I. Project Context

Country Context

Despite rapid economic growth, the Philippines faces growing income inequality and unequal sectoral and regional distribution of growth. Public infrastructure gaps are widely recognized as binding constraints to job creation, inclusive growth and equitable social development in the Philippines. Enhancing both the quality and quantity of spending remains a priority challenge.

To enable broad-based access to development opportunities, the government calls for increased investment in human capital and improved access to infrastructure. The Government has recognized the need to expand and upgrade the quality of transport infrastructure, supporting capacity development (institutionalizing inter-agency coordination, business process improvements, and integrity strengthening activities to improve governance in the sector progressively) and supporting the introduction of innovative and international good practices in developing and managing transport infrastructure.

Sectoral and institutional Context
The Philippines is one of the fastest urbanizing countries in EAP, with more than 60 percent of the total population living in urban areas. With about 12 million people, Metro Manila dominates the economic scene by generating 33 percent of GDP of the country. However, despite its importance in the Philippine economy, Metro Manila suffers from infrastructure and housing deficits, traffic congestion, air and water pollution and an explosion of informal settlements, all of which have undermined Manila's competitiveness, and its contribution to growth and quality of life.

In past decade, Metro Manila has witnessed continuous growth in urban population and registered private vehicles, because of economic growth. If unmanaged, such growth will generate significant negative impacts. JICA (2013) estimates the total daily cost of congestion on the Metropolis to be about PhP2.4 billion (US$ 56 million). A significant share of that loss is related to logistics costs for the country's largest industrial center, not just personal travel delays. In addition costs due to accidents were about 1 percent of GDP. Carbon emissions from the transport sector have also increased by 6 to 12 percent per year since 1990, and transport's relative share of national greenhouse gas emissions has more than doubled, from 15 percent in 1990 to about 33 percent in 2009. At this rate of growth, GHG emissions from road transport, estimated at 24 MtCO2e in 2007, are projected to increase to 37 and 87 MtCO2e by 2015 and 2030, respectively. (Note: MtCO2e stands for Metric Ton Carbon Dioxide Equivalent. It is a standard measure of amount of CO2 emissions reduced or sequestered. 1 MtCO2e equates to 2204.62 pounds of CO2.)

The proposed Metro Manila BRT Line 1 project focuses on improving the public transport system along a high priority corridor with the potential to synergize with the existing and planned mass transit projects in the city. It forms an integral part of the domestic investment priorities. Over the past few decades a number of transport strategic plans have been developed for Metro Manila. The most comprehensive urban transport master plan study, Metro Manila Urban Transport Integration Study (MMUTIS), was developed during 1996-1999, and identified several investments in public transport, including MRT, bus systems, road infrastructure, and integrated public transport terminals. Subsequently, a 2007 study carried out by USAid identified a few corridors for prioritized bus improvements emulating some of the characteristics of a BRT system. The National Environmentally Sustainable Transport Strategies (NESTS) carried out in 2011 supported mainstreaming environmentally sustainable transport systems that have low carbon intensity and promote environmentally friendly transport modes. Most recently, JICA (2013) has prepared a road map for transport infrastructure development for Metro Manila and its surrounding areas, developing a short-term and medium-term investment scenario in which a BRT system consists of several BRT lines that are integrated with MRT and LRT is envisaged.

The project also forms a crucial part of the country Clean Technology Fund (CTF) Investment Plan. The CTF Investment Plan for the Philippines, approved in 2009, identifies $50 million in financing for public transport improvements in Cebu and Metro Manila, of which $23.9 million is proposed to be used in Manila. The CTF plan identifies bus systems as a cost-effective method of reducing transport related GHG emissions, and is supporting them as part of a broader $250 million package of CTF investments that include renewable energy generation and energy efficiency investments.

II. Proposed Development Objectives
The Project Development Objective (PDO) is to improve the efficiency, effectiveness and safety of the public transport system along the Project Corridor in Metro Manila in an environmentally sustainable manner.
III. Project Description

Component Name
BRT Infrastructure

Comments (optional)
This component finances development of BRT infrastructure along the Project Corridor, including, among others, construction of bus terminals and bus stations, segregated busways, segregation barriers, and sidewalks, road reconstruction, intersection improvement, landscape strips, warning and directional signage, advanced directions signs, carriageway markings, and associated traffic management infrastructure (such as pedestrian walkways), construction of bus depots, including pedestrian crossing facilities. The GOP will use the counterpart funds to finance the provision of compensation and assistance for land acquisition and resettlement related to the development of BRT infrastructure along the Project Corridor.

Component Name
System Management

Comments (optional)
This component finances (i) traffic engineering and management measures along the Project Corridor including, among others, intersection optimization, parking management, u-turn slots and improved signals; (ii) development of an intelligent bus operational support and management system; (iii) development of IT and marketing functions of the BRT system management; and (iv) provision of technical support consultants for the planning, design and implementation of the Project and the promotion of BRT and other sustainable urban transport concepts in the territory of the Borrower.

Component Name
Capacity Building and Concept Development and Dissemination

Comments (optional)
This component includes carrying out of feasibility studies, training and capacity building activities to support the application of the BRT and other sustainable urban transport concepts in metro Manila, and other cities of the Borrower, including public outreach.

Component Name
Accessibility and Urban Realm Enhancements

Comments (optional)
This component supports carrying out of specific activities aimed at integrating BRT transport and land use development in Metro Manila by establishing physical connections from stations and terminals to major trip attractors and generators, and through improvement of the pedestrian environment,

Component Name
Project Outcome Monitoring

Comments (optional)
This component finances monitoring and evaluation activities, including, among others, service, data collection, reporting and analysis. The component will provide inputs to DOTr's own transport database used in its system planning and management activities.

Component Name
Project Management

Comments (optional)
This component finances provision of technical and operational support for the day-to-day management, coordination, supervision, procurement, financial management, environmental and social management, including measures for mitigation of social or environmental impacts, and communication of Project activities.

IV. Financing (in USD Million)

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<td>Total Bank Financing:</td>
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<td>Financing Gap:</td>
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<td>Clean Technology Fund</td>
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V. Implementation

The project will be implemented by Department of Transport (DOTr), in collaboration with a number of national and local agencies, including DPWH, MMDA, LRTA, Manila City LGU, Quezon City LGU, and LTFRB, etc. A National Steering Committee (NSC) has been established to provide overall policy formulation and oversight of the project development and implementation. A National Project Management Office (NPMO) has also been set up to support the mandate of NSC and oversee implementation of public transport improvement plans, policies, standards, regulations, and projects nationwide. A Project Implementation Unit (PIU) consisting of representatives from DOTr, DPWH, LRTA, MMDA and specialist consultants will be established within NPMO to carry out day-to-day project implementation, including project management, financial management, procurement, environmental and social safeguards, monitoring, and reporting. The project implementation is planned to commence in 2017 with an aim to start BRT Line 1 operation in 2019.

VI. Safeguard Policies (including public consultation)

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Comments (optional)

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