



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
TONGA TRANSPORT SECTOR CONSOLIDATION PROJECT
APPROVED ON JULY 28, 2008
TO
KINGDOM OF TONGA

TRANSPORT & DIGITAL DEVELOPMENT
EAST ASIA AND PACIFIC

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**I. BASIC DATA****Product Information**

Project ID P096931	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 28-Jul-2008	Current Closing Date 30-Jun-2018

Organizations

Borrower Kingdom of Tonga	Responsible Agency Ministry of Infrastructure, Tonga Airports Ltd.
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Project Development Objective (PDO)

Original PDO

To establish and consolidate the operations of the newly-created Ministry of Transport as a unified transport sector-policy, planning and regulatory ministry and to improve the level of compliance of the civil aviation and maritime subsector entities with international safety and security standards.

Current PDO

The objective of the Project is to assist the Recipient to develop its transport sector to have: (i) stronger policy, planning and regulatory institutions and framework; (ii) improved safety and security facilities and compliance with international safety and security standards; and (iii) greater domestic capacity for road rehabilitation and maintenance.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-57300	29-Sep-2015	18-Nov-2015	19-Jan-2016	30-Jun-2018	2.00	.99	1.13
IDA-D0910	29-Sep-2015	18-Nov-2015	19-Jan-2016	30-Jun-2018	2.00	1.98	.13
IDA-H4160	08-Jul-2008	17-Jul-2008	12-Dec-2008	30-Jun-2018	5.44	5.26	0



TF-99585	29-Jul-2011	23-Aug-2011	06-Oct-2011	30-Jun-2018	10.30	10.30	0
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Policy Waiver(s)

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

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

A. Summary of Proposed Changes

This restructuring proposes a six-month extension of the Closing Date of the Additional Financing (AF) for the Transport Sector Consolidation Project (TSCP) (P151806; IDA Credit No. 5730- TO and IDA Grant No. D091-TO) from June 30, 2018 to December 31, 2018. The Government of Tonga (GOT) sent the request to the Bank on June 5, 2018, explaining the unexpected delays on one open contract for maritime safety works. It is the only change that is proposed under this restructuring.

B. Project Status

TSCP started in 2008 and has been the World Bank-financed flagship project in the transport sector in Tonga. It has transformed the sector, supporting major institutional reforms and creating an integrated Ministry (of Infrastructure) responsible for transport policy and planning. The project has progressed very well, on both institutional and investment fronts, supporting the road, air and maritime subsectors, with a 53% disbursement rate for the AF (as of May 31, 2018). Ninety-two percent of funds from the AF have been committed. The disbursement rate is 92% for the whole project since 2008, including the parent project. The AF has been rated Satisfactory since its effectiveness in 2016. Overall Implementation Progress and Progress toward achieving Project Development Objective are both currently Satisfactory.

Nevertheless, despite the close supervision from the Project Support Team (PST), some unexpected delays occurred in one of the last contracts to close before June 30, 2018, which is the current Closing date of the AF. The PST was

informed on May 30, 2018 by the supervisor/contractor of the TOP\$1,949,968 maritime safety improvement works in the outer island ports in Vav'u and Ha'apai that some critical supplies would not be shipped and arrive in time in Tonga for them to complete the works by June 30, 2018 (fenders, bollards, fixing bolts, ladders, worth a total of TOP\$214,000). Without an extension of the closing date, the GOT would need to pay for all expenditures incurred after June 30, 2018 and thus miss the opportunity to use the available IDA funds.

C. Proposed Changes

The proposed change is a six-month extension of the closing date of the AF of the TSCP, from June 30, 2018 to December 31, 2018. This extension is needed for the maritime safety improvement works in the outer island ports of Vava'u and Ha'apai to be completed and entirely financed by the AF IDA funds. The delay occurred for reasons that are out of the control of the Ministry of Infrastructure in so far as that the factory subcontracted by the contractor had to close unexpectedly. The PST was informed by the contractor/supervisor on May 30, 2018 and immediately prepared the information for the Ministry to request the extension from the Bank.



The extension would only apply to the IDA grant No. D091-TO and credit No. 5730-TO corresponding to the AF, leaving the closing date of the parent project P096931 at June 30, 2018 (IDA grant H-4160 and PRIF TF-99585, both 100% disbursed).

While there are presently unallocated savings under the project, the extension will not permit the financing of activities not initially envisaged under TSCP or whose procurement has not commenced before the original closing date of June 30, 2018. Two road safety contracts, one in Vava'u and one for both Ha'apai and 'Eua, that will likely not to be completed by June 30, but have already been procured, will be completed during the time of the proposed extension. Any financing amount or unallocated savings will not be used to procure any new activities and the amount that will be left undisbursed by TSCP at the revised closing date will be cancelled prior to the project closing date and may be used for any future Bank project in Tonga that may be approved before the end of the IDA18 cycle.

Considering that the requirements of OP/BP 10.00 on closing date extension are met, the request from the GOT is deemed reasonable. In particular: (i) the project objectives continue to be achievable; (ii) the performance of the Recipient remains satisfactory; (iii) the Bank and the Recipient agree on actions that will be undertaken by the Recipient to complete the Project; and (iv) there are no outstanding audit reports, or interim financial reports.

More specifically on the actions to be undertaken by the Recipient: the GOT committed to (a) closely monitor the completion of the contracts in question; (b) closely monitor the completion of all the other open contracts; (c) not sign any new contract unless agreed with the Bank and validated in the Procurement plan, or unless there are amendments to open contracts agreed with the Bank and validated in the Procurement plan; and (d) plan for project closing including final financial audit, update of the results framework, evaluation report, etc.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-57300	Effective	30-Jun-2018		31-Dec-2018	30-Apr-2019
IDA-D0910	Effective	30-Jun-2018		31-Dec-2018	30-Apr-2019
IDA-H4160	Effective	31-Dec-2011	31-Dec-2013, 31-Dec-2015, 30-Jun-2018	30-Jun-2018	30-Oct-2018
TF-99585	Effective	31-Dec-2013	31-Dec-2015, 30-Jun-2018	30-Jun-2018	30-Oct-2018