

High Quality Water Infrastructure Seminar

Organized by:



Asian Development Bank



INFRASTRUCTURE PROCUREMENT The Butuan Experience



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City Mayor, Butuan City

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PRESENTATION ABSTRACT



**OUR STORY, OUR JOURNEY
and the LESSONS WE ARE LEARNING**

PRESENTATION FLOW

- I. Butuan: Context & Background
- II. A Two Stage Partnership
 - Preparatory Stage
 - Stage 1: Private Initiated PPPs
 - Stage 2: Creation of a Regional Development Model
- III. Lessons in Procurement & Quality Infra Projects
- IV. Summary

Butuan at a Glance: A Contextualizer

Population: 392,000

Land Area: 81,728 Has

No. of Barangays: 86

Revenue: 1.4 billion
(83% IRA share)

Poverty Incidence: 26.7%

VS Philippines: 19.7%

Classification: Highly
Urbanized City



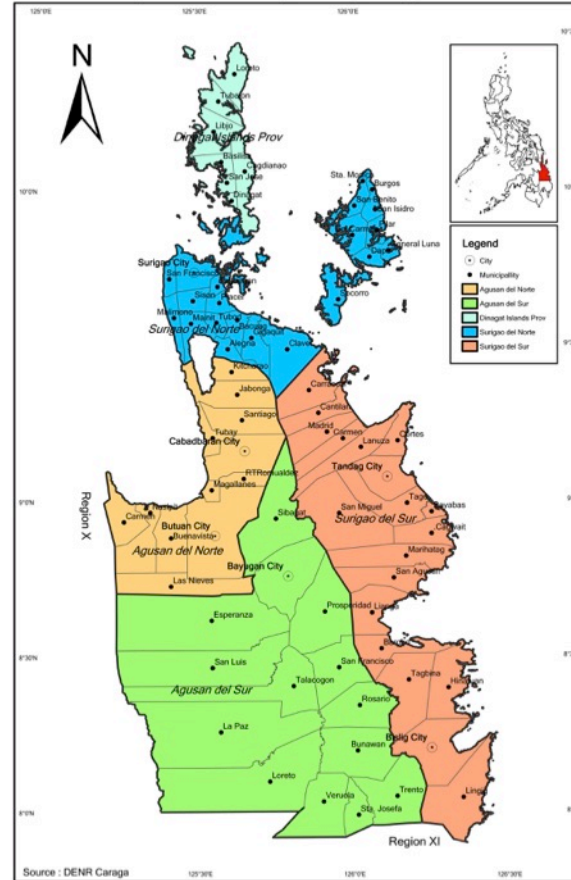
Butuan at a Glance

Urban-Rural Mix: 40:60

Land Use: 47% land area can be utilized for agro development

Functional Role: Caraga's Regional Center, major trading and commercial center and show window of history & culture in Mindanao

Map 2.1. Base Map, Caraga Region





Strategic Advantage

- We are access/gateway to Mindanao
- Location-wise, Strategic center of CDO, Davao, Surigao, Bukidnon and Agusan del Sur and del Norte

Infrastructure Deficit

- **International Port:** X
- **Water:** 47% land area can be utilized for agro development
- **Power Supply:** Barges, Expensive
- **Logistical Highways:** Inadequate
- **Eco Processing Zones:** X
- **Information Tech:** Low Bandwidth Connectivity
- **Human Resources:** Adequate, Undertapped

What do we have here?



OPPORTUNITY FOR A RENAISSANCE

To dream, create, & rebuild the City.

OUR VISION

To be a Great Hub City of Opportunities that
spurs and supports Caraga's sustainable
growth & development

We want **BUTUAN** to be a **VIBRANT**,
COMPETITIVE, **LIVABLE** and
SUSTAINABLE
SMART ECO CITY

A Two Stage Journey

Preparatory Stage

Stage 1: Private Initiated PPPs for City & Regional Development

Stage 2: Creation of the Regional Development Model

INDUCTION TO THE JAPANESE WAY



EQUI-PARCO CONSTRUCTION COMPANY
General Engineering * General Building

CARBBDP FLOOD CONTROL PROJECT
Cotabato Agusan River Basin Development & Project

2000-2010: The Kajima Partnership

Taught Me:

- The Japanese “Way”
- Work Ethic: No shortcut; Hardwork
- Values: Commitment to Quality & Accuracy
- Cost-Effectiveness: Plan Well, Execute Flawlessly

Introduced Me:

- Mentors & Influencers:
Mr. Takano, Prof. Sam Tambuchi, Toyo University
Make Lemonade out of your lemons

Ushered In:

- TOYO Report: Study on Butuan as a regional hub, supported by HIDA

Ingrained in Me:

The Primacy of PLANNING

1st Stage: Private Initiated PPPs for Regional Development

- **Development of Basic Infrastructures**
- **High Productivity and High Value Added Agro & Aqua Business**

1st Stage : Private Initiated PPPs for Regional Development

Concept

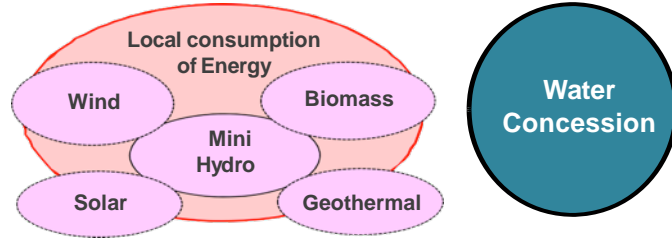
Development of Regional Infrastructures through PPP

High - productivity and High - value - added Agro - and Aqua - Business

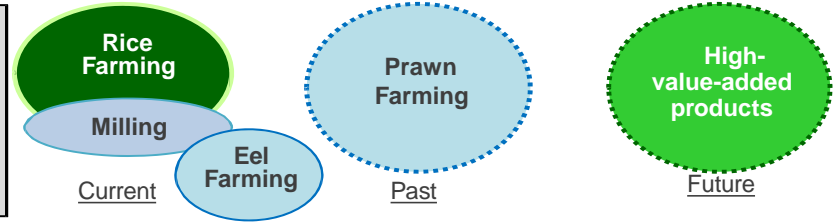
Development of Basic Infrastructures

Establishment of Basic Industry

Action



Main Industry



Current Condition

- Blackouts (once a day)
- Growing demands
- Frequent water cutoff
- Growing demands

Current Condition

- Low productivity (3.7t/ha)
- Poor classes farmers
- Abandoned pools
- Less employments
- No farming of high - value added products
- Poor classes farmers

Challenges

- Local consumption of Energy
- Resolution of power shortage
- Improvement of bulk water business

Challenges

- High - productivity Dissemination
- Revitalization of ponds Dissemination
- Applicability Dissemination

Target

Development of Basic Infrastructures through Private Initiative

- stable power supply
- Stable water supply

Problem Solving through PPPs ⇒ Establishment of Three Industries

- Higher yield of rice (7 - 8t/ha)
- Improved Income
- Revitalization and expansion of ponds
- Employment
- Vegetable growing
- Improved Income

Goal

Stable power and water supply

Local consumption of Energy
 Development and operation of an Agro - Industrial park

Regional development by enhancement of local industry through PPP, while creating job

Japanese Government Support for Regional Development

Category	Authority	Project Name / Contents	FY	Entity
Support for study	METI	Study on Economic Partnership Projects in Developing Countries in 2016 Preparatory Study of Water Supply and Treatment Equipment in Taguibo Industrial Park in Butuan City, Mindanao, Philippines	2016	Chodai Co., Ltd. Kiso-Jiban Consultant Co., Ltd. Okaya & Co., Ltd. Kurimoto, Ltd. Cosmo Koki Co., Ltd.
	METI	Study on Economic Partnership Projects in Developing Countries in 2016 Feasibility Study of Wind Power Generation Project in Caraga Region, Mindanao, Philippines	2016	Chodai Co., Ltd. Shizen Energy Inc.
	OCAJI	The Survey of Special Economic Zone and Surrounding Infrastructure Development Project for Butuan City on Mindanao Island in the Philippines	2015	Overseas Construction of Japan, Inc. Shimizu Corporation Chodai Co., Ltd.
	JBIC	Feasibility Study for Taguibo River Mini-Hydro Power Project in the Mindanao Island, Philippines	2015	Chodai Co., Ltd. Kiso-Jiban Consultant Co., Ltd.
	METI	Study on Economic Partnership Projects in Developing Countries in 2015 Feasibility Study of Biomass Fuel Export and Power Generation Projects in Mindanao, Philippines	2015	Chodai Co., Ltd. BPC inc. Omiya-ss Co., Ltd.
	JICA	Feasibility Survey for Regeneration of the Prawn Farming Industry through the Tse of Food Chain Promotion and Conventional Soil Microbe Diversification Promotion Materials (Lu-All)	2014	CTC Co., Ltd. Green Asia Engineering Corporation Chodai Co., Ltd. Kiso-Jiban Consultant Co., Ltd.
	JICA	The Preparatory Survey on the Wawa River Mini-Hydro Power Project in the Province of Agusan del Sur	2014	Chodai Co., Ltd. Industrial Dicesions, Inc. Ernst & Young Japan Kiso-Jiban Consultant Co., Ltd.
	METI	Study on Economic Partnership Projects in Developing Countries in 2012 Study on the Wawa River mini-hydro power project in the province of Agusan del Sur	2012	Chodai Co., Ltd. Kiso-Jiban Consultant Co., Ltd.
HR	HIDA	The training of Planning, Designing, Operating and Maintenance for Hydro Power Projects in the Philippines	2012	Tsukuba Denki Co., Ltd. Chodai Co., Ltd.
Loan	JBIC	2 step loan for Ashiga river hydro power project		Asiga Green Energy Corp.
	JICA	2 step loan for Taguibo river bulk water concession project		Taguibo Aquatech Solutions Corp.

Ongoing PPP Projects around Butuan

As of October 2016

Eel Farming

- Japanese feed utilized
- JAS (Japan Agricultural Standards) accredited
- Japanese equipment installed in a process factory to be started in 2016

Prawn Farming

- Pre-F/S funded by JICA completed in 2014
- Using soil/water improvement product named "Lu-All" developed by Japanese SME for revitalization of abandoned ponds

Rice Farming/ Rice Milling

- Doubled the average yield by using soil/water improvement product, "Lu-All"
- Farming of high-value Japonic rice

Basic Infrastructure Survey

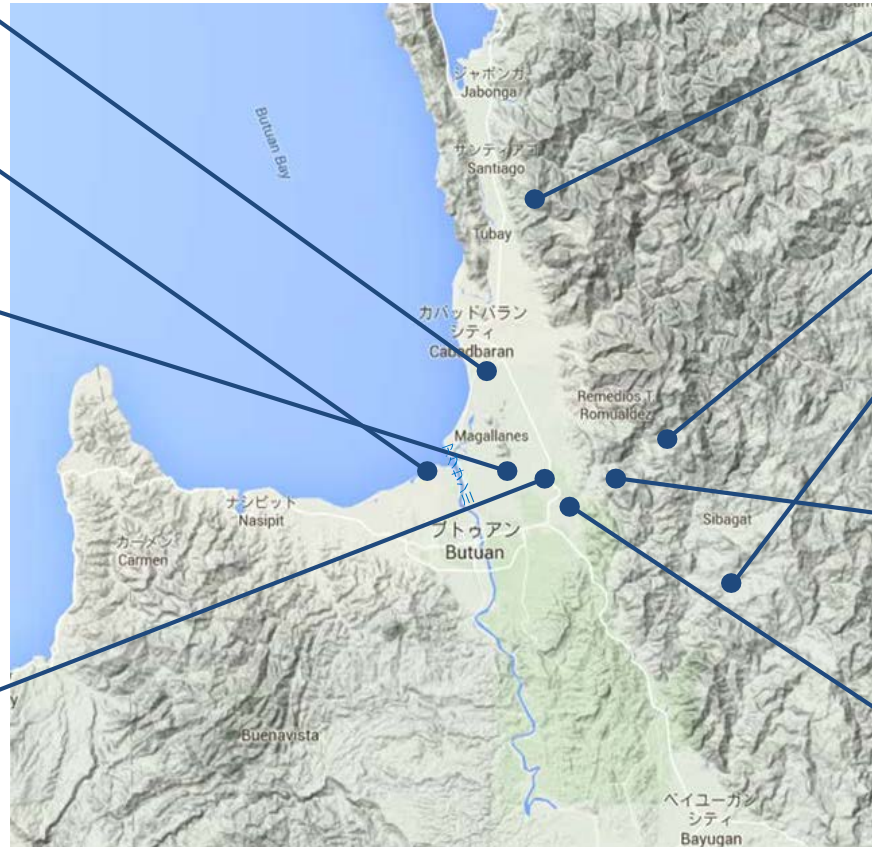
- As a result of OCAJI survey, proposals made for the improvement of distribution infrastructure necessary for the establishment of value chains for primary commodities

Feed Producing

- F/S ongoing with Japanese manufacturer to develop feed production business for stockbreeding and aquaculture.

Biomass Power

- Pre-F/S funded by METI completed in 2015
- Establishment of a stable supply of rice husks for a 2MW electricity generation plant.
- Construction of a sales model for secondary products, and preparation for commercialization.



Asiga River Hydro Power

- 8 MW
- Operational by FY 2016
- Power generation equipment by Voith Fuji installed
- Two-step loan provided by JBIC

Wind Power

- Ongoing pre-F/S funded by METI in 2016

Taguibo River Hydro

- 5 MW
- Operational in FY 2019
- Pre-F/S funded by JBIC completed in 2015

Wawa River Hydro

- 20 MW (study phase)
- Operational in FY 2020
- Pre-F/S funded by METI completed in 2012
- JICA PPP F/S funded by JICA completed in 2015

Bulk Water Supply

- 30,000 m³/day (to be increased to 80,000 m³/day in the future)
- Project period: 2015-2040 (with option to extend by 25 years)
- Two-step loan provided by JICA
- Japanese equipment installed

Industrial Park

- 141 hectare low-carbon industrial park
- Rice mill constructed in May 2015, using machinery produced by Japanese makers
- Ongoing pre-F/S funded by METI in 2016



Here are some of the Water Infrastructure Projects

Bulk Water Supply

- 30,000 m³ /day (to be increased to 80,000 m³/ day in the future)
- Project period: 2015-2040 (with option to extend by 25 years)
- Two-step loan provided by JICA
- Japanese equipment installed



Asiga River Hydro Power

- 8MW
- To be operated in FY2016
- Installed power generation equipment by Voith Fuji Hydro
- Two - step loan by JBIC provided



Taguibo Small Hydro Power Project

- 5 MW
- Operational in FY 2019
- Pre-F/S funded by JBIC completed in 2015



Cabadbaran Aquatech Resources Corp

- Japanese feed utilized
- JAS (Japan Agricultural Standards) accredited
- Japanese equipment installed in a process factory to be started in 2016



2nd Stage : Creation of the Regional Development Model through Public - Private Partnership

2016 Onwards

From COO in Private Sector to City Mayor - "Regional Development 2.0"



EQUI-PARCO CONSTRUCTION COMPANY
General Engineering * General Building

Established in September 1991 by both Ronnie Vicente C. Lagnada COO, and CEO of Equi-Parco, and is now one of the largest construction companies in Mindanao.



エクイパル・コンストラクション社長 ロニービック・コンデラグナダ氏

First Stage: From 2011 to 2016



Butuan City

Central city for industry and trade in the Caraga Region (Region 13), newly established in the northeast of the island of Mindanao in 1995. Population of 350,000. Flourished in the 1950s as a major base for timber exports to Japan.



Second Stage: To

Stratified Cooperation between Japan and the Philippines: “Private - Private”, “Public - Public” and “Public - Private” Partnerships

Administrative policies



30 Jun 16: Lagnada inaugurated as Mayor

10 Priority Impact Projects to be accomplished in the first 100 days of Lagnada's administration:

- 1) **Bright Butuan**
- 2) **Clean Butuan**
- 3) Orderly Butuan
- 4) Progressive Barangays
- 5) People - Friendly City Hall
- 6) Excellent - Driven City Hall
- 7) **Clean Water**
- 8) Fast and Efficient Licensing in Butuan
- 9) Transparent City Hall
- 10) Safe Butuan

“Through forging partnerships with forward- thinking Japanese autonomies, we wish to bring about environmentally-conscious and sustainable growth and development.”

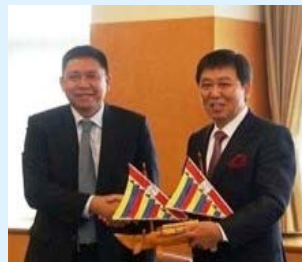
Plans for inter - city cooperative agreements



11 – 13 Aug 16: Toyama city official visited Butuan



In Oct 16: Toyama and Butuan Inter-city Cooperation commenced

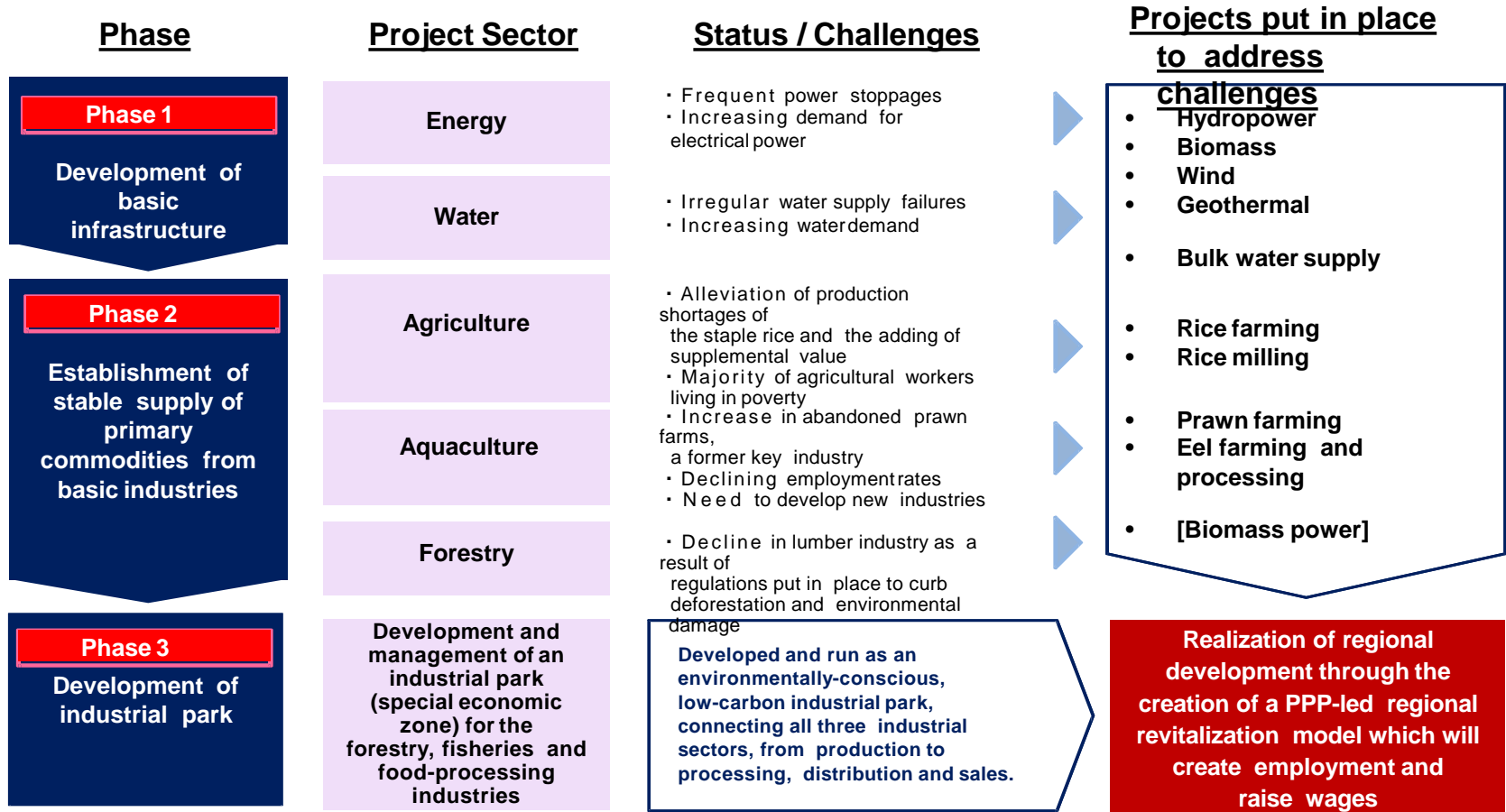


[26 October] Toyama and Butuan entered into an MoU for inter-city cooperation and exchange in the "UN CoE Local Governments Network Event" held by Toyo University. (For more details: <http://www.apppi.net/site/apppi/i/34361.html>).



[20 October] Mayor of Butuan made a courtesy call to Mayor of Toyama, Mr. Masashi Mori.

Regional Development Plan by Phase





Our Lessons Learned

PADDY SEPARATOR

Our Lessons Learned

1. Helping Factors in Making Private Initiated PPPs fly
 - Comprehensive Assessment & Preparatory surveys of the infra project
 - A good feasibility study
 - A stress-tested strategy-execution plan
 - **Competent Partners** who share the same development values

Our Lessons Learned

2. What should be high considerations in ensuring the projects are “High Quality Infra Projects”?
 - Ensuring alignment with Socio-economic development and development Strategies of the city
 - Safety & Resilience
 - Cost Effectiveness through a judicious life cycle cost management
3. Effective Mobilization of Financial Resources through PPP
4. The Work Continues...

Further activities for Regional Development

**Economic Development through
Creation of job opportunities,
increment of income**

Private

**Private Projects
(Renewable Energy, Industrial Park etc)**

Further development
of the projects

**Infrastructure
(Logistic Road, Port Expansion,
Strong Power Grid etc)**

Governmental
Support such as
ODA

**Comprehensive Master Plan for Regional
Development**

Knowledge based on
inter - city relationship

Public

Summary

- Lack of infrastructure impedes economic growth & social development in our cities & provinces
- Adequate **Quality Infrastructure** empowers cities to unleash its potentials
- With the right plan, the right proponents, the right partners – **Quality Infrastructure** can be PROCURED.

**Quality Infrastructures
are built to last. With the Right Ps,
they are Possible:**

P roponent
&
artners

P lan

P rocure

With
PPP

Philippine Progress is Possible

PPP

Possible ang Pagunlad ng Pilipinas