



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
CLIMATE RESILIENT INFRASTRUCTURE
APPROVED ON AUGUST 27, 2014
TO
MINISTRY OF FINANCE

SOCIAL, URBAN, RURAL AND RESILIENCE GLOBAL PRACTICE

LATIN AMERICA AND CARIBBEAN

Regional Vice President:	Axel van Trotsenburg
Country Director:	Tahseen Sayed Khan
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez
Practice Manager/Manager:	Ming Zhang
Task Team Leader:	Frederico Ferreira Fonseca Pedroso, Jie Li



ABBREVIATIONS AND ACRONYMS

CERC - Contingency Emergency Response.

CRIP - Climate Resilient Infrastructure Project.

ESIA - Environmental and Social Impact Assessment.

MED - Ministry of Economic Development.

NSDDI - National Spatial Data Infrastructure.

JV - Joint Venture.

MoW - Ministry of Works.

MNR - Natural Resources.

PAPs – Project Affected People.

PDO – Project Development Objectives.

PGH - Philip Goldson Highway's.

PMU - Project Management Unit.

RAP - Resettlement Action Plan.



BASIC DATA

Product Information

Project ID P127338	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 27-Aug-2014	Current Closing Date 31-Aug-2019

Organizations

Borrower Ministry of Finance	Responsible Agency Ministry of Finance
---------------------------------	---

Project Development Objective (PDO)

Original PDO

The objectives of the Project are: (a) to enhance the resilience of road infrastructure against flood risk and impacts of climate change; and (b) to improve the Borrower's capacity to respond promptly and effectively in an Eligible Crisis or Emergency, as required.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-84160	27-Aug-2014	03-Feb-2015	29-Apr-2015	31-Aug-2019	30.00	6.88	23.12

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Climate Resilient Infrastructure Project (CRIP) was approved by the Board on August 27, 2014 and declared effective on April 29, 2015. The project provides a USD 30 million IBRD loan to finance: (a) enhancement the resilience of road infrastructure against flood risk and impacts of climate change; and (b) improvement the Borrower's capacity to respond promptly and effectively in an Eligible Crisis or Emergency. The project is supported by line ministries (notably, Ministry of Works (MoW¹) and Ministry of Natural Resources (MNR) with the lead from the Ministry of Economic Development (MED) to address the issue of underdeveloped and dilapidated infrastructure, particularly in the transport sector, as a key constraint to reduce vulnerability to disasters.

A. *Project Status*

2. The Project has suffered from poor coordination among the line ministries and the Project Management Unit (PMU) housed in the Social Investment Fund (SIF) under the Ministry of Economic Development. As a result, it has disbursed approximately 23% of the total loan amount (i.e. USD 6.8 million) as of May 3, 2019. The ratings for the Progress towards the achievement of the Project Development Objective (PDO) and Implementation Progress are Moderately Unsatisfactory due to major delays in project implementation and disbursement lags
3. Several measures were undertaken by the Bank Task Team in coordination with the Government of Belize to address these institutional challenges. Working continuously with the staff from the PMU, MoW, MNR, and MED resulted in improving project implementation in the past 12 months. These measures involved multiple technical discussions through video conferences, updating an implementation plan with timebound activities and responsible entities identified, development of reasonable time table aligned with disbursement projections and other proactive measures required to accelerate the project implementation. Furthermore, after the Mid-term Review (MTR) concluded in December 2017, a Management Letter was issued to the Prime Minister of Belize on January 18, 2018 highlighting the delays in procurement of civil works for the Philip Goldson Highway for which detailed designs have not been yet prepared. It was then agreed to gear up the efforts to bring the project back to track by delivering the completion of the PGH construction by January 2022 as per the revised implementation plan discussed and confirmed with the client's request for extension of the project closing date.
4. Despite the timely actions undertaken by the PMU in getting the detailed design preparation started, the progress was hindered due to financial difficulties of the leading consultant that was contracted to prepare the detailed designs. Therefore, after multiple and lengthy iterations with the procurement and legal experts, the PMU has managed to terminate the referred contract and initiated the selection of a new consultant. The selection of a new consultant has been recently finalized and the detailed design work is supposed to be commenced by early May 2019 and to be completed by December 30, 2019. This would allow to start the bidding process for civil works early next year with intended contract to be signed by July 2020.
5. The PMU is adequately staffed and committed to complete the pending activities. The signing of the contract with the firm to deliver the detailed design before the current project closing date (August 31, 2019) puts the project

¹ Previously Ministry of Works and Transport (MoWT).



in good stead in delivering the complete project designs in seven months from the date the firm is hired. Once these designs are delivered, one of the key implementation milestones will be achieved significantly contributing to the Project Development Objective which is to enhance the client's capacity to improve resilience in the transport sector and better respond to disasters.

6. The PMU has further updated the implementation plan in consultation with the Bank team and local stakeholders. The proposed extension until August 30, 2021 will allow client to: (i) get the detailed engineering design of PGH developed by December 2019; (ii) relocate the PAPs and submit the RAP by August 2019; (iii) get the supervision contract signed by January 2020; (iv) get the construction contract signed by June 2020; and (v) get the PGH retrofit started by July 2020.

B. Project Ratings

7. Challenges in implementation and coordination among the Line Ministries and the PMU has led the project to be overall rated as Moderately Unsatisfactorily (MU) since June 2017. The Task Team has implemented very intensive supervision activities to help the client to overcome identified bottlenecks. Currently, Component 1 is rated Moderately Unsatisfactorily as major delays led to the Detailed Designs not yet been hired for the intended retrofit of 15 miles of road at the Phillip Goldson Highway. Both Components 2 and 3 are rated Moderately Satisfactorily as most of Technical Assistance has been either completed or is close to completion as well as the PMU is adequately staffed. Finally, Component 4 is rated Satisfactory as the Contingency Emergency Response Manual is approved and updated to be used should an emergency be declared, and the client decides to use Bank funds to address response needs.

C. Progress towards achieving PDO

8. As the infrastructure works have not begun, the PDO indicators are yet to be achieved. However, the Project has contributed in improving the technical capacity, through Component 2 and Belize's institutions are able to better manage disaster and climate risks than before the project was signed. More specifically, it has enabled the Line Ministries to design and implement the large-scale infrastructure projects with disaster risk management and climate resilient considerations with the application of LiDAR technology and introduced an inter-ministerial coordination at project design stages. As a result, the collaboration among key stakeholders has improved and team observes better communication and increased data sharing and therefore informed decision-making. There have been shared trainings and engagements for LiDAR between the MoW and MNR. In addition, there has been improved understanding of disaster risks with data collection and analyses and a comprehensive scope of project delivery and foreseeable challenges (e.g. social safeguards compliance, weather, etc.). However, the Project will not achieve its PDO before its closing date of August 31, 2019 due to the reasons stated above.

D. Progress by component

9. Key highlights under each component are summarized below:

Component 1 - Climate Resilient Infrastructure (US\$21.500 million) [Rating MU]: The Feasibility Study and the Environmental and Social Impact Assessment (ESIA) are completed and the consultancy to develop the detailed engineering designs contract has been signed on April 25, 2019. This activity had to be re-procured as the contract signed in March 2018 was canceled due to repudiatory breach committed by the engaged international Joint Venture (JV) firm. The JV was selected to deliver complete detailed designs and conduct supervision of the construction but failed to satisfactorily mobilize the personnel to begin working on the



assignment due to reported financial constraints. As a response, the PMU managed to terminate the contract and selected a new firm to deliver the detailed designs by December 30, 2019.

Component 2: Technical Assistance for Improved Climate Resilience Management (US\$4.925 million) [Rating MS]. For the Ministry of Natural Resources (MNR), most of the planned activities are near completion as MNR has been able to fully engage with CRIP by taking advantage of the Project Management Unit (PMU) as the implementation unit as well as from the WB through additional technical support. For instance, the Land-use Plan and Implementation Policy draft and National Spatial Data Infrastructure (NSDI) Policy and Implementation Road map drafts have been finalized and they are expected to be approved in the first semester of 2019 by MNR. For the Ministry of Works (MoW), the LiDAR survey was completed last year, and construction of material testing lab is also completed with equipment for institutional strengthening being procured and staff hired. These activities were aimed to develop Belize's institutional capacities in disaster and climate risk reduction by informed land use planning and installation of infrastructure management systems to better plan and operate the highway system in line with its exposure to natural hazards.

Component 3: Project Management and Implementation Support (US\$2.000 million) [Rating MS]. The Project Management Unit (PMU) is adequately staffed and its performance has been satisfactory to date.

Component 4. Contingent Emergency Response (US\$1.000 million) [Rating S]. The Operations Manual for the Contingency Emergency Response (CERC) has been approved by the Bank and is operational. This is one of the pre-requisites for triggering the CERC (if needed) and client has received the training to properly utilize the instrument in the aftermath of disasters.

E. Rationale for Restructuring

10. This restructuring paper seeks an approval of the two-year extension of the closing date from August 31, 2019 to August 30, 2021. As previously highlighted, the project did not perform satisfactorily since June 2017 and had multiple challenges in implementing activities due to internal issues – mainly the lack of collaboration and coordination amongst all the key stakeholders and PMU's inability to provide required leadership in addressing referred challenges.
11. The Government maintains its commitment to building climate resilience in Belize and implementing the Project. During the Mid-term Review conducted in November 27, 2017, the Government confirmed that the PDO remains relevant and aligned with Government priorities. As per the Government's formal request for the restructuring and the latest work plan received on April 23, 2019, the Government has agreed on a realistic timeline to complete the civil works under the Project by January 2022. This date is past 5 months from the proposed closing date of August 30, 2021 of which eventual additional expenditures incurred will not be eligible for financing. If proposed extension is not granted, the GoB will be responsible for mobilizing additional resources to complete the remaining activities. The PMU is adequately staffed and is working to provide an appropriate institutional arrangement to successfully complete the Project as per agreed timeline shared with the Extension Request letter submitted to the Bank on April 11, 2019. Additionally, the PMU has presented the WB with a social cadaster and a draft Resettlement Action Plan (RAP). Close to 30 Project Affected People (PAPs) have been identified and informed of the due process and compensation to follow when the RAP is implemented. Finally, the project area is being monitored to avoid new encroachments on the right of way of PGH due to project delays so the cutoff date and PAPs are duly respected and properly compensated, respectively.



II. DESCRIPTION OF PROPOSED CHANGES

12. The Proposed changes are the following: (a) the Closing Date will be extended for the first time, from August 31, 2019 to August 30, 2021; and (b) a Project Implementation Timeline including key Project milestones will be added to the Loan Agreement. There will be no changes to the PDO, safeguards category, Results Framework or any implementation arrangements.
13. Following are the key milestones agreed with the Government to ensure timely delivery of the Project:
- Full implementation of Resettlement Action Plan (RAP) and related Compensations’ before October 30, 2019.
 - On site survey assessment of Philip Goldson Highway’s (PGH) right of way cleared from all identified Project Affected People.
 - Full engineering designs for civil works before 30th December 2019.
 - Assessment: Contracted firm submitted final designs and have them approved by the MoW so final payment can be processed.
 - PHG civil world Supervision contract to be signed before January 31, 2020; and
 - Contract for civil works / PGH’s retrofit signed before April 30, 2020.
14. The Loan Agreement (LA) will be amended to add a covenant linked to the above-mentioned key milestones. Non-compliance with the covenant could be grounds for suspension of withdrawals and subsequent partial or total cancellation of the loan.

I. SUMMARY OF CHANGES

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



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

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-84160	Effective	31-Aug-2019		30-Aug-2021	30-Dec-2021

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IBRD-84160	Finance Agreement :Schedule 2, Section I, A. 2 Description :Project Management Unit: Belize Social Investment Fund shall maintain the Project Management Unit satisfactory to the Bank. Due Date :	Complied with	No Change
IBRD-84160	Finance Agreement :Schedule 2, Section I, A. 3 Description :Operations Manual: The Borrower and the	Complied with	No Change



Belize Social Investment Fund will carry out the project in compliance with the Operations Manual Due Date :			
IBRD-84160	...	Complied with	No Change
IBRD-84160	Timebound Action Plan based on (i) Full implementation of Resettlement Action Plan; (ii) Full engineering designs for civil works; (iii) Supervision contract; and (iv) Contract for civil works signed.	Not yet due	New