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Report No: RES22488

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING  
OF  
STUDIES FOR SUSTAINABLE FLOOD MANAGEMENT

TF-17736

APPROVED ON JANUARY 12, 2015

TO THE

REPUBLIC OF THE PHILIPPINES

February 17, 2016

WATER GLOBAL PRACTICE  
EAST ASIA AND PACIFIC REGION

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## ABBREVIATIONS AND ACRONYMS

BAC	Bids and Awards Committee
DFAT	Department of Foreign Affairs and Trade
DPWH	Department of Public Works and Highways
ISF	Informal Settler Family
PDO	Project Development Objective
PHRD	Policy and Human Resources Development
PPP	Public Private Partnership
RAP	Resettlement Action Plan
REoI	Request for Expression of Interest
RPF	Resettlement Policy Framework

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**THE PHILIPPINES**  
**Studies for Sustainable Flood Management**

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**DATA SHEET***Philippines**Studies for Sustainable Flood Management (P145391)**EAST ASIA AND PACIFIC**Water*

Report No: RES22488

<b>Basic Information</b>									
Project ID:	P145391			Lending Instrument:	Specific Investment Loan				
Regional Vice President:	Axel van Trotsenburg			Original EA Category:	Full Assessment (A)				
Country Director:	Agata Pawlowska			Current EA Category:	Full Assessment (A)				
Senior Global Practice Director:	Jennifer J. Sara			Original Approval Date:	12-Jan-2015				
Practice Manager/Manager:	Ousmane Dione			Current Closing Date:	29-Feb-2016				
Team Leader(s):	Joop Stoutjesdijk								
Borrower:	Republic of Philippines								
Responsible Agency:	Department of Public Works and Highways								
<b>Restructuring Type</b>									
Form Type:	Full Restructuring Paper			Decision Authority:	Regional Vice President Approval				
Restructuring Level:	Level 1			Explanation of Approval Authority:	Level 1 restructuring because of change in project development objective. There is also a 2 years and 10 months closing date extension.				
<b>Financing ( as of 28-Dec-2015 )</b>									
Key Dates									
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date		
P145391	TF-17736	Effective	02-Feb-2015	02-Feb-2015	02-Feb-2015	31-Dec-2015	29-Feb-2016		
Disbursements (in Millions)									
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P145391	TF-17736	Effective	USD	7.00	7.00	0.00	0.00	7.00	

<b>Policy Waivers</b>		
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 ]
<b>A. Summary of Proposed Changes</b>		
<p>The proposed changes are: (i) cancellation of US\$3.8 million from the Grant; (ii) changes in the project development objective (PDO) and end target indicators to reflect the change in Project scope; (iii) deletion of the covenant on the establishment of a resettlement panel; and (iv) extension of the Closing Date of the Grant by 2 years and 10 months to December 31, 2018. These changes have been in response to a letter from the Recipient, dated December 14, 2015 (received by the Bank on December 15, 2015) and a result of a review by Australia's Department of Foreign Affairs and Trade (DFAT) and the World Bank of the implementation of activities supported by the Australia – World Bank Philippines Development Trust Fund (PH-PTF) with the aim of canceling activities that have not yet started or are no longer aligned with DFAT's current priorities. Specifically, considering the importance of storage in the upper Marikina River catchment area for the improvement of flood management in Metro Manila, the complexity of these studies, and the advantage of working with the World Bank on this, funds amounting to US\$3 million for the design of the high dam will be maintained in the Grant. This position has been discussed and agreed with the Recipient (Republic of the Philippines). US\$3.8 million will be canceled from the Grant, which includes US\$1.8 million allotted for the design of developments in the flood plain of Laguna de Bay, which will now be pursued by the Government through a PPP arrangement, and US\$2 million allotted for social and environmental studies for both the dam and flood protection works in the Marikina River (financed from a Policy and Human Resources Development (PHRD) Grant), which will now be financed by the Recipient.</p>		
Change in Implementing Agency	Yes [ ]	No [ X ]
Change in Project's Development Objectives	Yes [ X ]	No [ ]
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 [ X ]	No [ ]
Change in Loan Closing Date(s)	Yes [ X ]	No [ ]
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 [ X ]	No [ ]
Change to Components and Cost	Yes [ X ]	No [ ]
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 ]
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 [ X ] No [ ]
Appraisal Summary Change in Environmental Analysis	Yes [ ] No [ X ]
Appraisal Summary Change in Risk Assessment	Yes [ ] No [ X ]

## **B. Project Status**

The Bank approved the Grant on January 12, 2015 and the Grant Agreement was signed on February 2, 2015. Project implementation is still at the stage of recruitment of consultants, mostly due to the fact that the Department of Public Works and Highways (DPWH) has not designed a dam of such magnitude and complexity before and it took a lot of preparatory work and consultation with other agencies to prepare the terms of reference and other procurement documents. In addition, DPWH's bidding process through its Bids and Awards Committee (BAC) for the recruitment of consultants required a lot of time. DPWH has already finished the preparatory work and documentation is now ready to recruit consultants, but procurement was kept pending for about six months until there was clarity on the status of PH-PTF funding. The amendment to the Administrative Agreement for the PH-PTF was signed on December 10, 2015, extending the End Disbursement Date of the parent Trust Fund to December 31, 2019. This means that project implementation, on a reduced scale, can now proceed. DPWH has already published the request for expressions of interest (REoI). If the grant closing date extension and other proposed changes are approved, the revised PDO will be achievable.

## **C. Proposed Changes**

### **Development Objectives/Results**

#### **Project Development Objectives**

##### Original PDO

The project development objective is to prepare priority projects that aim to improve flood management and resilience in the Greater Metro Manila Area.

#### **Change in Project's Development Objectives**

##### Explanation

With the cancellation of grant funds it is proposed to prepare only one priority project instead of two priority projects proposed at appraisal.

##### Proposed New PDO

The project development objective is to prepare a priority project that aims to improve flood management and resilience in the Greater Metro Manila Area.

#### **Change in Results Framework**

##### Explanation:

The Results Framework has an end target of two project proposals for structural measures fully designed that are technically, economically, socially, and environmentally sound and that are ready for appraisal (results indicator) and two feasibility studies for the proposed interventions completed (intermediate indicator). The end target is proposed to be reduced to one project proposal and one feasibility study.

**Change in Legal Covenants**

Explanation:

A Resettlement Panel, with a composition satisfactory to the World Bank, responsible for providing strategic guidance on resettlement and rehousing issues relevant to the Project, in accordance with terms of reference satisfactory to the World Bank was required for the activities to be designed along Laguna de Bay. It was foreseen that the Panel would have expertise in social, resettlement, and urban planning and development. The project activities related to Laguna de Bay are now proposed to be canceled and the remaining activities related to the design of the dam will have minimum resettlement or none at all. As such, the Resettlement Panel will not be needed anymore.

A covenant will be added to ensure that the technical, environmental and social studies are prepared simultaneously and that these studies, together with the environmental and social safeguard instruments to be prepared under the Project, are prepared under terms of reference satisfactory to the World Bank and consistent with the World Bank safeguard policies.

Ln/Cr/ TF	Finance Agreement Reference	Description of Covenant	Date Due	Status	Recurrent	Frequency	Action
TF-17736		Finance Agreement :Steering Committee   Description :Schedule 2 - Section I.A.1(b): the Recipient shall maintain, throughout the period of Project implementation, a High-Level Steering Committee and a Technical Level Steering Committee, in order to provide overall management and coordination for the Project.   Frequency: CONTINUOUS		Complied with	<input type="checkbox"/>		No Change
TF-17736		Finance Agreement :Panel of Experts on Dams   Description :Schedule 2 - Section I.A.2(a): the Recipient shall establish and maintain during the period of implementation of the Project an independent Panel of Experts On Dam Safety, with a composition satisfactory to the World Bank, responsible for advising the Recipient on		Not yet due	<input type="checkbox"/>		No Change



		<p>matters relative to dam safety and other critical aspects of the dam, its appurtenant structures, the catchment area, the area surround  </p> <p>Frequency: CONTINUOUS</p>					
TF-17736		<p>Finance Agreement :Resettlement Panel  </p> <p>Description :Schedule 2 - Section I.A.2(b): the Recipient shall establish and maintain during the period of implementation of the Project a Resettlement Panel, with a composition satisfactory to the World Bank, responsible for providing strategic guidance on resettlement and rehousing issues relevant to the Project, in accordance with terms of reference satisfactory to the World Bank.  </p> <p>Frequency: CONTINUOUS</p>		Not yet due	<input type="checkbox"/>		Marked for Deletion
TF-17736		<p>Paragraph 2(b) of Section I A of Schedule 2: the Recipient shall ensure that the technical, environmental and social studies to be prepared under Part A of the Project, including the environmental and social safeguard instruments, are prepared simultaneously and under ToR satisfactory to the World Bank and shall duly incorporate the requirements of the WB safeguard policies and be publicly disclosed and consulted upon.</p> <p>Frequency: CONTINUOUS</p>		Not yet due			New

<b>Financing</b>					
<b>Change in Loan Closing Date(s)</b>					
Explanation: In order to implement the Grant and complete the restructured activities, a 2 years and 10 months Grant Closing Date extension will be needed. The new proposed Closing Date is December 31, 2018.					
<b>Ln/Cr/TF</b>	<b>Status</b>	<b>Original Closing Date</b>	<b>Current Closing Date</b>	<b>Proposed Closing Date</b>	<b>Previous Closing Date(s)</b>
TF-17736	Effective	31-Dec-2015	29-Feb-2016	31-Dec-2018	31-Dec-2015
<b>Cancellations</b>					
Explanation: The current grant includes US\$1.8 million for the design of developments in the flood plain of Laguna de Bay. Inasmuch as the government is now pursuing a PPP option for the construction of a flood dike, including road way on top, along the western shore of Laguna de Bay, there is no longer a need for grant financing for project preparation. Therefore, these funds are proposed to be canceled. The US\$2 million earmarked for social and environmental studies are also proposed to be canceled from the grant, because they will be financed from the Government of the Philippines' own budget.					
<b>Ln/Cr/TF</b>	<b>Status</b>	<b>Currency</b>	<b>Current Amount (in currency)</b>	<b>Cancelled Amount (in currency)</b>	<b>Proposed Amount (in currency)</b>
TF-17736	Effective	USD	7,000,000.00	3,800,000.00	3,200,000.00
<b>Change to Financing Plan</b>					
Explanation: As explained above, one activity under the grant will be canceled, while the environmental and social studies will be financed from government's own budget. The environmental and social studies were originally intended to cover three activities, namely the dam and Laguna de Bay, and flood protection works in the Marikina River, for which the technical studies will be financed from a PHRD Grant. As there will be no need any more for environmental and social studies for the Laguna de Bay interventions, the total estimate for the environmental and social studies is being reduced from US\$2 million to US\$1.2 million.					
<b>Source(s)</b>	<b>At Approval</b>		<b>Current (from AUS)</b>		<b>Proposed</b>
BORR	0.00		0.00		1,200,000.00
PHFS	7,000,000.00		7,000,000.00		3,200,000.00
<b>Total</b>	7,000,000.00		7,000,000.00		4,400,000.00
<b>Disbursement Estimates</b>					
<b>Change in Disbursement Estimates</b>					
Explanation: There have been no disbursements to date. The reduced amount of US\$3.2 million is expected to be disbursed during FY17 to 19.					
<b>Fiscal Year</b>	<b>Current (USD)</b>		<b>Proposed (USD)</b>		
2015	2,000,000.00		0.00		

2016	5,000,000.00	0.00
2017	0.00	550,000.00
2018	0.00	2,000,000.00
2019	0.00	650,000.00
<b>Total</b>	<b>7,000,000.00</b>	<b>3,200,000.00</b>

### Components

#### Change to Components and Cost

Explanation:

The preparation of feasibility and design studies, including the preparation of environmental and social safeguard instruments, for flood plain developments along the shore of Laguna de Bay has been deleted from the grant activities. The component names will not change, but the description for component A will change. The current description in the Grant Agreement for the remaining activity is 'Preparation of feasibility and design studies, including preparation of environmental and social safeguard instruments, for a dam in the upper Marikina River catchment area.' This will be revised as follows: (i) Preparation of feasibility and design studies for a dam in the upper Marikina River catchment area; and (ii) Preparation of environmental and social safeguard instruments for a dam in the upper Marikina River catchment area. This will make it easier to make a clear distinction in the withdrawal table on the funding source for the different studies.

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Component A – Preparation of feasibility and design studies for priority flood management infrastructure.		6.80	4.20	Revised
Component B – Project management and administration.		0.20	0.20	No Change
	<b>Total:</b>	7.00	4.40	

### Other Change(s)

#### Change in Implementation Schedule

Explanation:

The Grant will take almost three additional years to implement fully. The period January to June 2016, will be used to recruit consultants, while the remaining Grant period will be needed to prepare the necessary feasibility study and designs, as well as the environmental and social studies.

### D. Appraisal Summary

#### Appraisal Summary Change in Social Analysis

Explanation:

The appraisal summary on social aspects discussed the need for detailed social and resettlement

(rehousing) studies because some 50,000 – 60,000 households, including many informal settler families (ISF), are living in the flood plain of the Laguna de Bay study area and could be affected by the eventual implementation of the recommendations of the study. The social and resettlement studies are no longer needed because the part of the original Grant allocated to design interventions for improvements along the shore of Laguna de Bay is being canceled. That means there will also be no need to prepare a Resettlement Policy Framework (RPF) and/or Resettlement Action Plan (RAP) for Laguna de Bay's proposed activities.

It is not expected that people live in the future reservoir area of the dam, or if there are the number will be very limited. There may be some temporary affected households during construction, downstream households potentially affected by dam, as well as potentially affected households by ancillary activities and associated facilities. This will be determined during preparation of studies through screening. Based on the results of the screening, the preparation of a Resettlement Action Plan (RAP) may be needed. Although not expected, an RPF may also be prepared by the Recipient if there are elements of the project design that remain unidentified. This is to be determined during preparation of studies and agreed with the Bank. The ToR for the RAP, and RPF if required, are to be submitted to RSA for review and clearance.

Based upon the results of the screening and the scope of potentially affected households it will be determined whether an Independent Panel of Experts is required as per OP 4.01.

## ANNEX 1: RESULTS FRAMEWORK AND MONITORING

Project Name:	Studies for Sustainable Flood Management (P145391)	Project Stage:	Restructuring	Status:	DRAFT
Team Leader(s):	Joop Stoutjesdijk	Requesting Unit:	EACPF	Created by:	Joop Stoutjesdijk on 13-Jan-2016
Product Line:	Recipient Executed Activities	Responsible Unit:	GWA02	Modified by:	Joop Stoutjesdijk on 13-Jan-2016
Country:	Philippines	Approval FY: 2015			
Region:	EAST ASIA AND PACIFIC	Lending Instrument:	Specific Investment Loan		

### Project Development Objectives

Original Project Development Objective:

The project development objective is to prepare priority projects that aim to improve flood management and resilience in the Greater Metro Manila Area.

Proposed Project Development Objective (from Restructuring Paper):

The project development objective is to prepare a priority project that aims to improve flood management and resilience in the Greater Metro Manila Area.

### Results

Core sector indicators are considered: Yes

Results reporting level: Project Level

### Project Development Objective Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Project proposals for structural measures fully designed that are technically, economically, socially, and environmentally sound and that are ready for appraisal.	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
				Date	01-Apr-2014		30-Sep-2018
				Comment			
	Project proposals for structural measures fully designed that are technically, economically, socially, and environmentally sound and that are ready for appraisal.	<input type="checkbox"/>	Number	Value	0.00	0.00	2.00
				Date	01-Apr-2014	04-Jan-2016	30-Jun-2016
				Comment			

### Intermediate Results Indicators

Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Feasibility studies for the proposed interventions completed.	<input type="checkbox"/>	Number	Value	0.00	0.00	1.00
				Date	01-Apr-2014	07-Dec-2015	30-Jun-2017
				Comment			
	Feasibility studies for the proposed interventions completed.	<input type="checkbox"/>	Number	Value	0.00	0.00	2.00
				Date	01-Apr-2014	04-Jan-2016	30-Jun-2015
				Comment			