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Report No: RES26819

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
PREPARATION OF A PROGRAM TOWARDS SUSTAINABLE FLOOD
MANAGEMENT IN THE GREATER METRO MANILA AREA PROJECT

TF-018611

APPROVED ON JUNE 4, 2015

TO THE

REPUBLIC OF THE PHILIPPINES

January 23, 2017

WATER GLOBAL PRACTICE
EAST ASIA AND PACIFIC REGION

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ABBREVIATIONS AND ACRONYMS

DOF	Department of Finance
DPWH	Department of Public Works and Highways
PDO	Project Development Objectives
PHRD	Policy and Human Resources Development
PH-PTF	Australia World Bank Philippines Development Trust Fund

Regional Vice President:	Victoria Kwakwa
Country Director:	Mara K. Warwick
Senior Global Practice Director:	Guang Zhe Chen
Practice Manager/Manager:	Sudipto Sarkar
Task Team Leader:	Joop Stoutjesdijk

PHILIPPINES
Preparation of a Program towards Sustainable Flood Management in the
Greater Metro Manila Area Project

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DATA SHEET*Philippines**Preparation of a Program Towards Sustainable Flood Management in the Greater Metro Manila Area Project (P145237)***EAST ASIA AND PACIFIC***Water*

Report No: RES26819

Basic Information										
Project ID:	P145237			Lending Instrument:	Specific Investment Loan					
Regional Vice President:	Victoria Kwakwa			Original EA Category:						
Country Director:	Mara K. Warwick			Current EA Category:						
Senior Global Practice Director:	Guang Zhe Chen			Original Approval Date:	04-Jun-2015					
Practice Manager/Manager:	Sudipto Sarkar			Current Closing Date:	31-Jan-2017					
Team Leader(s):	Joop Stoutjesdijk									
Borrower:	Department of Finance									
Responsible Agency:	Department of Public Works and Highways.									
Restructuring Type										
Decision Authority:	CD Decision									
Restructuring Level:	Level 2									
Financing (as of 31-Dec-2016)										
Key Dates										
Project	TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date			
P145237	TF-18611	Effective	04-Jun-2015	19-Jun-2015	19-Jun-2015	31-Jan-2017	31-Jan-2017			
Disbursements (in Millions)										
Project	TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed	
P145237	TF-18611	Effective	USD	2.73	2.73	0.00	0.00	2.73	0%	
Policy Waivers										
Does the project depart from the CPF in content or in other significant respects?							Yes []	No [X]		

Does the project require any policy waiver(s)?	Yes []	No [X]
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A. Summary of Proposed Changes

The proposed change is an extension of the Closing Date of the PHRD Grant by one year to January 31, 2018. In a letter dated January 6, 2017 (received by the Bank on January 13, 2017), the Recipient requested a three year closing date extension to undertake the following activities: (i) design of flood protection works in the Upper Marikina River; (ii) development of a flood forecasting and early warning system for the Greater Metro Manila Area; and (iii) development of institutional arrangements for sustainable flood management. The task team has discussed these activities with management of the Department of Public Works and Highways (DPWH), which has confirmed that these are still priority tasks. These activities will also strengthen the flood management capacities of DPWH, which is a priority in the draft Philippine Development Plan for 2017-2022.

The task team discussed government's request with the PHRD Unit and given the lack of implementation progress and disbursement since the Grant was approved in June 2015, a one-year extension is initially supported by the PHRD Unit, with the understanding that the Recipient can request a second extension if there is evidence that implementation of activities has advanced.

The proposed actions during this proposed extension will focus on recruitment of three teams of consultants and getting the three activities underway. As soon as there is evidence of this, the implementation progress and PDO ratings of the project could be upgraded and a second restructuring package prepared. The task team proposes that the benchmark for this second closing date extension will be the recruitment of consultants for the three originally agreed activities, so that the Bank and DPWH could be confident that upon signing of contracts with consultants, they have sufficient time for implementation of the activities. It is expected that the benchmark can be achieved around the end of June 2017 and a second restructuring will be processed by then when there is evidence that satisfactory implementation and disbursement can be expected. The estimated disbursement during the proposed first extension is US\$500,000. It is expected that the second extension would be for additional 18 months to complete the agreed activities (thus resulting in a cumulative extension of 30 months) and would disburse the remaining grant funds.

Considering the strong commitment of the current government towards improving flood management in Metro Manila, the two step extension of the grant closing date will help ensure that there will be sufficient incentives for the DPWH to achieve the PDO. DPWH has assigned the Undersecretary (USec) for Operations to oversee the implementation of the Grant and a team of professional staff in DPWH's Flood Management Cluster for the day-to-day implementation. The task team is working closely with the USec and his team, and considers that the necessary staffing structure is in place for the successful implementation of the Grant.

Change in Implementing Agency	Yes []	No [X]
Change in Project's Development Objectives	Yes []	No [X]
Change in Results Framework	Yes [X]	No []
Change in Safeguard Policies Triggered	Yes []	No [X]
Change of EA category	Yes []	No [X]
Other Changes to Safeguards	Yes []	No [X]
Change in Legal Covenants	Yes []	No [X]
Change in Loan Closing Date(s)	Yes [X]	No []

Cancellations Proposed	Yes [] No [X]
Change to Financing Plan	Yes [] No [X]
Change in Disbursement Arrangements	Yes [] No [X]
Reallocation between Disbursement Categories	Yes [] No [X]
Change in Disbursement Estimates	Yes [X] No []
Change to Components and Cost	Yes [] No [X]
Change in Institutional Arrangements	Yes [] No [X]
Change in Financial Management	Yes [] No [X]
Change in Procurement	Yes [] No [X]
Change in Implementation Schedule	Yes [X] No []
Other Change(s)	Yes [] No [X]

B. Project Status

The Bank approved the Grant Funding Request on November 25, 2014. The Country Director for the Philippines approved the Grant package on June 4, 2015, and the Grant Agreement was countersigned by government on June 19, 2015. Grant implementation has not yet started, however, and there have been no disbursements to date. This PHRD grant is linked to a PH-PTF grant (TF017736) that will finance the design of the Marikina Dam, which is the key element of the Metro Manila Flood Management Master Plan that will substantially improve the safety against flood events in the Pasig-Marikina River. The previous administration (in office till the end of June 2016) decided that a final decision to go ahead with the design of the Marikina Dam and related flood protection works and institutional arrangements should be made by the current administration, especially in the Department of Public Works and Highways, after it had a chance to review the master plan and confirm its importance to improve the flood management situation in Metro Manila.

In July 2016, the current administration took the decision to go ahead with the design of the Marikina Dam. Consulting services have since been procured under the PH-PTF grant and a contract was awarded in December 2016. The PH-PTF grant was already restructured at Government's request and its closing date was extended to December 31, 2018. DPWH views the proposed activities under the PHRD Grant as important elements towards the implementation of the Master Plan and it is now ready to start recruiting the consulting services. DPWH decided that it would first have a consultant in place for the dam design before recruiting consultants for the activities under the PHRD grant, noting that the design of infrastructure downstream of the proposed dam would not be effective without the dam, hence this request for a closing date extension of the PHRD Grant.

C. Proposed Changes

Development Objectives/Results

Project Development Objectives

Original PDO

The objective is to prepare priority projects, identified by the flood management master plan, that aim to improve flood management and resilience in and around Metro Manila.

Change in Project's Development Objectives

Change in Results Framework

Explanation:

The indicators remain valid, but the end target dates have changed to reflect the proposed new closing date.

Financing**Change in Loan Closing Date(s)**

Explanation:

In order to implement the Grant and complete the originally agreed activities, a Grant closing date extension will be needed. This will be done in two stages, with the first stage a one-year closing date extension, and the second closing date extension subject to the Recipient, through DPWH, making satisfactory progress with grant implementation, as described in Section A. Summary of Proposed Changes. The new proposed Closing Date is January 31, 2018 (first extension).

TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)	Proposed Application Deadline Date
TF-18611	Effective	31-Jan-2017	31-Jan-2017	31-Jan-2018	31-Jan-2017	31-May-2018

Disbursement Estimates**Change in Disbursement Estimates**

Explanation:

There have been no disbursements to date. Some initial disbursement is expected towards the end of FY17 and the first half of FY18, totaling an estimated US\$500,000, with the remaining amount to be disbursed during the second half of FY18, FY19 and first months of FY20, subject to approval of a second closing date extension.

Fiscal Year	Current (USD)	Proposed (USD)
2015	0.00	0.00
2016	250,000.00	0.00
2017	2,480,000.00	250,000.00
2018	0.00	1,000,000.00
2019	0.00	1,000,000.00
2020		480,000.00
Total	2,730,000.00	2,730,000.00

Other Change(s)**Change in Implementation Schedule**

Explanation:

The implementation schedule of the Grant is expected to change from two years to about four years, although the first 18 months of grant implementation has not shown any progress as discussed above. During the first one-year closing date extension (until January 2018), the implementation focus will be on recruitment of consultants and getting the originally agreed activities underway.

RESULTS FRAMEWORK

Project Name:	Preparation of a Program Towards Sustainable Flood Management in the Greater Metro Manila Area Project (P145237)	Project Stage:	Restructuring	Status:	DRAFT
Team Leader(s):	Joop Stoutjesdijk	Requesting Unit:	EACPF	Created by:	Joop Stoutjesdijk on 15-Jan-2017
Product Line:	Recipient Executed Activities	Responsible Unit:	GWA02	Modified by:	Joop Stoutjesdijk on 15-Jan-2017
Country:	Philippines	Approval FY:	2015		
Region:	EAST ASIA AND PACIFIC	Lending Instrument:	Specific Investment Loan		

Project Development Objectives

Original Project Development Objective:

The objective is to prepare priority projects, identified by the flood management master plan, that aim to improve flood management and resilience in and around Metro Manila.

Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Proposals for Upper Marikina River structural measures fully designed that are technically,	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
			Date	22-Dec-2014	16-Jan-2017	31-Jan-2018

economically, socially, and environmentally sound and that are ready for appraisal.			Comment			The date for the end target has been revised to reflect the requested closing date extension. A further revision of the date will be needed at a later stage, subject to granting a second extension.
Proposals for an integrated flood forecasting and early warning system fully designed and ready for appraisal.	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
			Date	22-Dec-2014	16-Jan-2017	31-Jan-2018
			Comment			See comment above.
Proposals for institutional arrangements for sustainable flood management in the Greater Metro Manila Area acceptable to the Government of the Philippines and key stakeholders and ready for implementation.	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
			Date	22-Dec-2014	16-Jan-2017	31-Jan-2018
			Comment			See comment above.
Intermediate Results Indicators						
Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Feasibility study for the proposed interventions in Upper Marikina River completed.	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
			Date	22-Dec-2014	16-Jan-2017	31-Jan-2018
			Comment			See comment

						above.
Mid-term report with draft proposals for institutional arrangements for sustainable flood management completed.	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
			Date	22-Dec-2014	16-Jan-2017	31-Jan-2018
			Comment			See comment above.