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RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
PHILIPPINE RURAL DEVELOPMENT PROJECT  
APPROVED ON AUGUST 29, 2014  
TO  
REPUBLIC OF THE PHILIPPINES

AGRICULTURE

EAST ASIA AND PACIFIC

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I. BASIC DATA

Product Information

Project ID P132317	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 29-Aug-2014	Current Closing Date 31-May-2021

Organizations

Borrower Republic of the Philippines	Responsible Agency Department of Agriculture, DEPARTMENT OF AGRICULTURE
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Project Development Objective (PDO)

Original PDO

The PRDP aims to increase rural incomes and enhance farm and fishery productivity in the targeted areas by supporting smallholders and fisher folk to increase their marketable surpluses, and their access to markets.

Current PDO

The PRDP aims to increase rural incomes and enhance farm and fishery productivity in the targeted areas.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-88160	11-Jan-2018	02-Mar-2018		31-May-2021	170.00	0	170.00
IBRD-84210	29-Aug-2014	08-Sep-2014	03-Dec-2014	31-May-2021	501.25	183.72	317.53
TF-17788	08-Sep-2014	08-Sep-2014	03-Dec-2014	31-May-2021	7.00	3.54	3.46



### Policy Waiver(s)

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

No

## II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

This restructuring relates exclusively to the GEF grant agreement of this project (P132424; TF 017788). The Global Environment Objective (GEO) is to strengthen the conservation of the coastal and marine resource base in targeted project areas.

The government has submitted a request to include incremental operating costs as an eligible expenditure category under disbursement category 1 of the grant agreement. This request is motivated by the fact that the project needs to engage with other governmental agencies to implement GEF related activities. These are, in particular, the Bureau of Fisheries and Aquatic Resources and the Department of Environment and Natural Resources, but may also extend to other agencies as required. To engage with these agencies, the project needs to sign program contracts. Such program contracts generally cover operational expenses of the target agency to serve the GEF specific project sites, but not salaries of governmental staff, and are considered operational costs in the Government's accounting procedures. The program contracts provide a detailed description of the activities and locations of the requested services and detail the costs and expense items. The inclusion of incremental operating costs in the GEF grant would further allow the project to charge operational expenses that are a result of GEF-funded activities to the GEF grant agreement, instead of the IBRD loan as it is currently practiced. This would include operational expenses of the PRDP staff assigned to work in GEF-related activities within the NPCO, PSOs and RPCOs like travel or other small operational expenses. The inclusion of this category will not substantially change the disbursement activities or expense items as program contracts are of small value. At the moment it is estimated that the value of the two program contracts that the project plans to engage in would not exceed US\$ 280,000. The amount allocated under disbursement category 1 of the grant agreement sufficiently provides for these expenses.

The mid-term review mission was conducted in December 2017 and implementation progress of the GEF-funded project activities was rated Satisfactory. GEF-funded activities provide for (i) enhancing institutional and planning capacities of coastal LGUs and communities; (ii) support to 33 MPAs in six areas of global biodiversity significance and select fishery management arrangements; and (iii) sharing of knowledge and best practices.

Key accomplishments are (i) most MPAs are ready for implementation following training and preparation of legislation; (ii) more than half of micro-enterprises are ready for implementation; (iii) agreements have been reached with specialist agencies for technical support on legislation, marketing and knowledge sharing; and (iv) MPA activities have contributed to increased management scores, awareness and legislation to protect marine biodiversity.

## III. DETAILED CHANGES