Cebu Bus Rapid Transit Rendition

3 The Cebu Bus Rapid Transit Experience

By Engr. Nigel Paul Villarete

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MY TOPIC for today is the Cebu Bus Rapid Transit (BRT) experience, and I would like to limit this to what was actually required. First, this not a presentation of the BRT itself, nor a presentation of the Cebu BRT. This is a presentation that addresses some of the concerns on the theme for this conference. And thirdly, this will focus on the experiences of the Cebu BRT – the timelines, delays and its causes, policy and procedural issues that hindered its fast execution and may hinder similar projects in the future. I would have to state that this is not a critic of the project itself knowing that it has, of course, a lot of problems during implementation, but it is something that we can learn from in terms of looking forward and making other BRTs in the country.

It has been announced early this year that the first buses will be running within the year. It is already November and we have not seen any station or buses yet. We are still waiting until December for what is promised to come. The Cebu BRT is a 23-kilometer network when it was originally designed, but right now it is about 12 kilometers only. The total project cost is PhP16 billion.

I would like to show you the history of BRT. At the start, there are some busways in the 1970's until the 1990's. The first BRT we knew of was the Curitiba BRT in Brazil. But actually, when you go to the literature, there was another BRT which was created in 1971 in Runcorn, England. Between 1999 and 2000, there was not much improvement in the number of BRTs, until in the year 2000 when Mr. Peñalosa as mayor of a particular city built one which is now the biggest BRT in the world. From 1999, so many BRTs came into being,

most of which are in Asia, and right now, more than half of the world's BRTs are in China.

In terms of Cebu BRT, the first mention of the bus rapid transit or busway was in the 1992 Metro Cebu Mass Transport Study. There was one paragraph mentioning a possibility but it was not yet recommended back then. The good thing about Cebu BRT is that Mayor Osmeña, when he left office in 1995, went to Curitiba to look at the Curitiba BRT. When he came back and became mayor again in 2001, he told everybody that BRT should be the main transport in Cebu.

These are the different items that came out until the present, and why Cebu BRT is now about to be started (Figure 1). There are issues about the execution that may affect the country: (1) There seems to be some jurisdictional ambiguity between national government and local government; (2) project preparation is often wanting, sometimes it is not continuous; (3) project execution is oftentimes disrupted, I am going to show why there are some disruptions in the BRT; and of course the last thing which also happens in Cebu BRTs, (4) projects are sometimes changed in the middle of implementation.

Let us go to the jurisdictional ambiguity between national government and local government unit (LGU). If you look at the timeline, Metro Manila BRT was actually initiated by national government in 2007, while Cebu BRT was initiated by the LGU in 2009. The question is who initiates the mass transport projects? Will it only be the national government or will it also be the local government? Forward to the present, we have the national government implementing EDSA BRT and other rail projects and then we have Makati City now implementing rail projects. This needs to be clarified because there might be competition in the future.

Project Development Timeline

Decade	Year	Activity
1990's	1992-94	Metro Cebu Mass Transport Study
	1995	Visit of Mayor Osmeña to Curitiba
2000's	2001	Inclusion of BRT in Cebu City's Quest for Mass Transport
	2007	Metro Manila BRT Pre-FS (USAID)
	2009-2010	Cebu BRT Pre-FS (PPIAF/WB)
	2009-2011	Metro Cebu Public Transport Strategy (DOTr)
2010's	2011-2012	Cebu BRT FS (World Bank)
	2012 (November)	Approved by ICC, deferred by the NEDA Board
	2014 (May)	Approved by the NEDA Board
	2014-2015	WB and AFD Loan signed / {MM BRT FS(WB/ADB}
	2016	Budget included in GAA; Procurement started
	2018	DOTr requested NEDA for the cancellation of the project (Denied)
	2019-21	Project was continued, albeit cut/shortened into half its length
2020's	2021	Project Construction bid out

Figure 1. Cebu BRT Project Development Timeline

Second is lack of or fragmented project preparation. Good for Cebu BRT if you look at the timeline, the pre-FS was done in 2009 and 2010, while the FS followed immediately after a few months of project preparation from 2011-2012. But if you look at the Metro Manila BRT, the pre-FS was completed back in 2007, but the feasibility study, both for EDSA BRT and Quezon Avenue BRT was only done in 2013 or 2014. This one is fairly continuous while for the Metro Manila BRT there is a gap between the pre-FS and the FS. We have to ask the question: why is there a gap? If it was really studied in 2007, why not do the FS immediately?

Third is unnecessary and ambiguous disruptions. I have to be very specific in this. If you look at the approval process, Cebu BRT was approved by the ICC technical board and approved by the ICC mother committee in November of 2012, but it was deferred by the National Economic and Development Authority (NEDA) Board. It took about 1.5 years before it was approved by the NEDA Board in May of 2014. The reason for this is there was a question on whether it is the right mode of transport and whether it will work. And this is just so difficult to answer because it has passed through all the technical studies, it has passed through all the approval process of NEDA, and then I think it was the level of Office of the President that was not sure. There is a request that it will be tested in a certain road in Metro Manila. It took 1.5 years before it was finally approved.

Now, the second disruption was in the project implementation. In 2016 during the change of administration, the procurement has already been started but in the middle of the game, the Department Transportation (DOTr), the head of the project, requested for the cancellation of the project itself. When NEDA denied, the project is continued. So there were 2-3 years of disruption here when nothing moves, mainly because that project technical support consultants were not engaged.

Now, the last is project change was in the middle of execution. I have little idea for the case of Cebu BRT because I already left the city government when this was done. I am sure the proponent or DOTr had certain good reasons why they changed the concept of the project length by making it one-half of the entire thing. These are the kinds of disruptions we hope will not be done in the future. What is being planned over the years – this took about 11 years – should be continued and not changed in the middle.

Our traditional public transport regulatory transaction regime at this moment involves three, and that is, government, PUV operators, and there are the riding public (Figure 2). As regulatory measure, government regulates the fares and issues franchises whereas the financial transaction is between the PUV operators and the riding public. The operators provide the services, the riding public pays the fares, but the government controls the number of units, regulates the fares, and as what Engr. Santiago has said, if the fares are very low, then it will cause a lot of problems within the system itself. The operators will not operate in a certain way because of the low fares. But if you increase the fare, people will get angry. This is the reason why there are so many passengers waiting in our roads right now, simply because the operators will not buy vehicles only to have them run a small percentage of the time when the rest of the hours of the day are for off-peak hours. So, the government went into a service contracting regime (Figure 3).

The government regulates the fares, the government issues the franchising, but in service contracting, there is direct contract between the government and the PUV operators. The PUV operators provide the services and then the passengers pay the fares to the government. It is a different transaction. But in this case, since there is a contract between the operators and the government, the government can set the

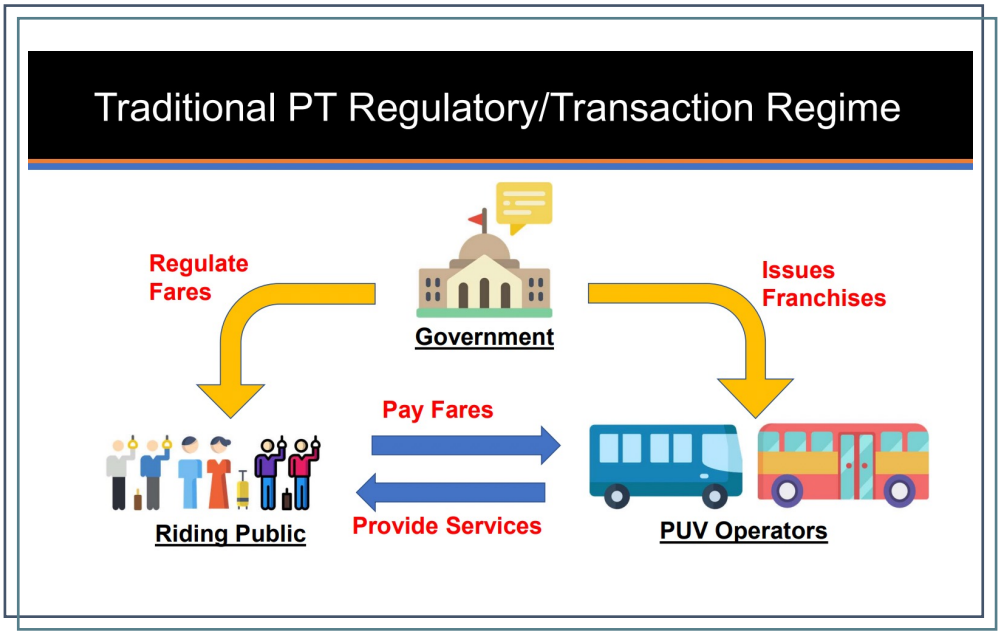

Figure 2. Traditional Public Transport Regulatory/Transaction Regime

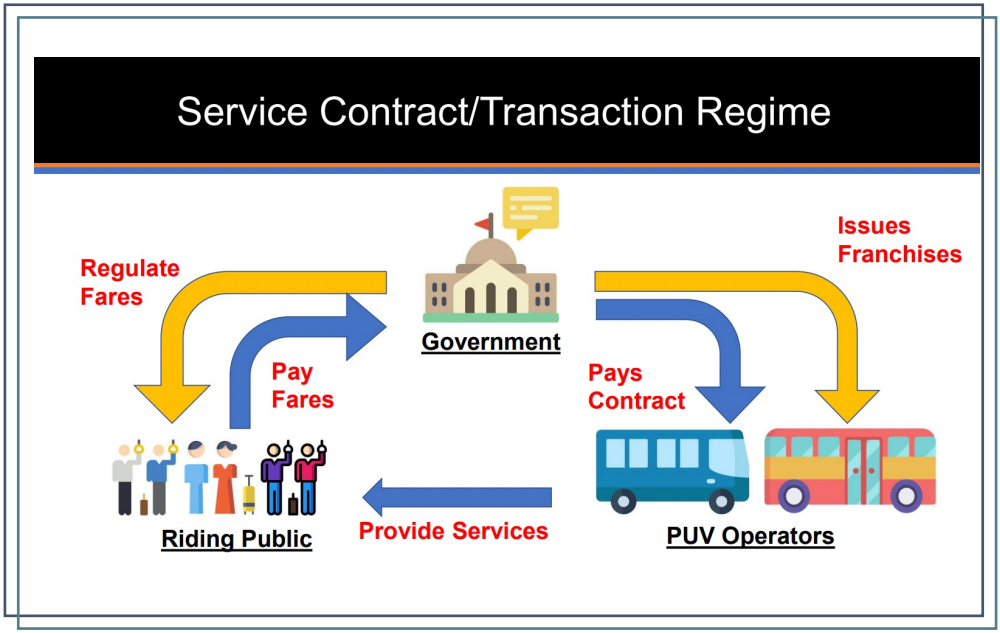

Figure 3. Service Contract/Transaction Regime

incentives, penalties, and the framework of how the operators will work. In the end, this will produce a situation where the government can tell the operators, “Okay, you have to run so many vehicles in so many hours, you have to come up with services that will come at 6:15, 6:30 and 6:45 – a set schedule, and you can also define the penalties if they will not obey and follow the schedules.” The government can practically improve in its management of how the passengers would be brought from one place to another. This is service contracting regime, but this is how it is supposed to look like as compared to traditional way of handling public transportation. The service contracting is between the government and the public operators, but it cannot be done as directly as this.

*“The government agency that contracts with the operator should have the **legal authority** to do so. In other words, it is embedded in its charter that first, it has authority to run and operate buses; second, it has authority to contract out the services of buses; and third, it has the financial capability to do so.*

Government is a huge machinery, a huge bureaucracy. You need somebody to enter into contract with the PUV operators, and that is why you need a certain government agency. Personally, I think this is one of the most important issues that needs to be addressed because you need to have the right government agency. And this is the question now: which government agency will enter into contract with PUV operators? We have to have some prerequisites for this. I think this has already been addressed by some of the slides of Engr. Santiago, that the government agency that contracts with the operator should have the legal authority to do so. In other words, it is embedded in its charter that first, it has authority to run and operate buses; second, it has authority to contract out the services of buses; and third, it has the financial capability to do so.

That is the reason why the best agency or the better agency to do this must be a controlled corporation, because it is next to impossible to enter into a contract with PUV operators if you are a regular government agency – like DOTr or LTFRB – because your funding comes from Congress. And we know that our budgeting system in the Philippines takes about 3 years.

So if you have that as your backdrop, then no regular government agency can actually deal with PUV operators, since the PUV operators will expect to get paid almost every month. The drivers need to be paid every month, operations and management need to be paid every month. You need to have a government agency that can transact with the PUV operators on a monthly basis, and the only government agency who can do that will be an autonomous government-owned or -controlled corporation (GOCC).

Whether it is creating or finding an existing GOCC, this option will create a monopoly because it is a government-centered operation. There is a second option, but this is something that I will leave to the national government to think about. The second option is to contract out a single private operator per LGU or per route. The private operator now will enter into the service contract with the PUV operators. Remember that running BRT or even other bus companies does not only involve running the individual buses itself; it involves the operations and managements of the terminals, maintenance of the roads, maintenance of the terminals, the operations of the fare collections system, operations of the schedules – all of those that cannot be done by the private operators themselves. Also, if the government wants to expand, it has to have somebody who has overall control on where to expand. In this case, the private operator can discuss with the government, in order to come up with expansion plans or other links in the future.

Lastly, my observations and recommendations. First, we have to define the jurisdiction between the national government and LGUs. For example, there was a project proposal in Iloilo City, for a private sector to build a monorail in that city. I was in Cebu City that time, and we were wondering, will that be possible without DOTr approval? I think that is already possible, because Makati has established its own rail system. But I guess in these things, we need to have some document to show how the national government and local government cooperate or compete in terms of mass transportation system. Second is to minimize disruptions both in preparation and approval process and also in project design. And lastly, institutionalize the framework for service contracting which I have discussed. This needs to be clearly communicated to everybody concerned, including the private sector, the bus operators, and also the LGUs, so that the LGUs will consider to do these things.

Take note as what Engr. Santiago has said, there are about 1,600 provinces, cities, and municipalities, and each of these in the future will have to have their own mass transport systems. So who will initiate these projects? Who will make the project development? Who will make the project successful, will it be the national government, or the local government, or something in between? And how will the service contacting be done, will it be individually, by each city, or is there a framework, a template for service contracting that the LGUs can just copy and do? With that, I end my presentation. Thank you very much.

Speaker for The Cebu Bus Rapid Transit Experience

About the Speaker

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Nigel Paul Villarete is a civil engineer based in Cebu City. He had various experiences in government such as being head of Infrastructure in NEDA Region 7, City Administrator and City Planning and Development Coordinator in the Cebu City Government, as well as General Manager/CEO of the Mactan-Cebu International Airport Authority (MCIAA) in 2010-2016. He was also involved in various stages of the development of the Cebu Bus Rapid Transit (BRT) project. Currently, he serves as Senior Advisor to Libra Konsult, Inc. He advocates inclusive mobility and often bikes to work in his home city of Cebu.