



Philippines: Infrastructure Preparation and Innovation Facility

Project Name	Infrastructure Preparation and Innovation Facility								
Project Number	50288-001								
Country / Economy	Philippines								
Project Status	Active								
Project Type / Modality of Assistance	Loan								
Source of Funding / Amount	<table border="1"><tr><td colspan="2">Loan 3589-PHI: Infrastructure Preparation and Innovation Facility</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 100.00 million</td></tr><tr><td colspan="2">Loan 3886-PHI: Infrastructure Preparation and Innovation Facility (Additional Financing)</td></tr><tr><td>Ordinary capital resources</td><td>US\$ 200.00 million</td></tr></table>	Loan 3589-PHI: Infrastructure Preparation and Innovation Facility		Ordinary capital resources	US\$ 100.00 million	Loan 3886-PHI: Infrastructure Preparation and Innovation Facility (Additional Financing)		Ordinary capital resources	US\$ 200.00 million
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Loan 3886-PHI: Infrastructure Preparation and Innovation Facility (Additional Financing)									
Ordinary capital resources	US\$ 200.00 million								
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth								
Drivers of Change	Governance and capacity development Knowledge solutions								
Sector / Subsector	Agriculture, natural resources and rural development / Rural flood protection Transport / Road transport (non-urban) - Transport policies and institutional development - Urban public transport								
Gender	No gender elements								
Description	A technical assistance loan is proposed as the financing modality. The Project will directly support DPWH and DOTr to deliver more effective and more innovative infrastructure projects. The key benefits include: (i) effective identification, analysis, and planning for infrastructure gaps, especially roads, urban transport, urban water, sanitation, and flood management; (ii) addressing critical constraints such as resettlement processes and inadequate access to international knowledge, best practices, innovation, and technology; and (iii) implementation management of sophisticated public infrastructure projects with international expertise to supplement national expertise and resources. The Project will also help address key operational areas for ADB through gap analysis and support for country system development in key areas such as: (i) land acquisition; (ii) procurement; and (iii) start-up delays.								
Project Rationale and Linkage to Country/Regional Strategy	The current administration under the Ten-Point Socioeconomic Agenda aims to ramp up public infrastructure projects such as national roads, expressways, bridges, airports, subways, and railways. Public spending on infrastructure is expected to reach 7% of gross domestic product (GDP) by 2022 or approximately \$14.5 billion annually, from the current level of 3.4% of GDP in 2016. To materialize the goals of infrastructure investment, the government requested the Project from the Asian Development Bank (ADB) to help the two key agencies responsible for national public infrastructure projects, namely DPWH and DOTr, conduct pre-investment activities which will in turn help accelerate the Investment Coordination Committee review and approval process and ensure timely, high-quality procurement and implementation. To enhance national capacity, additional access to international sources of innovation, expertise, advice, and best practices would enable DPWH and DOTr to incorporate expertise and innovation in project formulation and implementation. An ADB-funded Project and its international procurement systems would facilitate DPWH and DOTr access to required specific technologies, international expertise, and innovation, complementing and building on nationally available expertise. The Project will help DPWH and DOTr to more effectively execute and implement public infrastructure projects by accelerating the due diligence stages, detailed engineering designs, and the bidding process preparation. The Project is included in the Country Operations and Business Plan 2017-2019. It contributes to the inclusive economic growth and environmentally-sustainable growth agenda of the Midterm Review of Strategy 2020.								
Impact	Infrastructure development accelerated.								
Project Outcome									
Description of Outcome	Delivery and quality of public infrastructure projects improved								
Progress Toward Outcome	The lowest approval time was 12 months for SIDB project. 14.7 months on average for the three approved projects which IPIF has supported from the beginning, (EDSA Greenways Aug18-Jan20 (17 months), Samal Island-Davao Bridge Nov18-Nov19 (12 months), Bataan Cavite Interlink Bridge Nov18-Jan20 (15 months), and Laguna Lakeshore Road Network Nov18-Oct20 (35 months). It took long time for LLRN project to get approved mainly because (i) the project is complex and required long time to conduct feasibility study, and (ii) the on-site surveys and consultation could not be conducted timely due to pandemic of COVID-19. \$29.6 billion of projects supported by IPIF have been approved by NEDA ICC (North South Commuter Rail \$14 billion, Metro Manila Subway \$7 billion, Mindanao Rail \$1.6 billion, Bataan Cavite Interlink Bridge \$3 billion, EDSA Greenways \$0.1 billion, LLRN \$3.5 billion).								
Implementation Progress									
Description of Project Outputs	Road and bridge projects prepared. Water projects prepared. Rail, public transport, port, and airport projects prepared. Project management capacity of the government improved.								

Status of Implementation Progress (Outputs, Activities, and Issues)

Output 1. Seven priority subprojects were identified by the consultants and approved by DPWH for further study under IPIF, these are: (1) Laguna Lakeshore Road Network (LLRN), (2) Bataan Cavite Interlink Bridge (BCIB), (3) North Eastern Luzon Expressway (NELEX), (4) Sorsogon Samar Link Bridge, (5) Bohol Leyte Link Bridge, (6) Transport Link Study for Central Visayas, (7) Metro Manila Bridges. Arup Contract: The works have been completed and final reports for LLRN and NELEX are for approval by DPWH. Metro Manila Bridges: The works have been completed except for procurement assistance and update of resettlement plans. The procurement of CW-3 commenced in Q3 2022, and CW-1 and CW-2 will commence in Q4 2022, and consulting works will be completed by Q2 2023. SETC, PPF and OGC provided comments on the BDs to DPWH on 7 June 2022. ADB issued no objection to the Terms of Reference (TOR) for the Consultancy Services for the Construction Supervision on 9 June 2022. Dasan JV had finished updating the resettlement plans and is finalizing the documents with some comments. Once resubmitted, the documents will be forwarded to ESSD for their checking prior to sending it to ADB for concurrence. BCIB: the overall progresses for detailed engineering design (DED) is 57% as of 30 Sep 2022. The geotechnical surveys are ongoing. Seven packages are planned for the works, and the preliminary engineering design (PED) of packages 1 and 2 are completed and PED for the other packages will be completed in 2022. Expected completion of DED for packages 1 and 2 is by end Oct 2022 and DED for packages 3-7 will be completed by April 2023. The consulting services for the ICE was awarded to Ove Arup and Partners in April 2022, and the consultants have been mobilized and have started the review of PED reports. LLRN: The project was approved on 18 October 2021. The DED contract was signed on 22 Nov 2021 with CTI Engineering International Co., Ltd. in joint venture with CHODAI Co., Ltd., Oriental Consultants Global Co., Ltd. and NIPPON Engineering Consultants Co., Ltd. The PED has been completed and being reviewed by the Bureau of Design (BOD) of DPWH, and overall progress is 60%. A field visit was conducted on 13 and 14 Sep 2022. Feasibility Study for 25 bridges. Following the discussion in the Special Steering Committee held on 6 April 2022, DOF confirmed that the FS for 25 bridges is the scope of the project through its letter dated 29 June 2022. The TOR for the works is being finalized by DPWH. Loan Extension: In January 2022, DOF requested the extension of loan closing date for Loan 3589 by 12 months, from 30 June 2022 to 30 June 2023, to provide sufficient time for DOTr and DPWH to complete the remaining activities under the Project. ADB approved the loan extension on 21 April 2022. In the steering committee meeting held on 16 March 2022, it was explained that the remaining works requiring extensions are (i) the tender support for Metro Manila Bridges of the contract with Dasan under Output 1, (ii) the detailed engineering design (DED) of major river basins of the contract with Egis under Output 2, and (iii) the additional surveys and shadow operation services for the Mindanao Railway Project, the value engineering for the New Cebu International Container Port Study, the tender supports and additional surveys for the North South Commuter Railway Project, EDSA Greenways Project and Davao Public Transport Modernization Project of the Arup contract under Output 3. Output 2. The initial project identification and the flood control master plan for all 6 river basins have been completed. The FS for Phase 1 (Abra, Agus and Tagum-Libuganon) river basins was completed, and FS for Phase 2 (Buayan-Malungon, Jalaur and Apayao-Abulug) are being finalized. Contract variation to the Egis contract to include DED for Phase 1 and extend the contract by 9 months has been finalized and ADB's no-objection letter was sent on 19 April 2022. The DED for Phase 1 commenced in April 2022 and the progress is 25% with target completion in March 2023. Flood risk management projects for additional river basins. Two consulting service packages are planned under Loan 3886 Output 2 to develop flood risk management master plans, FS and DED for the following six river basins: (i) package A: Allah, Ilog-Hilabangan, and Aklan river basins; and (ii) package B: Agno River Basin, Mag-Asawang Tubig and neighboring river basins, and Cadac-an River Basin. The consulting services were advertised on 11 January 2022; the requests for proposal were sent to the shortlisted firms on 21 April 2022. Four out of six shortlisted firms submitted proposals for package A and five out of six shortlisted firms submitted for package B by the deadline of 9 June 2022. The technical evaluations were completed on 29 June 2022, and the financial proposals were opened on 7 July 2022 for financial evaluation and final ranking. The overall ranking was approved on 13 July 2022, with CTI Engineering International Co. Ltd. and Saman Corporation emerging as first-ranked firms for Packages 5A and 5B, respectively. As of 12 October 2022 DPWH is finalizing the contract negotiation with target notice of award to be issued within 2022. The six river basins are: (i) North Luzon - Apayao-Abulug River Basin (ii) North Luzon - Abra River Basin (iii) Panay - Jalaur River Basin (iv) North Mindanao - Agus River Basin (v) South Mindanao - Buayan-Malungon River Basin (vi) South Mindanao - Tagum-Libuganon River Basin. Output 3. MRT-4: DOTr will have 3 consulting service packages for MRT-4: (i) DEDC, (ii) independent checking engineer (ICE), and (iii) shadow operator consultant (SOC). The DEDC was awarded to IDOM Consulting Engineering, Architecture, S.A. on 1 October 2021, and the work has started. The contract for ICE was signed with Ove Arup and Partners in August 2022, and the consultant's team has been mobilized. Recruitment of SOC is ongoing. Five proposals were submitted on 16 August 2022, evaluation was completed, but pending government concurrence to allow to start negotiations. Recruitment of SOC was advertised on 1 April 2022. Eleven EOIs were received on 21 April 2022. Six firms were shortlisted on 6 May 2022, and DOTr's concurrence to shortlist was received on 14 June 2022; and the request for proposal was issued on 28 June 2022, with submission deadline by 16 August 2022. The framework contract consultant provided/is providing supports in preparing DEDs or negotiated contracts for Metro Manila Subway Project, North South Commuter Railway Project, Mindanao Railway Project, EDSA Greenways Project, Davao High Priority Bus Project. Arup contract. Arup continues to provide various types of support to various projects in DOTr including North South Commuter Railway Project, Metro Manila Subway Project, Mindanao Railway Project, EDSA Greenways Project, New Cebu International Container Port, Mindanao Central Airport, Davao High Priority Bus System, and Common Stations. To accommodate additional support, ADB granted no objection to DOTr's request to increase the contract ceiling amount by \$11.3 million to \$60.01 million on 17 January 2022. Out of 17 subprojects identified by DOTr for various types of supports, 9 have been completed (Metro Manila Subway Project, Subic-Clark Railway, Digital Management Pilot Study (Rail), EDSA Greenways FS, EDSA Greenways Preliminary Engineering Investigation Works, Mindanao Central Airport Study, Luzon Railways, Cebu BRT O&M, MRT Line 3). The rest of the subprojects (Mindanao Railway Project, NSCR Extension and South Long Haul, MMSP TA Shadow Operator, Construction of the Unified Grand Central Station, Davao High Priority Bus System, EDSA Greenways Preliminary Design, and New Cebu International Container Port Study) are ongoing. MRT Line 4 DED is expected to be completed by 2024. Loan Extension: In January 2022, DOF requested the extension of loan closing date for Loan 3589 by 12 months, from 30 June 2022 to 30 June 2023, to provide sufficient time for DOTr and DPWH to complete the remaining activities under the Project. ADB approved the loan extension on 21 April 2022. 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The detailed needs to prepare manuals for project preparation activities in DPWH and DOTr are being discussed with DPWH and DOTr.

Geographical Location Nation-wide

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	The Project focus is on improving public system management and providing consulting services to support in the preparation of infrastructure projects for DPWH and DOTr. As such, it is not expected to have any direct adverse social and environmental impacts or to impact indigenous people. The project's environmental safeguard category is classified as category C.
Involuntary Resettlement	The project's social safeguard category is classified as category C for involuntary resettlement.
Indigenous Peoples	The project's social safeguard category is classified as category C for indigenous people.

Stakeholder Communication, Participation, and Consultation

During Project Design	The fact finding mission was held during 24 February- 14 March 2017 with respective government agencies: Department of Finance (DOF), National Economic and Development Authority (NEDA), Department of Public Works and Highways (DPWH), Department of Transportation (DOTr).
During Project Implementation	A steering committee (SC), chaired by DOF, has been created to support the implementation of the TA Loan. The SC has been meeting regularly since January 2018 and the latest on 10 September 2021. The SC members include NEDA, DPWH, DOTr, and Department of Budget and Management (DBM).

Business Opportunities

Consulting Services All consultants were recruited according to ADB's Guidelines on the Use of Consultants (March 2013, as amended from time to time). Three consulting packages has been advertised in 2nd quarter 2017, following Quality-Based Selection (QBS) to ensure highest possible standard of services. Advance action was undertaken by ADB on behalf of the Government. The consultants mobilized in Q2 2018. DPWH and DOTr will administer and manage the contracts. The need for individual consultants packages will be reviewed.
The following firm consultants were mobilized in Q2 2018.
Output 1 Roads and Bridges (DPWH): Ove Arup & Partners Hong Kong Ltd. (UKG)
Output 2 Water/Flood Management (DPWH): Egis Eau (France), Inclam (Spain), Korea Engineering Consultants Corp. (Korea)
Output 3 Transportation (DOTr): Ove Arup & Partners Hong Kong Ltd. (UKG)

Procurement There is no procurement of goods and works under the Project, procurement of office equipment and furniture for the consultants will be carried out by the consultants under their contract in accordance with ADB's Procurement Guidelines (2015, as amended from time to time).

Responsible ADB Officer	Hiroshi Fukushima
Responsible ADB Department	Sectors Group
Responsible ADB Division	Transport Sector Office (SG-TRA)
Executing Agencies	Department of Finance

Timetable	
Concept Clearance	11 Jan 2017
Fact Finding	24 Feb 2017 to 14 Mar 2017
MRM	13 Jun 2017
Approval	27 Oct 2017
Last Review Mission	-
Last PDS Update	14 Nov 2022

Loan 3589-PHI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
27 Oct 2017	08 Nov 2017	01 Feb 2018	30 Jun 2022	30 Jun 2024	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	164.06	Cumulative Contract Awards			
ADB	100.00	11 Aug 2023	93.68	0.00	94%
Counterpart	64.06	Cumulative Disbursements			
Cofinancing	0.00	11 Aug 2023	66.13	0.00	66%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	-	Partly satisfactory	-	Satisfactory

Loan 3886-PHI

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
11 Dec 2019	13 Dec 2019	18 Feb 2020	30 Jun 2025	-	-

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	241.68	Cumulative Contract Awards			
ADB	200.00	11 Aug 2023	165.04	0.00	83%
Counterpart	41.68	Cumulative Disbursements			
Cofinancing	0.00	11 Aug 2023	67.25	0.00	34%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others
Rating	-	Satisfactory	-	Partly satisfactory	-	Satisfactory

Project Page	https://www.adb.org/projects/50288-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=50288-001
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