

Document of  
The World Bank

Report No: 71888-PH

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING  
OF  
MULTI DONOR FACILITY - PH MINDANAO RECONSTRUCTION &  
DEVELOPMENT PROJECT  
P095173

JULY 20, 2005

TO THE

MINDANAO LAND FOUNDATION, INC. (TF095941)

AND

COMMUNITY & FAMILY SERVICES INTERNATIONAL (TF093781 & TF095308)

AUGUST 17, 2012

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MULTI DONOR FACILITY - PH MINDANAO RECONSTRUCTION &  
DEVELOPMENT

**RESTRUCTURING PAPER**

**A. SUMMARY**

The Multi-Donor Facility – PH Mindanao Reconstruction and Development Program (P095173) is a multi-donor facility to support reconstruction and development in conflict-affected areas of Mindanao in the Philippines. Funds are delivered through a series of Recipient-Executed Trust Funds to implementing agencies and through Bank-Executed Trust Funds for program management, monitoring and evaluation and capacity-building for program partners.

This Restructuring Paper seeks to reallocate the proceeds for the Grant Agreement with one recipient; to reallocate the proceeds and extend the closing date of one of the two Grant Agreements with the other recipient; and to reallocate the proceeds for the second Grant Agreement with the same recipient, as described below and in the Annex.

The Mindanao Land Foundation, Inc. (“MinLand”) is requesting the International Bank for Reconstruction and Development (“the Bank”) to reallocate the proceeds of Grant No. TF095941 among Eligible Categories.

Community and Family Services International (“CFSI”) is requesting the Bank to reallocate the proceeds of Grant No. TF093781 and Grant No. TF095308 among Eligible Categories and to extend the closing date for TF095308 by three months until December 31, 2012.

**B. PROPOSED CHANGES**

See Annexes 1 & 2.

## ANNEX 1: Reallocation of Proceeds

### PHILIPPINES — MULTI DONOR FACILITY - PH MINDANAO RECONSTRUCTION & DEVELOPMENT

P095173

TF095941, TF093781 & TF095308

#### Restructuring Paper

##### TF095941

1. Proceeds for Philippines, MULTI DONOR FACILITY - PH MINDANAO RECONSTRUCTION & DEVELOPMENT, Grant No. TF095941 will be reallocated as follows:

Category of Expenditure		Allocation		% of Financing	
Current	Revised	Current	Revised	Current	Revised
Block Grants	N/A	1,125,000	833,000	100	100
Consultants Services	N/A	725,000	725,000	100	100
Training and Workshops	N/A	170,000	290,000	100	100
Goods	N/A	50,000	50,000	100	100
Incremental Operating Costs	N/A	530,000	702,000	100	100

2. Grant No. TF095941 was signed and became effective on January 13, 2010 with a total amount of US\$2,600,000 (US\$2,272,042 disbursed to date). The purpose of the grant is to: (i) strengthen the capacity of communities and other local partners in Mindanao to enable them to participate in economic and social recovery in conflict-affected areas of Mindanao and to promote inclusive and effective governance processes; and (ii) undertake sub-projects for conflict-affected Communities, Local Government Units and for Internally Displaced Persons to assist their economic and social recovery. The operational structure of the Grant is that MinLand provides capacity-building and operational support to the Bangsamoro Development Agency (BDA), the development arm of the Moro Islamic Liberation Front, and to people's organizations at the community level.

3. Progress under the grant has been solid, with the recipient performing to a satisfactory standard in what is a challenging and complex operating environment. MinLand, working with CFSI and BDA, has successfully met targets under the Third Program Partnership Agreement and has provided significant input to improve performance as the project heads into the Fourth Program Partnership Agreement.

4. MinLand has no outstanding audit report and Interim Financial Reports are up to date as per the Bank's records.

5. The proposed reallocation covers US\$ 120,000 from Category 1 (Block Grants) to Category 3 (Training & Workshops) and US\$ 172,000 from Category 1 (Block Grants) to Category 5 (Incremental Operating Costs). This will enable MinLand to be responsive to changes in implementation arrangements made under the recently signed Fourth Program Partnership Agreement (PPA 4). It will cover the initial three-four months of implementation under PPA 4, during which time activities focus on capacity-building and social preparation at the community level, rather than the distribution of Block Grants, which will follow later in the project cycle.

TF 093781 & TF095308

6. Proceeds for Philippines, MULTI DONOR FACILITY - PH MINDANAO RECONSTRUCTION & DEVELOPMENT, Grant No. TF093781 & TF095308 will be reallocated as follows in the tables below:

<b>TF 093781</b>		<b>Currency = US\$</b>			
<b>Category of Expenditure</b>		<b>Allocation</b>		<b>% of Financing</b>	
Current	Revised	Current	Revised	Current	Revised
Block Grants	N/A	900,000	900,000	100	100
Consultants Services	N/A	180,000	157,360	100	100
Training and Workshops	N/A	40,000	34,005	100	100
Incremental Operating Costs	N/A	260,000	287,704	100	100
Goods	N/A	20,000	20,931	100	100

<b>TF 095308</b>		<b>Currency = EUR</b>			
<b>Category of Expenditure</b>		<b>Allocation</b>		<b>% of Financing</b>	
Current	Revised	Current	Revised	Current	Revised
Block Grants	N/A	300,000	300,000	100 % of Block Grant amount disbursed	100 % of Block Grant amount disbursed
Consultants Services	N/A	210,000	144,288	87% for services of firms and 82% for services of individual consultants	87% for services of firms and 82% for services of individual consultants
Training and Workshops	N/A	60,000	34,338	100 %	100
Incremental Operating	N/A	120,000	156,703	100 %	100

Costs					
Goods	N/A	35,000	72,431	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of local expenditures for other items procured locally	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 90% of local expenditures for other items procured locally
Management Fee	N/A	40,000	57,240	100%	100

7. Grant No. TF093781 was signed and became effective on March 17, 2009 with a total amount of US\$ 1,400,000 (US\$ 1,218,515 disbursed to date). Grant No. TF095308 was signed on November 18, 2009 with a total amount of EUR 765,000 (EUR 575,632 disbursed to date). The two Grants have the same purpose, namely to: (i) strengthen the capacity of communities and other local partners in Mindanao, to enable them to promote inclusive and effective governance processes and economic and social recovery in the conflict-affected areas of Mindanao; and (ii) undertake sub-project activities with communities, local government units and organizations working with conflict-affected communities to assist in economic and social recovery.

8. The operational structure of the Grants is that CFSI provides capacity-building and operational support to people's organizations and the Bangsamoro Development Agency, the development arm of the Moro Islamic Liberation Front, to deliver community-driven development programming in conflict-affected communities in Mindanao.

9. Progress under the grants has been solid, with the recipient performing to a satisfactory standard in what is a challenging and complex operating environment. CFSI, working with MinLand and BDA, has successfully met targets under the Third Program Partnership Agreement and has provided input to improve performance as the project heads into the Fourth Program Partnership Agreement.

10. CFSI has no outstanding audit reports and Interim Financial Reports are up to date as per the Bank's records.

11. The proposed reallocation from TF093781 covers: US\$22,640 from Category 2 (Consultants Services) and US\$5,995 from Category 3 (Training and Workshops) to provide an additional US\$27,704 for Category 4 (Incremental Operating Costs) and US\$931 for Category 5 (Goods).

12. The proposed reallocation from TF095308 covers: EUR 65,712 from Category 2 (Consultants Services) and EUR 25,662 from Category 3 (Training and Workshops) to provide an additional EUR 36,703 for Category 4 (Incremental Operating Costs), EUR 37,431 for Category 5 (Goods) and EUR 17,240 for Category 6 (Management Fee).

13. The reallocation of proceeds across both the Grants will enable CFSI to be responsive to changes in implementation arrangements made under the recently signed Fourth Program Partnership Agreement (PPA 4). It will cover the initial six months of implementation under PPA 4, during which time activities emphasize capacity-building and social preparation at the community level. It also reflects that CFSI has taken on more responsibility for supporting the operating costs of the Bangsamoro Development Agency under PPA 4.

**ANNEX 2:  
Extension of Closing Date**

PHILIPPINES — MULTI DONOR FACILITY - PH MINDANAO  
RECONSTRUCTION & DEVELOPMENT  
*P095173*  
*TF095308*

**Restructuring Paper**

1. The closing date for Philippines, MULTI DONOR FACILITY - PH MINDANAO RECONSTRUCTION & DEVELOPMENT, Grant No. TF095308 will be extended from September 30, 2012 until December 31, 2012.
2. Project progress has been in line with targets. Following the recently completed Program Partnership Agreement 3, which ran from August 2010 until March 2012, the program has delivered 240 sub-projects in 162 communities across 75 municipalities. CFSI in particular has successfully delivered community-driven reconstruction programming in 37 highly conflict-affected communities in Central Mindanao. Capacity-building has also actively been provided to support the technical skills of the Bangsamoro Development Agency in early recover and community development.
3. Program Partnership Agreement 4 (PPA 4) was signed in April 2012 and will cover an additional three years. The proposed extension is necessary to provide sufficient time to exhaust the remaining funds under TF095308 while a new Grant Agreement is prepared to cover the remainder of the PPA 4 period.
4. This will be the first closing date extension for the Grant.