



**The World Bank**

Tocantins Integrated Sustainable Regional Development (P121495)

REPORT NO.: RES33507

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
TOCANTINS INTEGRATED SUSTAINABLE REGIONAL DEVELOPMENT  
APPROVED ON JULY 26, 2012  
TO  
STATE OF TOCANTINS

TRANSPORT

LATIN AMERICA AND CARIBBEAN

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I. BASIC DATA

Product Information

Project ID P121495	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 26-Jul-2012	Current Closing Date 31-Mar-2019

Organizations

Borrower State of Tocantins	Responsible Agency SEPLAN
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Project Development Objective (PDO)

Original PDO

The objective of the Project is to foster improved effectiveness of road transport and enhanced efficiency of selected public services, in support of the Borrower's integrated and territorially balanced development agenda. The objective will be achieved through fostering (i) improved accessibility of populations and producers to employment opportunities, services, resources, and markets and enhanced connectivity to the State's territories and productive regions, and (ii) institutional strengthening to contribute to modernize public service delivery and management, promote local economic activities, strengthen environmental management, and improve education.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-81850	26-Jul-2012	06-Dec-2012	14-Feb-2013	31-Mar-2019	300.00	186.89	113.11



## Policy Waiver(s)

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

No

## II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

The proposed restructuring seeks a 21-month extension of the loan closing date for the Tocantins Integrated Sustainable Regional Development (P121495) / Loan 8185-BR (the Project) from March 31, 2019 to December 31, 2020. The Borrower submitted a written request for extension on July 16, 2018. The extension request was approved by COFIEX/SEAIN on September 26, 2018 (Resolucao 02/0294) and the PGFN issued a favorable legal opinion on October 29, 2018 (Parecer SEI 145/2018 PGFN/MF).

### PROJECT STATUS

The project is a US\$300 million operation fully funded by the Bank's Investment Project Financing (IPF). It aims at fostering improved effectiveness of road transport and enhanced efficiency of selected public services in support of the Borrower's integrated and territorially balanced development agenda. It was approved by the Board on July 26, 2012 and was declared effective on February 14, 2013.

The Project is complex, multi-sectoral and includes 6 sectors, of which 80% of the funds are allocated to the road sector. The Project has more than 400 activities among 8 executors and the current disbursement rate has reached 62% (US\$187 million out of a total of US\$300 million). The Project is currently rated Moderately Satisfactory for Overall Implementation Progress (IP) and Moderately Satisfactory for Project Development Objective (PDO).

The Project has suffered from accumulated delays since the beginning. A signing of the Loan Agreement and effectiveness were delayed by four and six months respectively and the transition of the state government administration from 2014 to 2015 prevented a smooth launch of procurement processes for almost one year.

Another major obstacle to the project implementation was insufficient resources of the counterpart funding of US\$75 million, which suspended many payments and contracting processes for two years. Originally, the Project included US\$75 million of counterpart funding and some of the payments were pari-passu. Due to the economic crisis in 2014, the Government could not contribute to the counterpart funding, resulting in suspensions of many contracts and bidding processes the following year. This was resolved with the first restructuring of the Project, approved in January 11, 2017 which eliminated the counterpart funding.

Despite the substantial progress made in the execution of the project after the first restructuring in 2017, successful implementation will not be possible within the current closing date of March 2019. The most significant delays today are concentrated in the road component, especially in the 2nd phase of the performance-based road rehabilitation and maintenance work package, or "CREMA II" of 420km. Some other roadworks are expected to not be concluded before the closing date, namely (i) 4 groups of rural road works including two Indigenous areas; (ii) pavement work of 26km, and (iii) improvements of 20 critical spots on state non-paved roads. Under the institutional strengthening component, the following major activities, among others, are expected to conclude only after the closing date; (i) reform of 6 school buildings; (ii) construction of 8 slaughter buildings with refrigerator facilities; (iii) operationalization of 4 consortiums for rural road maintenance; and (iv) development of a new system to monitor grant agreements.



PROPOSED CHANGE

This restructuring seeks a 21-month extension of the loan closing date for the Project from March 31, 2019 to December 31, 2020. The proposed restructuring is deemed necessary for the Project to achieve its intended objectives through completion of the above-mentioned activities that would otherwise not be finalized before the current Project closing date. The PDO continues to be fully achievable and the project remains one of the top priorities for the Borrower.

The Bank's approval of the proposed restructuring was subject to the successful completion of the Action Plan agreed with the Borrower in September 2018. This Action Plan required that, out of the planned activities that have not yet been contracted as of September 2018, 70% of such activities are signed and 20% of them launch their bidding process. These conditions are successfully met in February 2019.

The restructuring fully complies with the Bank Directive for Investment Project Financing by confirming that: (i) the project is not subject to suspension of disbursements; and (ii) the Borrower does not have any outstanding audit reports nor there are audit reports which are not satisfactory to the Bank.

**III. DETAILED CHANGES**

**LOAN CLOSING DATE(S)**

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-81850	Effective	31-Mar-2019		31-Dec-2020	30-Apr-2021