

Document of
The World Bank

Report No: 61705-CN

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
LIUZHOU ENVIRONMENT MANAGEMENT PROJECT
LOAN 4781-CHA
BOARD DATE: MAY 24, 2005
TO THE
PEOPLE'S REPUBLIC OF CHINA
MARCH 25, 2011

ABBREVIATIONS AND ACRONYMS

LMWTC Liuzhou Municipal Wastewater Treatment Company
PDO Project Development Objective

Regional Vice President:	Mr. James W. Adams, EAPVP
Country Director:	Mr. Klaus Rohland, EACCF
Sector Manager:	Mr. Ede Jorge Ijjasz-Vazquez, EASCS
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**CHINA
LIUZHOU ENVIRONMENT MANAGEMENT PROJECT**

CONTENTS

	Page
ANNEX: REALLOCATION OF LOAN PROCEEDS	6

Restructuring	Status: Draft
Restructuring Type: Level II	
Last modified on date :	

1. Basic Information	
Project ID & Name	P081346 – Liuzhou Environment Management Project
Country	China
Task Team Leader	Victor M. Vergara
Sector Manager/Director	Ede Jorge Ijjasz-Vasquez
Country Director	Klaus Rohland
Original Board Approval Date	May 24, 2005
Current Closing Date	June 30, 2011
Proposed Closing Date [if applicable]	N/A
EA Category	A
Revised EA Category	No Change
EA Completion Date	January 12, 2005
Revised EA Completion Date	Not Applicable

2. Revised Financing Plan (US\$)		
Source	Original	Revised
BORROWER	105.60	116.13
IBRD	100.00	100.00
Total	205.60	216.13

3. Borrower		
Organization	Department	Location
Ministry of Finance	International Department	Beijing, China

4. Implementing Agency		
Organization	Department	Location
World Bank Project Management Office, Liuzhou	Liuzhou Development and Reform Commission	Liuzhou, Guangxi Zhuang Autonomous Region, China

5. Disbursement Estimates (US\$m)		
Actual amount disbursed as of 3/23/2011		87.45
Fiscal Year	Annual	Cumulative
2011	12.55	100.00
	Total	100.00

6. Policy Exceptions and Safeguard Policies	
Does the restructured project require any exceptions to Bank policies?	N
Have these been approved by Bank management	
Is approval for any policy exception sought from the Board?	
Does the scale-up of restructured projects trigger any new safeguard policies? If yes, please select from the checklist below.	N

7a. Project Development Objectives/Outcomes
Original/Current Project Development Objectives/Outcomes
The development objective of the project is to assist Liuzhou Municipality of Guangxi Zhuang Autonomous Region in improving the municipality's environmental conditions by investing in wastewater treatment facilities, industrial pollution control, municipal sanitation services and solid waste services and management.

7b. Revised Project Development Objectives/Outcomes [if applicable]
The PDO remains unchanged

ANNEX: Reallocation of Loan Proceeds

1. Proceeds for the China Liuzhou Environment Management Project, Ln. 4781-CHA (P081346) will be reallocated as follows:

Category of Expenditure		Allocation		% of Financing	
Current	Revised	Current	Revised	Current	Revised
(1) Works under (a) Part A(1), A(2), A(3), A(4), and A(5) of the Project		45,430,000	47,283,000	100	No Change
(1) Works under (b) Other Parts of the Project		24,220,000	29,777,000	100	No Change
(2) Goods under (a) Part A(1), A(2), A(3), A(4), and A(5) of the Project		18,760,000	16,070,000	100	No Change
(2) Goods under (b) Other Parts of the Project		8,360,000	3,960,000	100	No Change
(3) Consultant's services and training under (a) Part E(1), and E(2) of the Project to be carried by LMWTC		1,950,000	1,950,000	100	No Change
(3) Consultant's services and training under (b) Other Parts of the Project		780,000	460,000	100	No Change
(4) Fee		500,000	500,000	Amount due under Section 2.04 of the Loan Agreement	No Change
Total		100,000,000	100,000,000		

2. Project implementation is satisfactory with only six of a total of 51 contracts still under construction. The PDO remains relevant and achievable by the current closing date. The total project costs have increased from US\$205.6 million to US\$216.13 million due to substantial depreciation of US dollars against RMB, as the exchange rate is reduced from 8.2868 at appraisal to 6.6275 at end of 2010.

3. The proposed reallocation is necessary to fully fund the remaining ongoing works after recent price escalations increased contract costs.

4. In order to ensure that the Project Management Unit and Project Implementing Units have sufficient time to submit final withdrawal applications after the Loan closing date, a four month grace period, through October 31, 2011, is added.

