



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
WATER AND SANITATION IN TOURIST AREAS
APPROVED ON APRIL 2, 2009
TO
THE DOMINICAN REPUBLIC

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ABBREVIATIONS AND ACRONYMS

AOB:	Absence of Objection
APL:	Adaptable Program Loan
CMU:	Country Management Unit
CORAAPPLATA:	Corporación de Acueductos y Alcantarillados de Puerto Plata
DDO:	Deferred Drawdown Option
DR:	Dominican Republic
EA:	Environmental Assessment
GP:	Global Practice
IBRD:	International Bank for Reconstruction and Development
ID:	Project Identification Code
IP:	Implementation Project
OP/BP:	Operation Policy and Bank Procedures
PASCT:	Water and Sanitation in Tourist Areas Project
PDO:	Project Development Objective



BASIC DATA

Product Information

Project ID P054221	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 02-Apr-2009	Current Closing Date 31-Mar-2018

Organizations

Borrower Dominican Republic	Responsible Agency Unidad Ejecutora del PASCT, Ministerio de Economía Planificación y Desarrollo (MEPyD)
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Project Development Objective (PDO)

Original PDO

The objectives of the first phase of the proposed APL (the Project, APL I) are: (i) strengthening and consolidating the policy framework of the water and sanitation sector in the Dominican Republic; (ii) improving and expanding access to sanitation and wastewater treatment and disposal services in the Puerto Plata region; (iii) improving the financial and operational performance of CORAAPLATA, the region's water utility; and (iv) enhancing operational and commercial performance of other regional utilities and preparing them to participate in the second phase of the Program (APL II).

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-76800	02-Apr-2009	18-Sep-2009	25-Feb-2010	31-Mar-2018	27.50	26.43	1.07

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

1. The US\$27.5 million IBRD loan was approved on April 2, 2009 and was declared effective on February 25, 2010. The current closing date is March 31, 2018.
2. The Project has retained the IP and DO ratings of Moderately Satisfactory over the past three ISRs, which reflect a positive progress on achieving the PDO and its indicators. At present, the PDO and IP ratings, as well as ratings for all other components are rated "MS".
3. Since the last extension granted in June 2017, disbursements have improved and now reached 95 percent, from 78.93 percent in June 2017, and all loan proceeds have been committed. As of November 13, 2017, a total of US\$ 1.44 million still needs to be disbursed by the end of June 2018. The remaining funds are allocated to the two ongoing construction contracts: (i) the Submarine Outfall, and (ii) the Pretreatment Plant and Sewerage of Neighboring Areas. It is worth highlighting the progress in the implementation of the Single Treasury Account for this Project, selected as part of a pilot for projects financed with external resources and that continues to proceed smoothly, without slowing down the execution of the Project.

B. Rationale for Restructuring

4. As expressed in the Government's restructuring request, the Dominican Republic Water and Sanitation in Tourist Areas Project (Loan No. 7680-DO) and the water sector in general, have a high priority in the national agenda, and it is of the authorities' best interest to complete the project satisfactorily as possible. The Government has requested to adjust the PDO and results framework, by removing all references related to the APL instrument.
5. The GP and CMU agree that the proposed Level II restructuring, complies with the Articles of Agreement of the Bank. In addition, the team considers if the PDO would remain unchanged, it could potentially downgrade the Project's performance, despite the good progress made in the remaining indicators. The proposed adjustment will ensure that the progress in the PDO and Results Framework are objectively measured in the ICR, facilitating the alignment between the Project's results and lessons learned with the objectives.
6. The GP and CMU recommend the RVP's approval in accordance with the terms of this Memorandum which we kindly request you initial. Upon approval, the Loan No. 7680-DO Agreement will be amended accordingly.



7. DESCRIPTION OF PROPOSED CHANGES

- 6. The current PDOs are: i) strengthening and consolidating the policy framework of the water and sanitation sector in the Dominican Republic; (ii) improving and expanding access to sanitation and wastewater treatment and disposal services in the Puerto Plata region; (iii) improving the financial and operational performance of CORAAPPLATA, the region’s water utility; and (iv) enhancing operational and commercial performance of other regional utilities and preparing them to participate in the second phase of the Program (APL II). Associated with above numeral (iv), the current Results Framework includes two references to the APLII related to preparation activities for the APL II.
- 7. The proposed restructuring would entail specifically a change in the PDO’s fourth objective: “(iv) enhancing operational and commercial performance of other regional utilities and preparing them to participate in the second phase of the Program (APL II)”. The team is recommending to remove the reference related to the APL II in objective number iv as well as the associated references in the Loan Agreement and the Results Framework.
- 8. The proposed revised PDO for the fourth objective would read as follows: “(iv) enhancing operational and commercial performance of other regional utilities”. The rest of objectives will remain the same. In addition, the Results Framework presents marginal changes, where all references to the APL instrument are removed.
- 9. The Bank is also not contemplating a follow-up operation for the current project as was envisaged in the original APL. Furthermore, with the updating of OP/BP 10.00, all World Bank investment instruments are now consolidated Investment Policy Financing (IPF), so the APL has ceased to exist. Thus, the restructuring also seeks to align the PDO to the World Bank operational policies for investment project financing.

II. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Project's Development Objectives	✓	
Change in Results Framework	✓	
Change in Implementing Agency		✓
Change in DDO Status		✓
Change in Components and Cost		✓
Change in Loan Closing Date(s)		✓



Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Disbursement Estimates		✓
Change in Overall Risk Rating		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Change in Implementation Schedule		✓
Other Change(s)		✓
Change in Economic and Financial Analysis		✓
Change in Technical Analysis		✓
Change in Social Analysis		✓
Change in Environmental Analysis		✓

IV. DETAILED CHANGE(S)

PROJECT DEVELOPMENT OBJECTIVE

Current PDO

The objectives of the first phase of the proposed APL (the Project, APL I) are: (i) strengthening and consolidating the policy framework of the water and sanitation sector in the Dominican Republic; (ii) improving and expanding access to sanitation and wastewater treatment and disposal services in the Puerto Plata region; (iii) improving the financial and operational performance of CORAAPLATA, the region's water utility; and (iv) enhancing operational and commercial performance of other regional utilities and preparing them to participate in the second phase of the Program (APL II).

Proposed New PDO

The objectives the Project are: (i) strengthening and consolidating the policy framework of the water and sanitation sector in the Dominican Republic; (ii) improving and expanding access to sanitation and wastewater treatment and disposal services in the Puerto Plata region; (iii) improving the financial and operational performance of CORAAPLATA, the regional's water utility; and (iv) enhancing operational and commercial performance of other regional utilities.

RESULTS FRAMEWORK



Project Development Objective Indicators

Note to Task Teams: End of system generated content, document is editable from here.