



REPORT NO.: RES31240

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
ODRA RIVER BASIN FLOOD PROTECTION
APPROVED ON MARCH 21, 2007
TO
REPUBLIC OF POLAND

WATER

EUROPE AND CENTRAL ASIA

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

Project ID P086768	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 21-Mar-2007	Current Closing Date 30-Jun-2020

Organizations

Borrower Republic of Poland	Responsible Agency Ministry of Environment
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Project Development Objective (PDO)

Original PDO

The main development objective of the Project is to protect the population in the ORB against loss of life and damage to property caused by severe flooding. This would be achieved by: (i) reducing the extreme flood peaks through storage in a dry polder on the Odra River just upstream of Raciborz town, enabling a reduction of the flood peak downstream of the reservoir and allowing better control of the operation of the river system; and (ii) by increasing the flood carrying capacity of the Odra River channels through and around Wrocław. The Project would protect more than 2.5 million people against flooding in several towns such as Raciborz, Kedzierzyn, Kozle, Krapkowice, Opole, Brzeg, Olawa and Wrocław, and settlements in the three voivodships of Śląskie, Opolskie and Dolnośląskie.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-74360	21-Mar-2007	11-May-2007	09-Jul-2007	30-Jun-2020	184.00	161.39	16.86



Policy Waiver(s)

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

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

The Poland Odra River Basin Flood Protection Project (Loan 7436-PL of EUR 140.1 million) was approved by the Board on March 21, 2007 and became effective July 9, 2007. The Project is co-financed with the Council of Europe Development Bank (CEB), the European Commission (EC) Cohesion Fund and the state budget funds. The World Bank Loan amount, EUR 140.1 million, is 19 percent of the total project cost. The Project comprises four main components: (i) Component A: Construction of Raciborz Dry Polder; (ii) Component B: Modernization of Wroclaw Floodway System; (iii) Component C: Improving Flood Management, Monitoring and Evaluation, and Supervision of the Environmental Management Plan and Resettlement Action Plan; and (iv) Component D: Project Management, Technical Assistance and Training.

The project experienced delays especially under component A where the largest works contract for the Raciborz dry polder had to be canceled and re-tendered due to performance of the contractor. Following a request from the Ministry of Finance, the Bank processed a loan extension, which was granted on October 25, 2017. The new loan closing date is June 30, 2020. After the termination of the contract and loan extension, sub-contractors were hired directly to secure the site, prevent existing works from damage, and continue with necessary works until the selection of the new contractor took place (e.g. soil strengthening, preparation of execution designs). These contracts proceeded well and are all completed. The new Raciborz works contract commenced on January 8, 2018 and is expected to be completed by January 18, 2020. Progress with the building of the new village which had to be constructed to resettle people from the Raciborz site is satisfactory. The community infrastructure is almost completed, although some delays due to required design changes of the multi-purpose building and poor soil conditions in the football field have led to a contract extension until June 30th, 2018. The handling of the social issues around the resettlement is regarded as best practice in Poland.

Under component B, the works on the main Wroclaw Floodway System (WFS) are completed and delivering flood protection benefits. The works on the Widawa River are progressing satisfactorily including the construction of the main Widawa flap weir. This weir is a critical element of the WFS as it will divert peak water flows around the city of Wroclaw under emergency situations. The first Widawa contract is expected to be completed by May 2018. The second Widawa contract faced some delays, although completion is expected during the 4th quarter of 2018.

On the basis of the recent loan closing date extension and successful rebidding of Raciborz reservoir pending works, the progress towards achievement of the PDO and the overall implementation progress ratings were upgraded from MU to MS in the latest ISR. The entire IBRD loan amount is committed and 91% of the IBRD loan is disbursed and 93% of CEB funds have been disbursed. FMRs were received on time and found acceptable. There are no outstanding fiduciary issues.

PROPOSED CHANGES:

The Bank received a letter dated December 20, 2017 from the Ministry of Finance requesting to reallocate loan proceeds as detailed in the table below. The proposed reallocation would allow optimal use of the different funding sources for the project (IBRD, EU and CEB) including the full disbursement of the IBRD loan.



III. DETAILED CHANGES

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Ln/Cr/TF	Current Expenditure Category	Current Allocation	Actuals + Committed	Proposed Allocation	Disbursement % (Type Total)	
					Current	Proposed
IBRD-74360-001 Currency: EUR	CIVIL WORKS P.A-1	27,000,000.00	20,572,223.03	27,400,000.00		85
	CIVIL WORKS P.B	31,000,000.00	31,059,405.22	37,150,000.00		85
	CIVIL WORKS P.C-5	4,000,000.00	0.00	0.00	100.00	100.00
	RESETTLEMENT COSTS P.A-2	30,000,000.00	25,141,529.53	30,250,000.00		70
	GOODS	10,000,000.00	7,501,221.58	8,700,000.00	100.00	100.00
	CONSULTING P.A-3	7,000,000.00	4,176,692.71	13,250,000.00		70
	CONSULTING P.B-4	3,600,000.00	2,899,465.87	7,850,000.00		50
	CONSULTING P.C,D	10,000,000.00	5,452,043.62	12,000,000.00	100.00	100.00
	OPERATING COSTS	2,000,000.00	1,665,621.01	2,500,000.00	100.00	100.00
	UNALLOCATED	15,500,000.00	0.00	1,000,000.00		
	Total	140,100,000.00	98,468,202.57	140,100,000.00		