

Philippines : Metro Manila Flood Management

1. Project Information

Project ID:	P000023	Instrument ID:	L0023A
Member:	Philippines	Region:	South-Eastern Asia
Sector:	Water	Sub-sector:	Water disaster resilience
Instrument type:	<input checked="" type="checkbox"/> Loan:207.60 US Dollar million <input type="checkbox"/> Guarantee	Lead Co-financier (s):	World Bank
ES category:	A	Borrowing Entity:	Department of Finance, Philippines
Implementing Entity:			
Project Team Leader:	Ronald Muana		
Responsible DG:	Rajat Misra		
Responsible Department:	INF1		
Project Team Members:	Liu Yang, Project Counsel; Yi Geng, OSD - Financial Management Specialist; Purnendu Pathak, OSD - Procurement Specialist; Roberto Tordecilla, OSD - Social Development Specialist; David Rollinson, OSD - Environment Specialist; Jinghui Li, Project admin		
Completed Site Visits by AIIB:	Mar, 2018 Mar. 5-12, 2018 Oct, 2018 Oct. 1-10, 2018 Jun, 2019 Jun. 3-7, 2019 Jan, 2020 Jan. 20-24, 2020 Dec, 2020 Dec. 7 – 10, 2020 (virtual) Apr, 2021 Apr 12-16, 2021 (virtual) Jan, 2022 Jan-Feb 2022 (virtual) Aug, 2022 August 10, 2022 (Site-inspection: PTL Ronald Muana) Oct, 2022 October 19 to Nov 4, 2022 (Supervision mission: online participation by PTL Ronald Muana, Gerry Parco, Odil Akbarov) Mar, 2023 March 27 to April 4, 2023 (Supervision mission: PTL Ronald Muana, Gerry Parco, Odil Akbarov)		
Planned Site Visits by AIIB:	Mar, 2024 Proposed supervision mission		
Current Red Flags Assigned:	1		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags	1		

Assigned:	
Previous Red Flags Assigned Date:	2023/05

2. Project Summary and Objectives

The Project aims to improve flood management in selected areas of Metro Manila. The Project focuses on about 56 potentially critical drainage areas with an approximate land area of 11,100 ha or over 17 percent of the total area of Metro Manila. The total population of these drainage areas is estimated at 3.5 million while the direct Project beneficiaries, i.e., those adversely affected by regular flooding, are estimated at 1.7 million.

The project objective will be achieved through the following activities: (i) modernizing drainage areas, involving the construction of new pumping stations or rehabilitation of existing ones and associated drainage infrastructure; (ii) strengthening of solid waste collection and disposal; and (iii) supporting participatory housing and resettlement, involving land acquisition, housing construction, rental support and livelihood assistance.

3. Key Dates

Approval:	Sep. 27, 2017	Signing:	Dec. 19, 2017
Effective:	Mar. 15, 2018	Restructured (if any):	
Orig. Closing:	Nov. 30, 2024	Rev. Closing (if any):	

4. Disbursement Summary (USD million)

Contract Awarded:		Cancellation (if any):	0.00
Disbursed:	32.90	Latest disbursement (amount/date):	0.11/Dec. 12, 2023
Undisbursed:	174.70	Disbursement Ratio (%) ¹ :	15.85

5. Project Implementation Update

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

The Project faced start-up issues and further delays due to the COVID-19 pandemic. In 2023, the implementing agencies, the Department of Public Works and Highways (DPWH) and the Metropolitan Manila Development Authority (MMDA), have made steady progress in implementing the project as summarized below:

Component 1 - Modernizing Drainage Areas. This component includes rehabilitating 25 pumping stations (PS) and constructing four new PSs. Out of 25 PS for rehabilitation, three PS have been completed; eight PS are under implementation; and the remaining 15 are in various stages of bidding. All subpackages under bidding are targeted to be awarded by Q2 2024. Five new PS (out of the original nine) will be dropped from the Project due to expected further delays in land acquisition. The dropping of these 5 new PS and other adjustments in the project budget will result in partial loan cancellation of up to USD 45 million (approximately USD 22.5 million each for AIIB and WB). Furthermore, while the Project is making steady progress, subprojects will not have sufficient time to be completed within the current loan closing date of Nov 30, 2024. Based on updated work plans, the Project will require an additional 24 months to complete construction (i.e., extension of loan closing date to Nov 30, 2026). These changes in scope, cost, and completion period are subject of the restructuring request that the implementing agencies submitted on Nov. 29, 2023, to the National Economic Development Authority (NEDA) for government approval.

Component 2 - Minimizing Solid Waste in Waterways. The facility-based, community-based, and Metro Manila-wide interventions are ongoing. An estimated 49 percent of the program has been awarded and is undergoing various stages of implementation. A feasibility study for a Centralized Material Recovery Facility is ongoing and is planned to be completed by Q2 2024. The joint WB and AIIB teams are working with MMDA to consolidate the remaining activities

Component 3 - Participatory Housing and Resettlement. DPWH has made significant progress in relocating informal settler families (ISFs) from the Vitas site. All the original 226 ISFs for the Vitas site have been successfully relocated. The implementing agency has submitted the Resettlement Completion Report for Vitas. 106 ISFs are identified for five PS sites for rehabilitation, while another 22 ISFs are identified for the four new PS sites. All relocation activities are planned to be completed before June 2024.

Next Steps:

The implementing agency is focusing on awarding all the remaining unawarded contracts under the Project and finalizing requisite works such as resettlement. The AIIB and World Bank team are also closely monitoring the progress of the loan restructuring request through NEDA. NEDA estimates that the review and approval process could take roughly six months.

Components	Physical Progress	Environmental & Social Compliance	Procurement
Component 1: Modernizing drainage areas (USD168.84 million)	Works for 3 sites (Balut, Vitas, and Labasan Pumping Station (PS)) have been completed. Works for 7 sites (Paco, Libertad, Makati, Sta. Clara, Acacia, Niugan, Muzon) are on-going	E&S implementation overall in compliance with the approved plan	Bidding for 1 site Batch 3 PS, 8 Malabon City sites, are all under bid preparation (3 have been awarded since the last PIMR). 4 New Pumping Station contracts are all under bid preparation.

			Minor contracts undergoing procurement include the procurement of mobile pumps, and dredging of Paco, Sampaloc, and Libertad waterways.
Component 2: Minimizing solid waste in waterways (USD21.6 million)	Procurement of solid waste management and cleaning equipment (USD 2 million) has been completed.	E&S implementation overall in compliance with the approved plan. MMDA committed to securing regulatory permits for the solid waste management pilots.	MMDA will finalize the updated sub-project list by January 2024. Technical and procurement documents are under preparation.
Component 3: Participatory housing and resettlement (USD7.64 million)	Thirteen (13) pumping stations (PS) are anticipated to involve the relocation of informal settler families (ISFs) – Paco, Vitas, Herrera, Artex, Acacia, Magsaysay, Merville, Niugan, Balot, Maysilo, Dona Imelda, F. Manalo, Tatalon.	E&S implementation overall is in compliance with the approved plan. There are on-going resettlement for the Paco and Vitas sites; finalization of RAP for 8 Malabon City sites targeted to completed by June 30, 2023; on-going census preparation for Dona Imelda, F. Manalo, and Tatalon sites targeted to be completed by July 2023. Past delays were related to slow process of local governments (LGUs) who mandated with resettlement activities. DPWH has worked closely with the LGUs to streamline the process and the resettlement activities have gain momentum. Lessons learned from past resettlement activities will be adopted for succeeding ones. The required budget to implement resettlement and other safeguards activities are fully mobilized. A joint mission by World Bank and AIIB is scheduled in July and will review the resettlement progress, and coordinate with the client and key stakeholders the implementation of commitments.	n/a
Component 4: Project management and coordination (USD9.0 million)	All consultants are on board for both agencies.	n/a	n/a

Financial Management:

The agencies are in general compliance with financial covenants. The implementing agencies incurred some delays in submitting the quarterly interim financial reports. The Audited Financial Statements for CY 2022 were received before the due date of June 30, 2023. The auditor rendered an unqualified opinion for DPWH and a qualified opinion on MMDA’s financial statements. The issues raised by the auditors were already addressed. The due date for submission of CY 2023 audited financial statements will be on June 30, 2024.

6. Status of the Grievance Redress Mechanism (GRM)

The project Grievance Redress Mechanism (GRM) of both implementing agencies is operational and continues to register grievances.

(For registered grievances, please refer to section 11)

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

Remarks:

The implementing agencies are updating the project's key performance indicators as part of the proposed restructuring recently submitted.
