



The World Bank

Second Philippines Extractive Industries Transparency Initiative (EITI) Support Project (P157976)

REPORT NO.: RES27435

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SECOND PHILIPPINES EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI) SUPPORT PROJECT
APPROVED ON JUNE 21, 2016
TO
DEPARTMENT OF FINANCE

ENERGY & EXTRACTIVES

EAST ASIA AND PACIFIC

Regional Vice President:	Victoria Kwakwa
Country Director:	Mara K. Warwick
Senior Global Practice Director:	Riccardo Puliti
Practice Manager/Manager:	Christopher Gilbert Sheldon
Task Team Leader:	Morten Larsen



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ABBREVIATIONS AND ACRONYMS



BASIC DATA

Product Information

Project ID P157976	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 21-Jun-2016	Current Closing Date 31-Dec-2018

Organizations

Borrower Department of Finance	Responsible Agency Philippines EITI National Secretariat
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Financing (in USD Million)

SUMMARY

Total Project Cost	1.50
Total Financing	0.00
Financing Gap	0.00

DETAILS

Project Development Objective (PDO)

Original PDO

The project development objective is to enhance transparency and accountability in the management of the Philippines' mineral and hydrocarbon wealth through an inclusive and sustainable EITI process.



Summary Status of Financing

TF	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
TF-A2761	14-Sep-2016	24-Oct-2016	24-Oct-2016	31-Dec-2018	1.50	1.50	0

Policy Waiver(s)

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

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The current Restructuring Paper proposes an extension of project closing date from December 31, 2018 to June 30, 2019 in order to consolidate project achievements and facilitate financial sustainability of Extractive Industries Transparency Initiative (EITI) implementation after project closure. The extension will allow for the completion of several critical activities including the Impact Assessment of EITI in the Philippines and a Gender and Extractives Scoping Study.
2. The Philippines became a member of the EITI in 2013. The first annual EITI report reconciling payments from oil, gas and mining operations to government was published in December 2014. The fifth annual report is due to be released before the end of December 2018. In October 2017 the Philippines became the first country to be validated as compliant with the global EITI Standard of 2016. To date five out of 49 implementing countries are deemed to be in compliance with the requirements.
3. In light of the successful EITI implementation, the project is rated Satisfactory both in terms of Progress Towards Achieving the Project Development Objective and Overall Implementation Progress. The project has achieved or exceeded all four PDO indicators. Three out of five intermediate indicators have been achieved (the proposed extension request will address one of the two indicators which are not achieved). In sum, the Project Development Objective remains achievable with the proposed closing date extension.
4. While the World Bank child trust fund has been fully disbursed, actual disbursement from the Client’s Designated Account stands at approximately 85% as of November 30 2018. All contracts planned under the project budget have been signed, except the activities related to dissemination of the 2018 EITI Report, which will be available only at the end of December.
5. The proposed closing date extension will allow a more gradual transition to 100% government-funding of the EITI. An Intermediate Results Indicator is tracking government contribution and was reported to be at 50% co-financing as of September 2018. The failure to ensure full funding of future EITI activities is largely explained by the inability of Congress to pass a proposed EITI Bill (House Bill #4116). The proposed closing date extension will allow continued Bank and consultant presence to advocate for the EITI Bill to be adopted. Action plan and budget for the extended implementation period has been validated and is attached.
6. The EITI Impact Assessment has collected responses from almost 1,000 stakeholders from government, civil society and private operators regarding perception and effectiveness of the EITI. The Impact Assessment is crucial for government and the EITI



Multi-Stakeholder Group to prioritize and plan future activities with a view to optimizing dissemination of sector management. The Gender and Extractives Scoping Study aims at identifying pathways for enhancing the role of women in decision-making about revenue management as well as economic and employment opportunities.

7. The project has not yet submitted the Audited Project Financial Statement for the calendar year ended December 31, 2017. An exception to proceed with the extension despite the overdue audit report was obtained in accordance with OP/BP10.00. Except for the audit, the project is in full compliance with all requirements related to project implementation, fiduciary requirements and reporting. However, the Designated Account has remained inactive for nine months, and the project must submit Withdrawal Applications to document eligible expenditures incurred and paid out of the DA funds.

II. DESCRIPTION OF PROPOSED CHANGES

- 8. It is proposed to change the closing date of the project from December 31, 2018, to June 30, 2019.
- 9. No further changes to the Grant Agreement are proposed.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Implementing Agency		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Additional Financing Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Change in Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓



Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

TF	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-A2761	Effective	31-Dec-2018		30-Jun-2019	30-Oct-2019