have to be done by legislation.

6.5 Decentralization of Port Administration

The reorganization of PPA which resulted in the creation of Port District Offices or PDOs is intended to empower these units so that they may enjoy the autonomy to plan, construct, maintain, operate and finance the operation of ports within their administrative jurisdiction. The Head Office, however, has deemed it necessary to provide the PDOs ample time to hone their skills and augment their personnel to be able to handle the broad range of functions of operations.

Furthermore, the ongoing PPA MIS Computerization Project will provide a significant input to the ongoing PPA Rationalization in terms of redefining certain or affected PPA positions because of the new computerized environment.



03 July 2006

MEMORANDUM

FOR

THE ASSISTANT GENERAL MANAGER

THRU

THE PORT DISTRICT MANAGER
PDO-Southern Mindanao

FROM

THE PORT MANAGER
Port of General Santos

SUBJECT

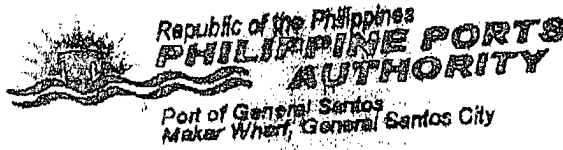
ECC APPLICATION FOR THE PROPOSED PORT
EXPANSION PROJECT, PORT OF GENERAL SANTOS,
GENERAL SANTOS CITY

This has reference to your Memorandum dated 23 June 2006 regarding above-captioned subject henceforth requesting this office to submit attached project documents to DENR/EMB Region XII.

Please be informed that the port expansion project at the eastern side of the wharf of this PDRG is included in the sub project being undertaken by Intermodal Transport Development Project (ITDP) funded by Asian Development Bank (ADB) - Figure 3.2.2-1 ITDP General Santos Port Development Plan, Section 3.2.2 ITDP General Santos Port Development Improvements of the ADB ITDP Draft Final Report is hereto attached for your reference. Location of the ITDP expansion project is the same with the expansion project to be implemented under PPA Corporate Fund.


Please be informed further that the ITDP is on the stage of preparing the Initial Environmental Examination (IEE) report that they will submit to the Department of Environment and Natural Resources (DENR) for the granting of Environmental Clearance (ECC) on the same afore-described project.

In view of the foregoing, we have informed the ITDP Environmental Technical Assistant, Mr. Luis Antonio T. Hualda to coordinate with your Office regarding this development so that no duplication of efforts will occur. Hence, we are pending submission of project documents to DENR/EMB Region XII for ECC application in view of the afore-mentioned concern.



Moreover, this office has no knowledge as to the cost/expenses that may be incurred in ~~the~~ environmental clearance from DENR/EMB. Recent projects like the Reefer Rack Structure had been issued a Certificate of Non-Coverage (CNC) and the expansion project under USAID was facilitated by the project consultants itself. However, this office had already coordinated with the Regional Director of DENR/EMB Region XII relative to this matter, as instructed

For your information and further instruction


 MANUEL C. ALBARRACIN, CESO V

Encl.: A/S

MCA/fpb/ats

**ADE Intermodal Transport Development Project (TA 4344-PHI)
Draft Final Report**

PART III

FEASIBILITY STUDY OF GENERAL SANTOS PORT

1 DESCRIPTION OF EXISTING PORT FACILITIES, ORGANIZATION AND ZONE OF INFLUENCE

1.1 Location and Topography

1.1.1 The Port of General Santos is located at latitude 6°08' North and longitude 125°08'E. It is located within Barrio Calumpang, Barangay Labangal at the northwest corner of Sarangani Bay (see Figure 1.1-1). Two rivers are located near the port, the Makar and Silway Rivers.

1.1.2 Figure 1.1-2 shows the existing layout of the port.

1.2 Port Area Use

1.2.1 The Port of General Santos, also called Makar Wharf, is located at the head of Sarangani Bay in southern Mindanao. The port is located less than eight (8) kilometers southwest of the city center.

1.2.2 The port serves as the main gateway for the agricultural and marine products of the South Cotabato - Sultan Kudarat - Sarangani - General Santos City (SOCSKSARGEN) area and the neighboring provinces of North Cotabato and Davao del Sur to the national and international markets.

1.2.3 The Port of General Santos embraces all the portion of Sarangani Bay bounded by an imaginary line extending across the Bay from Tanpuan Point to Sumpang Point. This includes all foreshore areas and delineated port area of the Makar Wharf.

Total ^{New} Port Area	:	101,189 m ² → 140,190 m ²
Original Land	:	40,370 m ²
Reclaimed Land	:	60,819 m ² → 99,820 m ²
Commercial Land	:	77,782 m ² → 101,661 m ²

1.2.4 Both domestic and foreign ships call on the port. The western part of the wharf has been used for the RoRo ramps and is used by smaller general cargo ships. While the eastern part is used for foreign and domestic container cargo, the middle section is used for large interisland ferries.

1.2.5 The port has been identified as one of the principal international trade ports in the National Port Master Plan and is expected to have at least one dedicated berth for international container ships.

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1.2.6 The existing wharf with a total ^{716m} ~~738m~~ long wharf consists of a ²⁸⁸ ~~288m~~ long marginal wharf and a 452m multipurpose wharf. Currently, the former is utilized by smaller size general cargo ships, while the multipurpose berths are used mainly for container ships and foreign ships. So far, the port has been able to accommodate six (6) ships at the same time: three (3) at the Marginal Wharf and three (3) at the multipurpose wharf. However, due to the increase in the size of calling ships and heavy cargo loads, there is increased demand to dock at the multipurpose wharf.

1.3 Condition of Port Structure and Equipment

1.3.1 Structures

1.3.1 General Santos Port currently has the following structures. All the wharves of General Santos Port are deck on pile structures, and are general-purpose wharves handling conventional and containerized cargo as well as domestic passengers.

1.3.2 Berths. The berthing facilities of the port consist of three (3) sections: the Western Wharf is used for smaller size ships, while the Eastern and Wharf Extension are used by larger ships including interisland ferries and container ships.

- Marginal Wharf : Length ^{288m} ~~661m~~, Apron Width 19m
 (Western Wharf ²⁸¹ ~~281~~ m; Eastern Wharf 300m with total of five (5) berths) ²⁸⁸
- Wharf Extension (1995): Length 152m, Apron Width ^{27m} ~~27m~~ ^{19m}
- Ro-Ro Facilities : 27m long and 12m wide RC pier with 11m long RoRo ramp
- Landing Platform : 13m long and 9m wide RC pier

1.3.3 Transit Shed. Three (3) units of warehouse with individual dimensions of 72m x 30m are located behind the Eastern Wharf. The total floor area is 6,480m². A part of one of the Transit Sheds is currently used as passenger terminal. Since fast craft plying to Sarangani Island stopped operations, the passengers are those who travel by the interisland ferries that dock at the Western Wharf.

1.3.4 Storage Areas. The port has three (3) paved Container Yards. Container Yard I is located on the Eastern Wharf behind the warehouse. Container Yards II and III are located on the Wharf Extension (1995). Container Yard III is designed for reefer containers. The Chassis Storage Area is also provided on Wharf Extension (1995) behind the Container Yard.

1.3.5 The areas of these container yards are as follows:

- Container Yard I : 10,632 m² (Paving Blocks)
- Container Yard II : 11,248 m² (Paving Blocks)
- Container Yard III : 7,840 m²
- Chassis Storage Area : ¹⁸⁷⁴ ~~2,780~~ m² (Paving Blocks)

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1.3.2 Equipment

1.3.6 The Port owns the following equipment (See Table 1.3.2-1). These equipment are available to the cargo-handling operators on request. However, the operators use their own equipment and the service ratios of the Port's equipment units are low.

Table 1.3.2-1: Equipment owned by PMO General Santos Port

Equipment	Rated Capacity	Units	Average Monthly Service Rate	Year Acquires
Reach Stacker	42 t	2 ✓	30%	2000
Prime Mover	42 t	5 ✓	11-22%	2000
Forklift	25 t	2 ✓	30%	2000
Forklift	15 t	2 ✓	23%	2000
Forklift	8t 7t	1	21%	2004
Forklift	3.5 t	2 ✓	8%	1998
Forklift	3.0 t	2 ✓	21%	1988
Forklift	3.0 t	1	27%	1995
Forklift	2.5 t	4 ✓	13-25%	1985, 1989
40' Chassis		5	6%	2000

forklift 20t
1.4 Organization

1.4.1 The organization chart of the PPA Port Management Office (PMO) General Santos Port is shown in Figure 1.4-1. In the table, the total numbers of personnel of the respective offices is indicated. The Port consists of four (4) divisions: Engineering Services Division, Resource Management Division, Port Service Division and Port Police Division. The Engineering Service Division is responsible for the development and the maintenance of port infrastructure and utility services. The Resource Management Division is responsible for the administration of the port and collection of charges. The Port Service Division is responsible for the daily operation in the port area and control of ships in the port. The Port Police Division is responsible for the security of the port. The Head of the Police Office is the Port Facility Security Officer and is responsible to carry out the duties prescribed in the International Ship and Port Facility Security (ISPS) Code.

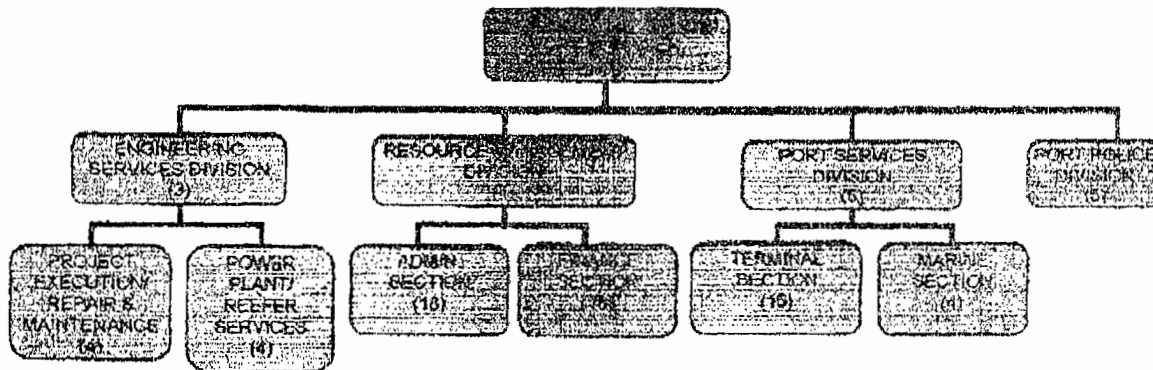


Figure 1.4-1: PPA General Santos Port Organizational Chart

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6 STRUCTURE DESIGN, COST ESTIMATE AND DEVELOPMENT TIME TABLE

6.1 Description of Items of Work

6.1.1 The first phase of the project includes the following items:

6.1.1 New Wharf Extension

6.1.2 **Wharf Structure.** A 165m long wharf structure shall be constructed on the same alignment with the existing "Wharf Expansion (1995)" to attain a continuous berthing space. At the end of the Wharf Expansion (1995) an additional 165m long wharf structure shall be constructed along the contour line of - 10m. The wharf structures shall have a 21m wide apron. The elevation of the wharves shall be 3m above MLLW, which is the same elevation of the existing wharf.

6.1.3 The wharf shall be reinforced concrete deck and supported by reinforced concrete piles. The wharf shall be provided with concrete curbs along the edge. The dimensions are 0.25m wide and 0.25m high.

6.1.4 The pile shall be located at every three (3) meters along the wharf and also three (3) meters across the wharf. For each of the wharf structures, there shall be 54 bents and seven (7) rows of piles at every bent for a total of 378 vertical piles. There shall be batter piles at every bent to resist lateral loads like earthquakes or the berthing force created by docking vessels. The number of rows with batter piles shall be determined later during the detailed engineering design phase of the project. The results of the boring around the area show a very soft subsurface condition of the seabed. Hence, long piles are expected to be driven. Again, the length of piles shall be determined during the design phase based on a design depth of 12m below MLLW along the berthing area. The water depth is between 10 to 14 meters, so there is no need to dredge the area. The concrete shall have a strength of 3,500 psi. *for upper structure of the wharf & 5,000 psi for conc. piles due to severe scouring action exist.*

6.1.5 The fendering system shall be rubber dock fender (RDF) spaced at every fifth bent or a distance of 12 meters. There shall be a five (5) RDF cylindrical section attached to the wharf by means of chain. It has been observed that due to the wave action, vessels move horizontally and vertically. This movement of the vessels would exert more pressure on the rubber dock fenders. Fixed bolted RDF would then be placed under stresses hence the RDF could easily be damaged. Thus, it is recommended that unrestrained RDF be used with a chain in order that the fender can move with the movement of the vessels.

6.1.6 **Rock Works and Reclamation (New Wharf).** A bulkhead shall be used to contain the reclamation. The bulkhead resembles an embankment that is trapezoidal in cross section. It shall be located along the wharf and at the end of the expansion area along a buck up area. It shall have a total length of 530m of varying depth. The other end of the wharf shall make use of the bulkhead of the existing wharf.

6.1.7 The bulkhead shall be composed of rocks for the outer surface on the seaside. The core rocks shall be of not less than 100 kilograms up to 500 kilograms and the armor rocks shall be determined during the design stage, but shall not be less than one (1) vertical to horizontal in slope and not less than 3,000 kilograms to 4,000 kilograms of armor rocks. The density of the rock should not be less than 2.0.

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6.1.8 The fill materials shall be hydraulic fill and shall be consolidated to attain the desired bearing capacity. The minimum California Bearing Ratio (CBR) shall be seven (7).

6.1.9 **Pavement.** There shall be four (4) types of pavement to be used at the back-up area of the expansion project including: the runway, paving blocks, asphalt, and concrete

6.1.10 The runway is required by the transfer cranes to travel within the container yard for the equipment to transfer from one block to another. The strength of the concrete is to be 5,000 psi, and the reinforcement shall include strand cables for post tension tensioning.

6.1.11 In between the runways, the pavement should use concrete paving blocks with a strength of 6,000 psi. It is on the blocks where the container boxes shall be attached. The wash area shall be paved with paving blocks. The block are to be 0.10m wide, 0.2m long, and 0.15m thick, and the block shall be laid with 0.6cm spacing between blocks. Sand shall be filled into the void spaces.

6.1.12 The truck bays of the CFS include the parking area for trucks. The access road shall be paved with asphalt. The thickness of asphalt binder course is 0.10m and the wearing course is 0.05m thick.

6.1.13 All the types of pavement require base and sub-base course at varying depths depending on the type of pavement. In addition, the paving blocks and the runways require and cushions.

Table 6.1.1-1: Particulars of Proposed Wharf Extension

a)	Berthing Structure		
	Length	:	330m
	Width	:	21m
	Type	:	R.C. Wharf
b)	Piles		
	Type	:	Reinforced concrete piles
	Spacing	:	Every metres both ways
c)	Water depth		
	Initially	:	10.0m below MLLW.
	Design	:	12.0m below MLLW.
d)	Fender ring system		
	Rubber dock fenders (RDF)		
	Spacing every 12m or every 5th bent.		
e)	Strength of Concrete		
	3,500 psi	-	wharf upper structure
	5,000 psi	-	concrete pile

Republic of the Philippines
**PHILIPPINE PORTS
AUTHORITY**
Port of General Santos
Makar Wharf, General Santos City

19 June 2006

MEMORANDUM

FOR THE ASSISTANT GENERAL MANAGER
Engineering Office

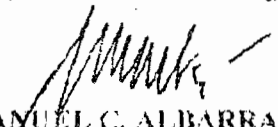
FROM THE PORT MANAGER
Port of General Santos

SUBJECT INTERMODAL TRANSPORT DEVELOPMENT PROJECT
(ITDP) DRAFT FINAL REPORT

This has reference to your Memorandum dated 22 May 2006 regarding the above-captioned subject. Please be informed that this office evaluated the draft final report and had made some corrections on data/information specifically on Section 1-Description of Existing Port Facilities, Organization, and Zone of influence; Section 3-Port Development Plan, and Section 6-Structure Design, Cost Estimate, and Development Time Table. Afore-described sections are of engineering concerns. Corrections on the aforementioned report were highlighted. See attached copy of the draft final report for your reference.

Moreover, this office favourably indorses the port expansion proposed by ITDP (fig. 3.2.2-1) which is more advantageous to this PMO with that of the existing port development plan (fig. 3.1-1) which will incur additional dredging works and of lesser berth length.

For your information and guidance.


MANUEL C. ALBARRACIN, CESO V

MCA/tpj/bis

PHIL. PORTS AUTHORITY	
ENGINEERING OFFICE	
PROG. DEV'T. DEPARTMENT	
MAY 22 2006	
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