

Document of
The World Bank

FOR OFFICIAL USE ONLY

Report No: 22590

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
LOCAL ROADS IMPROVEMENT PROJECT
CREDIT
OCTOBER 30, 2015

TO THE

REPUBLIC OF MOLDOVA

FEBRUARY 29, 2016

TRANSPORT AND ICT GLOBAL PRACTICE
EUROPE AND CENTRAL ASIA REGION

This document has a restricted distribution and may be used by recipients only in the performance of their official duties. Its contents may not otherwise be disclosed without World Bank authorization.

ABBREVIATIONS AND ACRONYMS

IDA	International Development Agency
IBRD	International Bank of Reconstruction and Development
LRIP	Local Roads Improvement Project
SRA	State Road Administration
PDO	Project Development Objective
POM	Project Operations Manual

Regional Vice President:	Cyril E. Muller
Country Director:	Qimiao Fan
Senior Global Practice Director:	Pierre Guislain
Practice Manager/Manager:	Juan Gaviria
Task Team Leader:	Maria Claudia Pachon Simon David Ellis

MOLDOVA
P150357 – Local Roads Improvement Project
CONTENTS

A.	SUMMARY	5
B.	PROJECT STATUS	6
C.	PROPOSED CHANGES	6
	ANNEX 1: RESULTS FRAMEWORK AND MONITORING	8

DATA SHEET

Moldova

Local Roads Improvement Project (P150357)

EUROPE AND CENTRAL ASIA

Transport & ICT

Report No: RES22590

Basic Information							
Project ID:	P150357	Lending Instrument:	Investment Project Financing				
Regional Vice President:	Cyril E Muller	Original EA Category:	Partial Assessment (B)				
Country Director:	Qimiaio Fan	Current EA Category:	Partial Assessment (B)				
Senior Global Practice Director:	Pierre Guislain	Original Approval Date:	30-Oct-2015				
Practice Manager/Manager:	Juan Gaviria	Current Closing Date:	31-Mar-2021				
Team Leader(s):	Maria Claudia Pachon, Simon David Ellis						
Borrower:	Ministry of Finance						
Responsible Agency:	State Road Administration,						
Restructuring Type							
Form Type:	Full Restructuring Paper	Decision Authority:	Regional Vice President Approval				
Restructuring Level:	Level 2	Explanation of Approval Authority:	The project restructuring includes cancellation of the IBRD US\$ 15 million Loan and addition of US\$ 15 million equivalent to the IDA Credit. Due to the change in the financing plan, the package will however be submitted for consideration by the Board on AOB.				
Financing (as of 02-Nov-2015)							
Key Dates							
Project	Ln/Cr/TF	Status	Approval	Signing Date	Effectiveness	Original	Revised

			Date		Date	Closing Date	Closing Date
P150357	IBRD-85560	Not Effective	30-Oct-2015			31-Mar-2021	31-Mar-2021
P150357	IDA-57470	Not Effective	30-Oct-2015			31-Mar-2021	31-Mar-2021

Disbursements (in Millions)

Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P150357	IBRD-85560	Not Effective	US\$	15.00	15.00	0.00	0.00	15.00	
P150357	IDA-57470	Not Effective	US\$	65.00	65.00	0.00	0.00	64.81	

Policy Waivers

Does the project depart from the CAS/CPF in content or in other significant respects?	Yes []	No [X]
Does the project require any policy waiver(s)?	Yes []	No [X]

A. Summary of Proposed Changes

The proposed restructuring following a request by the Recipient consists of: (a) an increase of US\$15 million (equivalent in SDR) in the IDA Credit amount, (b) the cancellation of the IBRD loan (US\$ 15 million), and (c) the inclusion of retroactive financing up to an amount of US\$ 4 million to finance project preparation activities and proceed with implementation activities. The proposed restructuring will require amendment to the Financing Agreement between the Recipient and the Bank and to the Project Agreement between State Roads Administration (SRA) and the Bank.

Change in Implementing Agency	Yes []	No [X]
Change in Project's Development Objectives	Yes []	No [X]
Change in Results Framework	Yes []	No [X]
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 []	No [X]
Cancellations Proposed	Yes [X]	No []
Change to Financing Plan	Yes [X]	No []
Change in Disbursement Arrangements	Yes []	No [X]
Reallocation between Disbursement Categories	Yes []	No [X]
Change in Disbursement Estimates	Yes []	No [X]
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 [] No [X]
Other Change(s)	Yes [X] No []
Appraisal Summary Change in Economic and Financial Analysis	Yes [] No [X]
Appraisal Summary Change in Technical Analysis	Yes [] No [X]
Appraisal Summary Change in Social Analysis	Yes [] No [X]
Appraisal Summary Change in Environmental Analysis	Yes [] No [X]
Appraisal Summary Change in Risk Assessment	Yes [] No [X]

B. Project Status

The Project was approved by the Board of the Executive Directors on October 30, 2015, and the Loan Agreement and Financing Agreement between the Recipient and the World Bank are pending signature due to the absence of an authorized Government between October 29th, 2015, and January 20th, 2016. A new Government has been appointed on January 20, 2016. The Financing Agreement will have to be ratified by Parliament. The planned Effectiveness Date is 120 days after the date of signing.

Actions are being taken to meet the effectiveness conditions without further delays. The Recipient's Implementing Agency, SRA, has prepared the draft of the Project Operations Manual (POM) which will be submitted to the Bank for No-Objection in order to meet one of the effectiveness conditions. The second effectiveness condition will be met once The Recipient and the SRA sign an implementation agreement, This agreement will be signed once the Financing Agreement and Project Agreement are signed.

Actions are underway to increase project readiness for implementation. The Final Bidding Documents for the first year investments are being prepared by external consultants. The procurement process for the first year investment program will begin by March 2016, and is expected to be completed by the end of June 2016. Construction is expected to commence during the 2016 construction season. The SRA began the procurement process to hire a firm that will serve as Project Management Consultants. The expressions of interest have been received and the short list of consultants is being prepared. The project objective continues to be achievable in the project's life span.

C. Proposed Changes

Development Objectives/Results

Project Development Objectives

Original PDO

The Project Development Objective (PDO) is to provide safe and sustainable local road accessibility to education, health and market facilities along selected corridors.

Change in Project's Development Objectives

Financing

Cancellations					
Explanation: The Recipient has requested: (a) the cancellation of the originally negotiated IBRD Loan (US\$ 15 million), which still has not been signed; and (b) an increase of the IDA Credit with US\$15 million equivalent.					
Ln/Cr/TF	Status	Currency	Current Amount (in currency)	Cancelled Amount (in currency)	Proposed Amount (in currency)
IBRD-85560	Not Effective	US\$	15,000,000.00	15,000,000.00	0.00
IDA-57470	Not Effective	US\$	65,000,000.00	0.00	65,000,000.00
Change to Financing Plan					
Explanation: The Recipient has requested a restructuring consisting of a cancellation of the originally negotiated IBRD Loan (US\$ 15 million), and an increase of the originally approved IDA Credit by US\$ 15 million equivalent.					
Source(s)	At Approval		Current (from AUS)		Proposed
BORR	7,500,000.00		7,500,000.00		7,500,000.00
IBRD	15,000,000.00		15,000,000.00		0.00
IDA	65,000,000.00		65,000,000.00		80,000,000.00
Total	87,500,000.00		87,500,000.00		87,500,000.00
Other Change(s)					
Other Change(s)					
Explanation: In addition, the Recipient has requested to include retroactive financing of up to US\$ 4 million to finance Project preparation activities (which were originally meant to be financed under Preparation Grant No. TFOA45401) and advanced contracting for activities envisioned under the Project. The referenced Preparation Grant did not become effective as it was not ratified by Parliament before its expiration date. The activities proposed to be financed under retroactive financing comply with the following: a) The activities to be financed under retroactive financing are contemplated in the Project description of activities; b) The payments are for items procured in accordance with the applicable Bank procurement procedures; c) The total amount of retroactive financing is 20 percent or less of the Bank Credit amount; and d) The payments are made by the Recipient not more than 12 months before the expected date of the signing of the Financing Agreement.					

RESULTS FRAMEWORK

Project Name:	Local Roads Improvement Project (P150357)	Project Stage:	Restructuring	Status:	DRAFT
Team Leader(s):	Maria Claudia Pachon	Requesting Unit:	ECCU2	Created by:	Maria Claudia Pachon on 28-Jan-2016
Product Line:	IBRD/IDA	Responsible Unit:	GTI03	Modified by:	Maria Claudia Pachon on 28-Jan-2016
Country:	Moldova	Approval FY:	2016		
Region:	EUROPE AND CENTRAL ASIA	Lending Instrument:	Investment Project Financing		

Project Development Objectives

Original Project Development Objective:

The Project Development Objective (PDO) is to provide safe and sustainable local road accessibility to education, health and market facilities along selected corridors.

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
Number of Schools Connected by	<input type="checkbox"/>	Number	Value	0.00		162.00

rehabilitated/upgraded local road corridors			Date	01-Jan-2016		31-Mar-2021
			Comment			
Number of hub schools connected by rehabilitated/upgraded local roads corridors	<input type="checkbox"/>	Number Sub Type Breakdown	Value			
			Date			
			Comment			
Number of health facilities connected by rehabilitated/upgraded local road corridors	<input type="checkbox"/>	Number	Value	0.00		71.00
			Date	01-Jan-2016		31-Mar-2021
			Comment			
Number of villages connected to regional market facilities by an improved local road corridor	<input type="checkbox"/>	Number	Value	0.00		94.00
			Date	31-Dec-2015		31-Mar-2021
			Comment			
Condition of project local roads corridors	<input type="checkbox"/>	Number	Value	8.00		3.00
			Date	25-Sep-2015		31-Mar-2021
			Comment			
Road and village sections with satisfactory post-construction road safety audits	<input type="checkbox"/>	Percentage	Value	0.00		90.00
			Date	31-Dec-2015		31-Mar-2021
			Comment			

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Roads rehabilitated, Rural	<input checked="" type="checkbox"/>	Kilometers	Value	0.00		300.00
			Date	30-Dec-2015		31-Mar-2021

			Comment			
Number of Villages with Road Safety Improvements	<input type="checkbox"/>	Number	Value	0.00		70.00
			Date	30-Dec-2015		31-Mar-2021
			Comment			
Completed Sub-project Roads and access links are under Maintenance Contracts	<input type="checkbox"/>	Kilometers	Value	0.00		400.00
			Date	30-Dec-2015		31-Mar-2021
			Comment			
Rural Accessibility Index	<input type="checkbox"/>	Percentage	Value	66.00		95.00
			Date	01-Sep-2015		31-Mar-2021
			Comment			
Consistent and Transparent Local Road Prioritization Method: adopted and applied by SRA and selected LPAs	<input type="checkbox"/>	Yes/No	Value	No		Yes
			Date	30-Dec-2015		31-Mar-2021
			Comment			
Appropriate Design and Construction Methods are adopted for local roads	<input type="checkbox"/>	Yes/No	Value	No		Yes
			Date	30-Dec-2015		31-Mar-2021
			Comment			
Procurement Performance for Sub-project Roads: actual versus planned commitments. (%)	<input type="checkbox"/>	Percentage	Value	0.00		95.00
			Date	30-Dec-2015		31-Mar-2021
			Comment			
Pilot multi-year area wide maintenance contract	<input type="checkbox"/>	Text	Value	0		Successful implementation

			Date	31-Dec-2015		31-Dec-2021
			Comment			
Effective Reporting of Local Road Maintenance Expenditures: as evidenced by SRA monthly and annual reporting.	<input type="checkbox"/>	Yes/No	Value	No		Yes
			Date	30-Dec-2015		31-Mar-2021
			Comment			
Number of children trained (disaggregated by gender) with road safety awareness campaigns in project areas	<input type="checkbox"/>	Number	Value	0.00		2500.00
			Date	31-Dec-2015		31-Mar-2021
			Comment			
Number of girls trained in road safety awareness campaigns in project areas	<input type="checkbox"/>	Number Sub Type Breakdown	Value	0.00		1250.00
			Date	31-Dec-2015		31-Mar-2021
			Comment			
Consultations carried out on a bi-annual basis with participation from community monitors.	<input type="checkbox"/>	Yes/No	Value	No		Yes
			Date	31-Dec-2015		31-Mar-2021
			Comment			
Grievances registered that are actually addressed within required terms	<input type="checkbox"/>	Percentage	Value	0.00		95.00
			Date	31-Dec-2015		31-Mar-2021
			Comment			
Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	Value	0.00		185000.00
			Date	01-Jan-2016		31-Mar-2021
			Comment			
Female beneficiaries	<input checked="" type="checkbox"/>	Percentage	Value	0.00		51.00

		Sub Type Supplemental				
School-aged Beneficiaries	<input type="checkbox"/>	Number	Value	0.00		17000.00
		Sub Type	Date	31-Dec-2015		31-Mar-2021
		Breakdown	Comment			