



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
SMALL TOWN WATER SUPPLY AND URBAN SEPTAGE MANAGEMENT PROJECT
APPROVED ON DECEMBER 19, 2016
TO
THE REPUBLIC OF BENIN
June 19, 2019

WATER GLOBAL PRACTICE

AFRICA REGION

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ABBREVIATIONS AND ACRONYMS

ACEP	Water Consumer Associations (<i>Associations des Consommateurs d'Eau Potable</i>)
ANAEMR	Rural Water Supply National Agency (<i>Agence Nationale d'Approvisionnement en Eau Potable en Milieu Rural</i>)
DG-Eau	Water Directorate under the Ministry of Water and Mines (<i>Direction Générale de l'Eau</i>)
DGDU	General Directorate for Urban Development (<i>Direction Générale du Développement Urbain</i>)
DNSP	National Public Health Directorate (<i>Direction Nationale de la Santé Publique</i>)
FONAGA	National Guarantee and Small and Medium Enterprise Assistance Fund (<i>Fonds National de Garantie et d'Assistance aux Petites et Moyennes Entreprises</i>)
FSTP	Fecal Sludge Treatment Plant
GoB	Government of Benin
O&M	Operation & Maintenance
MCVDD	Ministry of the Living Environment and Sustainable Development (<i>Ministère du Cadre de Vie et du Développement Durable</i>)
MEM	Ministry of Water and Mining (<i>Ministère de l'Eau et des Mines</i>)
MINFIN	Ministry of Economy and Finance (<i>Ministère de l'Économie et des Finances</i>)
M&E	Monitoring & Evaluation
PDO	Project Development Objective
PEPRAU	Small Town Water Supply and Urban Septage Management Project (<i>Projet d'Approvisionnement en Eau Potable en Milieu Rural et d'Assainissement des Eaux Usées en Milieu Urbain</i>)
PGSSE	Drinking Water Safety Management Plan (<i>Plan de Gestion de la Sécurité Sanitaire de l'Eau</i>)
SONEB	Benin's National Water Company (<i>Société Nationale des Eaux du Bénin</i>)



BASIC DATA

Product Information

Project ID P156738	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 19-Dec-2016	Current Closing Date 31-Dec-2022

Organizations

Borrower The Republic of Benin	Responsible Agency Agence Nationale pour l'Approvisionnement en l'Eau Potable en Milieu Rural
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Project Development Objective (PDO)

Original PDO

The proposed development objectives of the Project are to: (i) increase access to water supply and sanitation in selected small towns and urban areas in the Recipient’s territory; (ii) strengthen service delivery capacity of water supply and sanitation sector institutions in selected small towns and urban areas in the Recipient’s territory; and (iii) in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-59310	19-Dec-2016	20-Jan-2017	23-Jun-2017	31-Dec-2022	68.00	9.73	60.43

Policy Waiver(s)

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

No



The World Bank

Small Town Water Supply and Urban Septage Management Project (P156738)



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Key Elements of the Project Status

1. The Small-Town¹ Water Supply and Urban Septage Management Project (PEPRAU) was approved in December 2016 with an IDA financing of US\$68 million. The project became effective in June 2017.
2. The first two years of implementation have suffered from design weaknesses, including: (i) a too scattered spectrum of activities (involving six technical agencies); (ii) lack of ownership and commitment from some technical agencies induced by the implementation arrangements as only one agency is implementing the activities on behalf of the other technical agencies; (iii) lack of readiness of the bidding documents; and (iv) unrealistic projections of procurement processes and activities implementation.
3. In addition, since the effectiveness of the Project, the rural water supply sector has experienced a major strategic shift, as the Government of Benin (GoB) has decided to move from the subsidized concession service delivery model (that the PEPRAU was designed to support at scale) to a regional affermage model in line with the strategic orientations of its national program for universal access to drinking water.
4. The disbursement ratio has consequently remained at a relatively low level due to the slow take-off of the Project: total amount disbursed to date is approximately US\$9.5 million, representing 14 percent of the credit amount. However, disbursement over the next 12 months are expected to pick up given the anticipated award and startup of two major works contracts financed by the Project that will allow committing the totality of the Project's funds: the construction of new piped rural water supply systems and the construction of the Fecal Sludge Treatment Plant (FSTP).
5. A first restructuring of the Project was approved in May 2018. This first restructuring was primarily requested by the GoB to modify the implementation arrangements of the Project as the fiduciary responsibilities for the Project were transferred from the Ministry of Water to the ANAEPMR (*Agence Nationale d'Approvisionnement en Eau Potable en Milieu Rural* – Rural Water Supply National Agency). Additional changes introduced by this first restructuring included: (i) a modification to the Project description to expand its scope and make eligible the financing of the construction of piped rural water supply systems as well as the financing of technical assistance in support of institutional reforms in the rural and urban water sectors, that were not considered at the time of Project appraisal, and (ii) a revision of some indicators and targets of the Results Framework.
6. The Task Team confirms that at the time of this proposed restructuring (i) there is no audit overdue and (ii) neither the loan, nor the country, is subject to an ongoing suspension of disbursements.

B. Current Project Status by Component

7. With three and half years left until Project closing, progress towards achievement of PDO and Implementation Progress are rated Moderately Satisfactory given the current and anticipated status of the Project Components.

¹ As mentioned in the PAD, the terms “Small-Town” and “Rural Areas” are interchangeable in the PDO and throughout the Project document as they designate the same areas.



8. **Component 1 (US\$33.5 million): Increase Access to Water Services.** Main achievements include: (i) completion of the detailed designs of the piped rural water supply systems that will be constructed under the Project; (ii) on-going construction of new boreholes; (iii) on-going preparatory studies for the urban water supply reform to split the current national utility, SONEB (*Société Nationale des Eaux du Bénin*), into a publicly-owned asset-holding agency, and to eventually recruit a private operator in charge of service delivery; and (iv) on-going deployment of a digital system to inventory and monitor the assets and operation of approximately 600 piped rural water supply systems.
9. The activities to design and implement the subsidized concessions as well as the design of water meter calibration centers have not started as the relevance and viability of these interventions are directly impacted by the change of institutional model for rural water service delivery.
10. **Component 2 (US\$27.5 million): Improving Fecal Sludge Management.** Main achievements include: (i) the completed preparation of the bidding document and the bidding process for the construction of the FSTP in Seme-Podji; (ii) the creation of a unit within the MCVDD (*Ministère du Cadre de Vie et du Développement Durable* - Ministry of the Living Environment and Sustainable Development) for the regulation of private fecal sludge emptying firms involved in fecal sludge transport services to the FTSP; and (iii) the preparation of an urban hygiene promotion and sanitation strategy. In addition, the definition and implementation of service delivery arrangements for the Operation & Maintenance (O&M) of the FSTP will start during the weeks following Project restructuring.
11. Some other sanitation activities have experienced very slow progress, if any, due to lack of ownership of technical agencies, including: construction of semi-collective sanitation systems, results-based contract for social marketing aimed at triggering behavior changes on adequate fecal sludge containment solutions, establishment of the mSanitation digital platform and studies on options for the removal and transportation of sludge.
12. **Component 3 (US\$7 million): Project Management, Monitoring and Evaluation.** All contracts under this Component, including project management staff, M&E, and technical experts are under implementation. The ANAEPMR has submitted semi-annual project reports, annual audit reports and procurement plans on time.
13. **Component 4 (US\$0.0 million): Contingent Emergency Response.** No eligible crisis or emergency has occurred to date.

C. Rationale for restructuring

14. The rationale for the proposed restructuring is underpinned by:
 - (i) The decision of the GoB to: (a) move from the subsidized concessions model in the rural water supply sector to a regional affermage model in line with the strategic orientations of its national program for universal access to drinking water (see Box 1 below), and (b) focus resources of the PEPRAU on activities in line with the GoB's priorities, benefiting from solid ownership of the technical agencies and that can be implemented within the remaining three and half years of the Project. Activities affected by the institutional shift of rural water service delivery model or not benefiting from sufficient ownership and commitment from some of the Project's technical agencies will no longer be supported (see Table 1 below);



Box 1

Government's strategic shift to regional affermage model to deliver rural water supply services impacting the interventions of the PEPRAU Project

Since 2007, Benin has introduced small-scale private sector participation in rural water supply services through local affermage contracts. This promotion of local private sector participation was further extended, starting in 2014, through the implementation of pilots of subsidized concessions, under which the private operators contracted by Municipalities partially finance the investments to be made in the rural water supply systems. The PEPRAU was initially designed to scale-up the subsidized concession service delivery model. However, the local affermage model and the subsidized concession pilots, involving in both cases small-scale operators contracted by Municipalities and municipally-funded investments, had broadly failed to mobilize sufficient financial resources and to professionalize operators.

In 2017, the newly elected Government prioritized the rural water supply sector with the objective to provide universal and sustainable access to water supply services in all rural areas of the country. This translated into the definition and implementation of a nationwide program by the ANAEPMR. This nationwide program encompasses: (i) the mobilization of important financial resources from Development Partners to fund investments in rural water supply schemes country-wide and (ii) an institutional shift of the service delivery model through the promotion of the regional affermage model involving regional professional operators. This shift of rural water supply service delivery model has been driven by the lessons learned from the implementation of the small-scale affermage and subsidized concession models at municipal level and by the Government's commitment to rapidly move to universal access at scale. The largest contributor to this national program is the World Bank-funded AQUA-VIE Program (P164186) approved in May 2018. Part of the renewal and rehabilitation works will be the contractual responsibility of the regional operators and will be funded directly by them through the operators' tariff.

This new institutional model for service delivery directly impacts the PEPRAU: the original activities pertaining to the design and implementation of subsidized concessions through the PEPRAU are rendered obsolete, and therefore warrants a restructuring of the Project. At the same time, this restructuring results in a convergence of the Monitoring & Evaluation system of the PEPRAU's rural water supply component and of the AQUA-VIE Program.

- (ii) The need to update the PDO, Project description and Project Result Framework to reflect the modified scope of the Project;
 - (iii) The decision by the GoB to designate the MCVDD as the sole technical agency in charge of all activities related to sludge management, thus taking over the responsibilities of the SONEB that was initially the technical agency for activities related to the construction, operation and maintenance of the FSTP.
15. The World Bank received a letter from the Ministry of Economy and Finance (MINFIN) dated April 4, 2019 to request a Project restructuring for the following changes:



- (i) Modification of the Project description to reallocate the funding initially assigned to the activities associated with the following:
 - a. Establishment of 60 subsidized concessions including technical and financial support to subsidized concession operators;
 - b. Construction and equipment of three regional water meter calibration centers;
 - c. Results-based contract for social marketing aimed at triggering behavior changes on adequate fecal sludge containment solutions;
 - d. Construction of semi-collective sanitation systems;
 - e. Establishment of the mSanitation platform;
 - f. Conducting studies on options for the removal and transportation of sludge.
 - (ii) Modification of the PDO to reflect the amended Project description and update of the Project Results Framework;
 - (iii) Designation of the MCVDD as the entity in charge of technical activities related to the construction, operation and maintenance of the FSTP.
16. Section II of this Restructuring Paper describes the proposed changes in more detail. The Financing Agreement, Project Agreement, Subsidiary Agreement as well as the Project's Operational Manual will be amended to reflect the agreed changes.
17. The Task Team confirms that the restructuring of the Project is not affecting: (i) the safeguards category and safeguards policies triggered; (ii) the Project's disbursement arrangements; and (iii) the total Project costs, as the funds released through the activities not funded any longer by the Project will finance the cost of additional piped rural water supply systems, translating into a higher number of beneficiaries in terms of improved access to water supply services.



II. DESCRIPTION OF PROPOSED CHANGES

A. Change in components and cost

18. Component 1 – Increase access to rural water supply and institutional strengthening. The name and description of Component 1 is affected by the Restructuring in order to reflect the reallocation of the funding initially assigned to the following activities:

- a. Establishment of 60 subsidized concessions including technical and financial support to subsidized concession operators (including the Risk Sharing Facility implemented by the National Guarantee and Small and Medium Enterprise Assistance Fund FONAGA (*Fonds National de Garantie et d'Assistance aux Petites et Moyennes Entreprises*) and the Cash Transfers to Municipalities);
- b. Construction and equipment of three regional water meter calibration centers.

19. Component 2 – Improving Fecal Sludge Management. Description of Component 2 is changed in order to reflect the reallocation of the funding initially assigned to the following activities:

- a. Results-based contract for social marketing aimed at triggering behavior changes on adequate fecal sludge containment solutions;
- b. Construction of semi-collective sanitation systems;
- c. Establishment of the mSanitation platform;
- d. Conducting studies on options for the removal and transportation of sludge.

20. Activities from Components 1 and 2 for which there have been disbursements are however maintained in the Project description in the Financing Agreement. Table 1 below summarizes the changes to the Project scope of interventions.

Table 1 – Summary of changes to Project scope of interventions

Activities not supported anymore by the Project following the restructuring	Activities still to be supported by the Project (nature and geographical scope of those activities are not affected by the restructuring)
<p>Component 1</p> <ul style="list-style-type: none"> • Establishment of 60 subsidized concessions including technical and financial support to subsidized concession operators • Construction and equipment of three regional water meter calibration centers <p>Component 2</p> <ul style="list-style-type: none"> • Construction of semi-collective sanitation systems • Results-based contract for social marketing aimed at triggering behavior changes on adequate fecal sludge containment solutions • Establishment of the mSanitation platform • Studies on options for the removal and transportation of sludge 	<p>Component 1</p> <ul style="list-style-type: none"> • Construction of piped water supply systems • Construction of new boreholes • Definition of a new institutional and contractual framework for the urban water sector • Deployment of a digital system to inventory and monitor assets and operation of piped rural water supply systems <p>Component 2</p> <ul style="list-style-type: none"> • Construction of a FSTP • Regulation of private fecal sludge emptying firms • Preparation of an urban hygiene promotion and sanitation strategy • Definition and implementation of service delivery arrangements for the Operation & Maintenance (O&M) of the FSTP



21. The Project components and sub-components will be amended as follows:

- (i) The Sub-component 1.1 (Institutional strengthening of stakeholders involved in water supply service delivery) will include the following activities:
 - (a) Strengthening the regulation capacity of the water directorate of the MEM (*Ministère de l'Eau et des Mines* - Ministry of Water and Mining) and the DNSP (Direction Nationale de la Santé Publique - National Public Health Directorate), by carrying out a national monitoring and regulation strategy on water service delivery in rural areas and small towns.
 - (b) Strengthening the planning and monitoring capacity of municipalities in Targeted Towns, through the provision of relevant Training in the following areas: (i) bidding documents for the subsidized concession contracts; (ii) water supply assets management and water investments planning; (iii) mobile data collection tools aimed at enhancing performance monitoring and control; and (iv) citizen engagement for municipalities and local water consumer associations.
 - (c) Establishing a Risk Sharing Facility with FONAGA to encourage Participating Banks to provide partial guarantees to Private Sector Operators by partially mitigating credit risk through Partial Credit Guarantees.
 - (d) Strengthening the commercial and financial management capacity of the Private Sector Operators, through the provision of: (i) training in business plans development, commercial management and operational efficiency; and (ii) capacity building activities to promote the utilization of the Risk Sharing Facility.
 - (e) Strengthening the water quality monitoring capacity of the DNSP, through: (i) provision of Training on implementation and monitoring aspects of PGSEs (Drinking Water Safety Management Plan - *Plan de Gestion de la Sécurité Sanitaire de l'Eau*); and (ii) construction and operationalization of a water quality reference laboratory in Abomey-Calavi.
 - (f) Providing technical assistance for the design and implementation of the institutional reforms for the urban and rural water sub-sectors.
- (ii) The Sub-component 1.2 (Construction, Rehabilitation and expansion of water supply networks) will include the following activities:
 - (a) Enhancing the management of water supply systems, through: (i) carrying out of due diligence studies to assess the technical, legal and financial conditions of water systems in selected towns; (ii) supervision and monitoring of the Private Sector Operators' rehabilitation works program; (iii) purchase of required water meters; and (iv) construction of three regional water meter calibration centers and provision of required equipment thereto.
 - (b) Supporting the construction of additional water supply systems.
- (iii) The Sub-component 2.1 (Institutional strengthening of stakeholders involved in fecal sludge service management in urban and peri-urban areas) will include the following activities:
 - (a) Strengthening DGDU (General Directorate for Urban Development - *Direction Générale du Développement Urbain*) capacity to regulate, control and re-organize the urban fecal sludge service chain, through (i) the regulation of private fecal sludge emptying firms, and (ii) developing environmental and quality control



norms for fecal sludge management and a corresponding monitoring and evaluation framework.

- (b) Strengthening DNSP's capacity to develop and manage a national program to intervene in urban and peri-urban sanitation, through developing an urban hygiene promotion and sanitation strategy.
- (c) Strengthening the capacity of the Recipient's private sector to participate in the urban fecal sludge service chain, through carrying out of studies that aim to: (i) develop innovative business solutions aimed at improving desludging and sludge transport; and (ii) develop public private partnership arrangements for the operation and maintenance of fecal sludge treatment facilities.



- (iv) The Sub-component 2.2 (Household-level sanitation in urban and peri-urban areas) is removed and replaced by 2.3.
 - (v) The Sub-component 2.3 (Urban and peri-urban septage collection and treatment infrastructure) becomes 2.2 and will include: Improving fecal sludge treatment in the Grand Nokoué Region, through the construction of a new fecal sludge treatment plant in Seme-Kpodji.
22. The description of components 3 (Project Management, Monitoring and Evaluation) and 4 (Contingent Emergency Response) is not modified.
23. Funding initially allocated to the aforementioned activities will be reallocated to construct additional piped rural water supply systems contributing to the GoB's national program for universal access to drinking water. The changes of description of the Components 1 and 2 will therefore not affect the total cost of the Project. The changes will however involve a reallocation of funds between Components 1 and 2, as presented in the Restructuring Paper Annex.

B. Reallocation between Disbursement Categories

24. Since the activities related to subsidized concessions, including the Risk Sharing Facility and Cash Transfers to Municipalities, will not be financed by the Project, the restructuring will entail a reallocation between the Project disbursement categories as follows: the amount of financing under categories (2) Partial Credit Guarantee and (3) Cash transfers of the Project will be reallocated to category (1) Goods, Works, Non-consulting services, Consultants' services, Operating Costs and Training. The Restructuring Paper's Annex on proposed allocation between disbursement categories presents further details.
25. Since the funds of the disbursement category (2) Partial Credit Guarantee were already disbursed as an advance, the Borrower will be required to reimburse those funds to the World Bank. Once reimbursed those funds can be used for the financing of activities under disbursement category (1) Goods, Works, Non-consulting services, Consultants' services, Operating Costs and Training.

C. Modification of the PDO

26. The original PDO was to: (i) increase access to water supply and sanitation in selected small towns and urban areas in the Recipient's territory; (ii) strengthen service delivery capacity of water supply and sanitation sector institutions in selected small towns and urban areas in the Recipient's territory; and (iii) in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency.
27. The PDO is rephrased to reflect the changes in Project description while maintaining its original nature and essence. The revised PDO will be to: (i) increase access to water supply in selected small towns and improve safe disposal of fecal sludge in selected urban areas; (ii) strengthen service delivery arrangements of water supply and sanitation services in selected small towns and urban areas; and (iii) in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency.

D. Update of the Results Framework



28. The Results Framework will be updated to be aligned with the modified Project scope and PDO. The most significant changes are described below:
29. **PDO level indicators.** The PDO indicators will include “People provided with access to improved water sources” instead of “Direct Project Beneficiaries”. The intermediate indicator related to the “Volume of sludge per month being brought to the FSTP for treatment under the Project” becomes a PDO level indicator. In addition, one new indicator is added at PDO level and one is moved from intermediate results indicator to PDO level, to reflect the second part of the PDO: (i) “A new institutional and contractual framework for the urban water sector is defined”; and (ii) “Service delivery arrangement for the Operation and Maintenance (O&M) of the FSTP is operational”.
30. **Intermediate Results Indicators.** Two new indicators related to Component 1 were introduced: (i) “Inventory of water consumer associations (ACEPs) is completed”; and (ii) “Organizational and institutional audit of the DG-Eau and Deconcentrated Water Services is approved”. Given the reduction of the scope of Component 2, only two indicators remain: (i) “An urban hygiene promotion and sanitation strategy is approved”; and (ii) “A unit responsible to regulate private fecal sludge emptying firms is operational within the MCVDD”.
31. The new results matrix and the corresponding realigned indicators are found in the Annex. Further details of the changes made to each indicator are presented in the table below.



Table 2 – Summary of changes to the project results indicators

Results Indicator (after the first restructuring)		Changes	Rationale
Project Development Objectives Indicators			
1	Direct Project beneficiaries	The indicator was dropped.	Since Direct Project beneficiaries relate exclusively to the number of people provided with access to rural water supply services - already measured through the indicator 2 below - this indicator was dropped.
2	Number of people in rural areas provided with access to Improved Water Sources under the Project	The name of the indicator was changed to: "People provided with access to improved water sources".	The name of the indicator was changed in order to seek convergence with the M&E system of the World Bank-funded AQUA-VIE Program (P164186) financing similar activities to increase rural water supply access. The indicator was also broken down into rural and female population.
3	Number of people who benefited from social marketing activities with a view to invest in improved sanitation facilities	The indicator was dropped.	Following this restructuring, the social marketing activities will not be supported by the Project.
4	Number of water supply systems managed by a professional operator under a "subsidized concession" contract	The indicator was dropped.	Following this restructuring, the activities related to "subsidized concessions" will not be supported by the Project.
5	An urban hygiene promotion and sanitation strategy is defined and operationalized	This indicator was moved to intermediate results indicators and was slightly rephrased to: "An urban hygiene promotion and sanitation strategy is approved"	This indicator was rephrased and moved as an intermediate indicator given the current prospects of operationalization of that strategy.
Added from Intermediate Results Indicators	Volume (m ³) of sludge per month being brought to the FSTP for treatment under the project	This indicator was moved from intermediate results indicators to PDO level.	This indicator was moved from intermediate results indicators to PDO level in order to measure the improvement of safe disposal of fecal sludge (first part of the PDO).



Added from Intermediate Results Indicators	A new institutional and contractual framework for the urban water sector is defined	This indicator was moved from intermediate results indicators to PDO level.	This indicator was moved from intermediate results indicators to PDO level in order to measure the strengthening of service delivery arrangements of water supply services (second part of the PDO).
NEW	Service delivery arrangement for the Operation and Maintenance (O&M) of the FSTP is operational	This indicator was added.	This indicator was added as PDO indicator in order to measure the strengthening of service delivery arrangements of sanitation services (second part of the PDO).
Intermediate Results Indicators			
1	New piped household water connections that are resulting from the Project intervention	This indicator was slightly rephrased to: "New household connections built under the Project (functioning)".	This indicator was slightly rephrased in order to seek convergence with the M&E system of the World Bank-funded AQUA-VIE Program (P164186) financing similar activities.
2	Private sector financial contribution to infrastructure development in small town water supply	This indicator was dropped.	Following this restructuring, the activities related to "subsidized concessions" will not be supported by the Project. As a consequence, the mechanism to mobilize private sector financing that was designed to support the "subsidized concessions" will not be implemented as part of the Project.
3	Number of rural and small-town water supply systems inventoried and monitored	This indicator was slightly rephrased to: "Piped rural water supply systems included into information system to control and monitor rural water supply assets and regional operators". The indicator target was changed from 650 to 580.	This indicator was slightly rephrased in order to seek convergence with the M&E system of the World Bank-funded AQUA-VIE Program (P164186) financing similar activities. The indicator target was changed to 580 instead of 650 because during the ongoing inventory, 70 water supply systems were not functioning. Thus, the number is reduced from 650 to 580.
4	Number of private fecal sludge emptying firms strengthened under the Project to provide improved sanitation services	The indicator was changed to: "A unit responsible to structure the fecal sludge service chain and regulate private fecal sludge emptying firms is operational within the MCVDD".	The indicator was changed in order to reflect the refined scope of interventions of the MCVDD to improve sanitation services and regulate private fecal sludge emptying firms, agreed after nearly two years of Project implementation.
5	Strategy document for fecal sludge service chain	This indicator was dropped.	A strategy for defining the fecal sludge service chain containment was prepared by the Gates



	containment, emptying and transport building blocks defined and operationalized		foundation, and therefore will not be supported by the Project.
6	Number of people benefiting from containment solutions built following social marketing activities	This indicator was dropped.	Following this restructuring, social marketing and their related activities will not be supported by the Project.
7	Volume (m ³) of sludge per month being brought to the FSTP for treatment under the project	This indicator was moved to PDO level indicator.	This indicator was moved from intermediate results indicators to PDO level in order to measure the improvement of safe disposal of fecal sludge (first part of the PDO).
8	Number of water quality tests performed per month by the Reference Laboratory	This indicator was dropped.	Whilst the construction of a national Reference Laboratory is still part of the Project description, its construction has not been confirmed yet.
9	Grievances registered related to delivery of the Project benefits that are addressed	The name of the indicator remains the same. The definition of the indicator was clarified in the data sheet.	The indicator definition was updated in the data sheet to seek convergence with the M&E system of the World Bank-funded AQUA-VIE Program (P164186) financing similar activities.
10	New standpipes that are resulting from the Project intervention	This indicator was slightly rephrased to: "New standpipes built under the Project (functioning)".	This indicator was slightly rephrased in order to seek convergence with the M&E system of the World Bank-funded AQUA-VIE Program (P164186) financing similar activities.
11	Piped rural water supply systems constructed or rehabilitated under the Project	This indicator was dropped.	The results of the Project in terms of people provided with access to improved water sources are already measured through the following indicators: New standpipes built under the Project (functioning) and New household connections built under the Project (functioning).
12	A new institutional and contractual framework for the urban water sector is defined	This indicator was moved from intermediate results indicators to PDO level.	This indicator was moved from intermediate results indicators to PDO level in order to measure the strengthening of service delivery arrangements of water supply services (second part of the PDO).
Added from the PDO indicators	An urban hygiene promotion and sanitation strategy is approved	This indicator was moved to intermediate results indicators and was slightly rephrased to: "An	This indicator was rephrased and moved as an intermediate indicator given the current prospects of operationalization of that strategy.



		urban hygiene promotion and sanitation strategy is approved”	
NEW	Inventory of water consumer associations (ACEPs) is completed	This indicator was added.	This indicator was added in order to reflect an important activity that will be implemented under the PEPRAU but that was not part of the original Results Framework.
NEW	Organizational and institutional audit of the DG-Eau and Deconcentrated Water Services is approved	This indicator was added.	This indicator was added in order to reflect an important activity that will be implemented under the PEPRAU but that was not part of the original Results Framework.

E. Institutional Arrangements

32. Since the MCVDD will be the sole technical agency in charge of all activities related to sludge management, MCVDD will be the technical agency for the implementation of the new sub-component 2.2 (previously named 2.3) in lieu of SONEB. The Risk Sharing Facility that was designed to support the subsidized concessions will not be supported anymore: FONAGA will therefore not be involved any longer as a technical agency. The role played by the other technical agencies involved in Project implementation is not affected by the restructuring.

33. The restructuring is also not affecting the use of the Project’s safeguard instruments.

F. Change in Legal Covenants

34. Given the change in institutional arrangements, the following Dated Covenant “No later than December 31, 2019, or such other date as the Association shall agree upon, the Recipient shall cause the PIE to: (i) carry out jointly with the Project Steering Committee, SONEB, CePEPE, FONAGA and the Association, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Association” has been modified as follows: “No later than December 31, 2019, or such other date as the Association shall agree upon, the Recipient shall cause the PIE to: (i) carry out jointly with the Project Steering Committee, CePEPE, and the Association, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term review, act promptly and diligently to take any corrective action as shall be agreed by the Association”.

I. SUMMARY OF CHANGES

	Changed	Not Changed
Project's Development Objectives	✓	
Results Framework	✓	



Components and Cost	✓	
Reallocation between Disbursement Categories	✓	
Legal Covenants	✓	
Institutional Arrangements	✓	
Implementing Agency		✓
DDO Status		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

PROJECT DEVELOPMENT OBJECTIVE

Current PDO

The proposed development objectives of the Project are to: (i) increase access to water supply and sanitation in selected small towns and urban areas in the Recipient’s territory; (ii) strengthen service delivery capacity of water supply and sanitation sector institutions in selected small towns and urban areas in the Recipient’s territory; and (iii) in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency.

**Proposed New PDO**

The proposed development objectives of the Project are to: (i) increase access to water supply in selected small towns and improve safe disposal of fecal sludge in selected urban areas; (ii) strengthen service delivery arrangements of water supply and sanitation services in selected small towns and urban areas; and (iii) in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency.

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Component 1: Increase Access to Water Services	33.50	Revised	Component 1: Increase access to rural water supply and institutional strengthening	41.00
Component 2: Improving Fecal Sludge Management	27.50	Revised	Component 2: Improving Fecal Sludge Management	20.00
Component 3: Project Management, Monitoring and Evaluation	7.00	No Change	Component 3: Project Management, Monitoring and Evaluation	7.00
Component 4: Contingent Emergency Response	0.00	No Change	Component 4: Contingent Emergency Response	0.00
TOTAL	68.00			68.00

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
IDA-59310-001 Currency: EUR					
iLap Category Sequence No: 1					
	55,700,000.00	2,836,279.23	62,100,000.00	100.00	100.00
iLap Category Sequence No: 2					
	1,800,000.00	0.00	0.00	100.00	100.00
iLap Category Sequence No: 3					



	4,600,000.00	0.00	0.00	100.00	100.00
iLap Category Sequence No: 4			Current Expenditure Category: Emergency expenditures Part 4		
	0.00	0.00	0.00	100.00	100.00
Total	62,100,000.00	2,836,279.23	62,100,000.00		

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
IDA-59310	Institutional Arrangements (Schedule 2, Section 1.A.2): The Recipient shall maintain, throughout the Project implementation period, a project coordination unit with composition, mandate and resources satisfactory to the Association. To this end, the PCU shall: (a) recruit no later than four (4) months after the Effective Date and thereafter maintain at all times during Project implementation, an environmental and social safeguard specialist and (b) be responsible for day to day Project coordination and implementation.	After delay complied with	No Change
IDA-59310	The steering committee, to be chaired by the Agence Nationale d’Approvisionnement en Eau Potable en Milieu Rural (ANAEPMR) and comprised of MEEM – MPD – MEF – MCVDD - ANCB. In addition, the independent Project Coordination Unit (PCU) will move within the ANAEPMR.	Complied with	No Change
IDA-59310	Institutional Arrangements (Schedule 2, Section 1.A.1): The Recipient shall, no later than June 30, 2018, establish, and thereafter maintain, throughout the Project implementation period, with composition, mandate and resources satisfactory to the Association, a steering committee, comprised of board members of the PIE (“Steering Committee”).	Complied with	No Change



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IDA-59310	No later than December 31, 2019, or such other date as the Association shall agree upon, the Recipient shall cause the PIE to: (i) carry out jointly with the Project Steering Committee, CePEPE, and the Association, a mid-term review of the implementation of operations under the Project, which shall cover the progress achieved in the implementation of the Project; and (ii) following such mid-term r	Not yet due	New
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Results framework

COUNTRY: Benin

Small Town Water Supply and Urban Septage Management Project

Project Development Objectives(s)

The proposed development objectives of the Project are to: (i) increase access to water supply and sanitation in selected small towns and urban areas in the Recipient’s territory; (ii) strengthen service delivery capacity of water supply and sanitation sector institutions in selected small towns and urban areas in the Recipient’s territory; and (iii) in the event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Number of people in rural areas provided with access to Improved Water Sources under the project (Action: This Objective has been Marked for Deletion)									
Direct project beneficiaries (Number)		0.00	0.00	0.00	117,370.00	312,010.00	452,170.00	520,000.00	520,000.00
Action: This indicator has been Marked for Deletion									
Female beneficiaries (Percentage)		0.00	0.00	50.00	50.00	50.00	50.00	50.00	50.00
Action: This indicator has been Marked for Deletion									
Number of people in rural areas provided with access to Improved Water Sources under the project (Number)		0.00	0.00	0.00	98,250.00	170,250.00	170,250.00	170,250.00	170,250.00



Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Action: This indicator has been Marked for Deletion									
Number of people benefiting from adequate fecal sludge containment solutions as a result of the social marketing activities (Number)		0.00				10,512.00	36,792.00	52,560.00	52,560.00
Action: This indicator has been Marked for Deletion									
Number of water supply systems managed by a professional operator under a “subsidized concession” co (Action: This Objective has been Marked for Deletion)									
Number of water supply systems managed by a professional operator under a “subsidized concession” contract (Number)		10.00	10.00	10.00	70.00	70.00	70.00	70.00	70.00
Action: This indicator has been Marked for Deletion									
An urban hygiene promotion and sanitation strategy is defined and operationalized (Text)		No	No	No	No	Yes	Yes	Yes	Yes



Indicator Name	DLI	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
Action: This indicator has been Marked for Deletion										
Increase access to water supply in selected rural areas and improve safe disposal of fecal sludge (Action: This Objective is New)										
People provided with access to improved water sources (Number)		0.00	0.00	0.00	0.00	0.00	0.00	65,000.00	130,000.00	196,000.00
Action: This indicator is New										
Including rural (Number)		0.00	0.00	0.00	0.00	0.00	0.00	65,000.00	130,000.00	196,000.00
Action: This indicator is New										
Including female (Number)		0.00	0.00	0.00	0.00	0.00	0.00	32,000.00	64,000.00	98,000.00
Action: This indicator is New										
Volume of sludge per month being brought to the FSTP for treatment under the Project (Cubic Meter(m3))		0.00	0.00	0.00	0.00	0.00	0.00	1,927.00	3,500.00	5,140.00
Action: This indicator is New										
Strengthen service delivery arrangements of water supply and sanitation services (Action: This Objective is New)										
A new institutional and contractual framework		No	No	No	No	No	No	Yes	Yes	Yes



Indicator Name	DLI	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
for the urban water sector is defined (Yes/No)										
Action: This indicator is New										
Service delivery arrangement for the Operation and Maintenance (O&M) of the FSTP is operational (Yes/No)		No	No	No	No	No	No	Yes	Yes	Yes
Action: This indicator is New										

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets						End Target	
			1	2	3	4	5	6		
Component 1: Increase access to rural water supply and institutional strengthening (Action: This Component has been Revised)										
New household connections built under the Project (functioning) (Number)		0.00	0.00	0.00	0.00	0.00	0.00	1,000.00	2,708.00	4,000.00
Action: This indicator has been Revised										



Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
New standpipes built under the Project (functioning) (Number)	0.00	0.00	0.00	0.00	0.00	0.00	100.00	300.00	400.00
Action: This indicator has been Revised									
Piped rural water supply systems included into information system to control and monitor rural water supply assets and regional operators (Number)	150.00	150.00	0.00	350.00	580.00	580.00	580.00	580.00	580.00
Action: This indicator has been Revised									
Inventory of water consumer associations (ACEPs) is completed (Yes/No)	No	No	No	No	No	No	No	Yes	Yes
Action: This indicator is New									
Organizational and institutional audit of the DG-Eau and Deconcentrated Water Services is approved (Yes/No)	No	No	No	No	No	Yes	Yes	Yes	Yes
Action: This indicator is New									



Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Piped rural water supply systems constructed or rehabilitated under the Project (Number)		0.00							21.00
Action: This indicator has been Marked for Deletion									
A new institutional and contractual framework for the urban water sector is defined (Text)	No	No	No	No	No	Yes	Yes	Yes	Yes
Action: This indicator has been Marked for Deletion									
Number of water quality tests performed per month by the Reference Laboratory (Number)	0.00	0.00			18.00	108.00	252.00	396.00	396.00
Action: This indicator has been Marked for Deletion									
Private sector financial contribution to infrastructure development in small town water supply (Percentage)	0.00	0.00	0.00	0.00	10.00	12.00	15.00	20.00	20.00



Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Action: This indicator has been Marked for Deletion									
Component 2: Improving Fecal Sludge Management									
An urban hygiene promotion and sanitation strategy is approved (Yes/No)	No	No	No	No	No	No	Yes	Yes	Yes
Action: This indicator is New									
A unit responsible to structure the fecal sludge service chain and regulate private fecal sludge emptying firms is operational within the MCVDD (Yes/No)	No	No	No	No	No	Yes	Yes	Yes	Yes
Action: This indicator is New									
Volume of sludge per month being brought to the FSTP for treatment under the project (Cubic Meter(m3))	0.00					6,660.00	7,700.00	8,800.00	5,140.00
Action: This indicator has been Marked for Deletion									



Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Number of private fecal sludge emptying firms strengthened under the Project to provide improved sanitation services (Number)		0.00				20.00	60.00	60.00	60.00
Action: This indicator has been Marked for Deletion									
Strategy document for fecal sludge service chain containment, emptying and transport building blocks is defined and operationalized (Text)		No	No	No	No	Yes	Yes	Yes	Yes
Action: This indicator has been Marked for Deletion									
Number of people who benefited from social marketing activities with a view to invest in improved sanitation facilities (Number)		0.00	0.00		17,520.00	140,160.00	280,320.00	350,400.00	350,400.00
Action: This indicator has been Marked for Deletion									
Component 3: Project Management, Monitoring and Evaluation									



Indicator Name	DLI	Baseline	Intermediate Targets						End Target
			1	2	3	4	5	6	
Grievances registered related to delivery of the Project benefits that are addressed (Percentage)		0.00	0.00		80.00				80.00
Action: This indicator has been Revised									



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