



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
METRO MANILA BRT LINE 1 PROJECT
APPROVED ON MARCH 16, 2017
TO
REPUBLIC OF THE PHILIPPINES

TRANSPORT

EAST ASIA AND PACIFIC

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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AFC	Automatic Fare Collection
ATC	Area Traffic Control
AUV	Asian Utility Vehicle
BAC	Bids and Awards Committee
BAU	Business as Usual
BP	Bank Procedures
BRT	Bus Rapid Transit
BRTSM	BRT System Manager
CCTV	Closed Circuit TV
COA	Commission on Audit
CTF	Clean Technology Fund
DA	Designated Account
DBM	Department of Budget and Management
DBP	Development Bank of the Philippines
DED	Detailed Engineering Design
DENR	Department of Environment and Natural Resources
DOTr	Department of Transportation
DPWH	Department of Public Works and Highways
DTS	Detailed Technical Study
EDSA	Epifanio de los Santos Avenue
EE	Energy Efficiency
EIRR	Economic Internal Rate of Return
EMA	External Monitoring Agent
ESIA	Environment and Social Impact Assessment
ESMP	Environment and Social Management Plan
EST	Environmentally Sustainable Transport
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GoP	Government of the Philippines
IA	Implementing Agencies
IBRD	International Bank for Reconstruction and Development
IFRs	Interim Financial Reports



BASIC DATA

Product Information

Project ID P132401	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 16-Mar-2017	Current Closing Date 30-Nov-2022

Organizations

Borrower Republic of the Philippines	Responsible Agency
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Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is to improve the efficiency, effectiveness and safety of the public transport system along the Project Corridor in Metro Manila in an environmentally sustainable manner.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-87280	16-Mar-2017	14-Feb-2019	15-Mar-2019	30-Nov-2022	40.70	.10	40.60
TF-A2129	16-Mar-2017	14-Feb-2019	15-Mar-2019	30-Nov-2022	23.90	0	23.90

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Metro Manila Bus Rapid Transit Line 1 Project (the Project) has a Development Objective (PDO) of improving the efficiency, effectiveness, and safety of the public transport system along the Project corridor in Metro Manila in an environmentally sustainable manner. The PDO is supported by six components: (a) Bus Rapid Transit (BRT) infrastructure development along Quezon Avenue in Metro Manila, (b) BRT system management to support traffic engineering and management measures, and the development of an intelligent bus operational support and management system, (c) BRT concept development and dissemination to support capacity building and feasibility studies in other corridors in Metro Manila and secondary cities in the Philippines, (d) accessibility and urban realm enhancements to support the identification, design and improvement of the key areas in terms of walkability and access routes around the BRT corridor, (e) Project outcome monitoring; and (f) Project management. The Department of Transportation (DOTr) is the government agency in charge of implementing this Project.
2. The Executive Directors of the Bank approved the IBRD loan of US\$40.70 million and the CTF loan of US\$23.90 million for the Project on March 16, 2017. The IBRD Loan Agreement (Loan No. 8728-PH) and the CTF Loan Agreement (CTF Loan TF 0A2129-PH (collectively, the Loan Agreements) were signed by the Republic of the Philippines (the Borrower) and the Bank, acting in its own capacity and as an implementing entity of the CTF on February 14, 2019 and declared effective on March 15, 2019. The closing date under the Loan Agreements is November 30, 2022.
3. The Project experienced delays even before the signing of the Loan Agreements. Following the national election in 2016, the new government put several donor-supported urban transport projects agreed/approved by the previous administration on hold to reassess their priority. As a result, the proposed bus rapid transit project for Asian Development Bank financing was shelved; the implementation of the Bank-financed Cebu BRT Project (CBRT) was stalled; and the signing of the Loan Agreements for the Project was delayed. However, following continued engagement by the Bank team and buy-in from concerned government counterparts, the Loan Agreements were signed after nearly twenty-four months since the Board approval.
4. Despite the renewed commitment from government counterparts, project implementation remained slow during the last three years. The Project has zero procurement activity completed and the Borrower has not submitted any withdrawal application. Various reasons contributed to the poor performance of the Project:
 - a. **Weak capacity of the implementing agency.** The National BRT Program Management Office (NPMO) in charge of BRT projects implementation has very limited experience with BRT projects. At the same time, the NPMO has been understaffed and experienced high staff turn-over throughout the Project implementation process. Within the last three years, DOTr appointed five managers for NPMO and three Undersecretaries in charge of the BRT portfolio.
 - b. **Inefficiency of procurement management.** There was no dedicated procurement specialist and financial management specialist supporting the BRT projects during the last three years. The special Bids and Awards Committee within DOTr is not dedicated to the BRT projects and often took a very long time to move the Project procurement activities. Though the Bank has provided its no-objection to the TORs of key consultant services, e.g., the Preliminary Engineering Design (PED)



consultant, the technical support consultant (TSC2) for the Project, and the social management consultant more than one year ago, DOTr is yet to advertise any of these positions.

- c. **Lack of general government budget allocation.** Given that no progress has been made, DOTr was not able to secure government budget allocation for the Project for three years (CY2020-2022). The lack of budget allocation hampered Project implementation as no contracts could be awarded without budget.
- d. **COVID-19 pandemic.** The outbreak of the COVID-19 two years ago and the quarantine measures further affected the mobilization of international and local consultants and the coordination within DOTr and between government agencies.

5. To date, the cumulative disbursement remains zero for both IBRD and CTF loans, with only about US\$0.10 million paid out of the IBRD loan for front-end fee.

II. DESCRIPTION OF PROPOSED CHANGES

6. In light of the lack of any implementation progress made on this Project and with less than six months left to the Project’s closing date, an extension cannot be justified. A cancellation of the full undisbursed balance for the IBRD and the CTF loans for this Project has been agreed between the Bank and the Government. A formal cancellation request dated June 21 2022 was sent by the Department of Finance to the Bank for a full cancellation of the undisbursed amount of USD40,598,250 IBRD loan and USD23,900,000 CTF loan. On that basis, a total of USD 64,498,250 will be cancelled with this restructuring.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Components and Cost	✓	
Cancellations Proposed	✓	
Reallocation between Disbursement Categories	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Loan Closing Date(s)		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓



Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
BRT Infrastructure	48.86	Revised	BRT Infrastructure	0.00
System Management	12.68	Revised	System Management	0.00
Capacity Building and Concept Development and Dissemination	11.05	Revised	Capacity Building and Concept Development and Dissemination	0.00
Accessibility and Urban Realm Enhancements	18.01	Revised	Accessibility and Urban Realm Enhancements	0.00
Project Outcome Monitoring	1.77	Revised	Project Outcome Monitoring	0.00
Project Management	7.88	Revised	Project Management	0.00
TOTAL	100.25			0.00



CANCELLATIONS

Ln/Cr/Tf	Status	Currency	Current Amount	Cancellation Amount	Value Date of Cancellation	New Amount	Reason for Cancellation
IBRD-87280-001	Disbursing	USD	40,700,000.00	40,598,250.00	15-Jun-2022	101,750.00	BORROWER'S REQUEST FOR COUNTRY REASONS
TF-A2129-001	Effective	USD	23,900,000.00	23,900,000.00	15-Jun-2022	0.00	BORROWER'S REQUEST FOR COUNTRY REASONS

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
IBRD-87280-001 Currency: USD					
iLap Category Sequence No: 1	Current Expenditure Category: GD,WKS,NCS,CS, TR OC 1A 1B 2D 4 6				
	40,598,250.00	0.00	0.00	100.00	100.00
iLap Category Sequence No: FEF	Current Expenditure Category: FRONT END FEE				
	101,750.00	101,750.00	101,750.00		
Total	40,700,000.00	101,750.00	101,750.00		

TF-A2129-001 | Currency: USD

iLap Category Sequence No: 1	Current Expenditure Category: GD,WKS,NCS,CS, TR OC 1A 1B 2D 4 5				
	23,900,000.00	0.00	0.00	100.00	100.00



The World Bank

Metro Manila BRT Line 1 Project (P132401)

Total	23,900,000.00	0.00	0.00
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