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The World Bank

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Report No: RES16034

Restructuring PAPER

ON A

PROPOSED Project restructuring

of

INTEGRATED SANITATION AND SEWERAGE INFRASTRUCTURE PROJECT

TO THE

arab republic of egypt

September 30, 2014

Water Global Practice

Middle East and North Africa

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ABBREVIATIONS AND ACRONYMS

|  |  |
| --- | --- |
| HCWW  IP  ISR | Holding Company for Water and Wastewater  Implementation Progress  Implementation Status Results report |
| ISSIP | Integrated Sanitation and Sewerage Infrastructure Project |
| JSDF  MU  NOPWASD  PDO | Japan Social Development Fund  Moderately Unsatisfactory  National Organization for Potable Water and Sanitary Drainage  Project Development Objective |
| PIU | Project Implementation Unit |

|  |  |  |
| --- | --- | --- |
| Regional Vice President: |  | Inger Anderson |
| Country Director:  Senior Global Practice Director: |  | Hartwig Schafer  Junaid Kamal Ahmad |
| Practice Manager: |  | Steven N. Schonberger |
| Task Team Leader: |  | Yoshiharu Kobayashi |

**The Arab republic of egypt**

**INTEGRATED SANITATION AND SEWERAGE INFRASTRUCTURE PROJECT**

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| **DATA SHEET** | | | | | | | | | | | | | | | | | | | | | | | | | |
| *Egypt, Arab Republic of* | | | | | | | | | | | | | | | | | | | | | | | | | |
| *Integrated Sanitation& Sewerage Infrastructure Project (P094311)* | | | | | | | | | | | | | | | | | | | | | | | | | |
| *MIDDLE EAST AND NORTH AFRICA* | | | | | | | | | | | | | | | | | | | | | | | | | |
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| **Basic Information** | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project ID: | | | | | P094311 | | | | | | | Lending Instrument: | | | | | | | | Specific Investment Loan | | | | | |
| Regional Vice President: | | | | | Inger Andersen | | | | | | | Original EA Category: | | | | | | | | Partial Assessment (B) | | | | | |
| Country Director: | | | | | Hartwig Schafer | | | | | | | Current EA Category: | | | | | | | | Partial Assessment (B) | | | | | |
| Senior Global Practice Director: | | | | | Junaid Kamal Ahmad | | | | | | | Original Approval Date: | | | | | | | | 20-Mar-2008 | | | | | |
| Practice Manager: | | | | | Steven N. Schonberger | | | | | | | Current Closing Date: | | | | | | | | 31-Dec-2015 | | | | | |
| Team Leader: | | | | | Yoshiharu Kobayashi | | | | | | |  | | | | | | | |  | | | | | |
| . | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrower: | | | Government of Egypt, Ministry of International Cooperation | | | | | | | | | | | | | | | | | | | | | |
| Responsible Agency: | | | National Organization for Potable Water and Sanitary Drainage (NOPWASD), Holding Company for Water and Wastewater (HCWW) | | | | | | | | | | | | | | | | | | | | | |
| . | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Restructuring Type** | | | | | | | | | | | | | | | | | | | | | | | | | |
| Form Type: | | | Short Form | | | | | | | | Decision Authority: | | | | | Country Director Approval | | | | | | | | |
| Restructuring Level: | | | Level 2 | | | | | | | |  | | | | |  | | | | | | | | |
| . | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Financing ( as of 21-Jul-2014 )** | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Key Dates** | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project | Ln/Cr/TF | | | Status | | | Approval Date | | | Signing Date | | | | | Effectiveness Date | | | | Original Closing Date | | | | Revised Closing Date | | |
| P094311 | IBRD-75120 | | | Effective | | | 20-Mar-2008 | | | 15-May-2008 | | | | | 22-Jan-2009 | | | | 30-Jun-2014 | | | | 31-Dec-2015 | | |
| P094311 | TF-95516 | | | Effective | | | 03-Aug-2010 | | | 05-Aug-2010 | | | | | 05-Aug-2010 | | | | 30-Jun-2014 | | | | 31-Dec-2015 | | |
| **Disbursements (in Millions)** | | | | | | | | | | | | | | | | | | | | | | | | | |
| Project | | Ln/Cr/TF | | Status | | Currency | | | Original | | | | Revised | Cancelled | | | Disbursed | | | | Undisbursed | | | % Disbursed | |
| P094311 | | IBRD-75120 | | Effective | | USD | | | 120.00 | | | | 120.00 | 0.00 | | | 28.19 | | | | 91.81 | | | 23 | |
| P094311 | | TF-95516 | | Effective | | | USD | 2.91 | | | | | 2.91 | 0.00 | | | 0.27 | | | | 2.64 | | | 9 | |
| . | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Policy Waivers** | | | | | | | | | | | | | | | | | | | | | | | | | |
| Does the project depart from the CAS in content or in other significant respects? | | | | | | | | | | | | | | | | | | Yes [ ] | | | | No [ X ] | | | |
| Does the project require any policy waiver(s)? | | | | | | | | | | | | | | | | | | Yes [ ] | | | | No [ X ] | | | |
| . | | | | | | | | | | | | | | | | | | | | | | | | | |
| **A. Summary of Proposed Changes** | | | | | | | | | | | | | | | | | | | | | | | | | |
| The proposed restructuring is to increase Bank's financing percentage from 67% to 100% to help the Government finalize the remaining works considering its current constrained financial situation. | | | | | | | | | | | | | | | | | | | | | | | | | |
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| **B. Project Status** | | | | | | | | | | | | | | | | | | | | | | | | | |
| The current progress of the project is slow in terms of disbursement rate. However, most of Phase I contracts have been completed and are ready for commissioning and most of Phase II contracts amounting to US$50 have already been awarded. Although all the Phase II contacts may not be completed by the loan closing date of December 31, 2015, the Government committed to complete the remaining works by its own budget (Government letter dated July 8, 2014). | | | | | | | | | | | | | | | | | | | | | | | | | |
| . | | | | | | | | | | | | | | | | | | | | | | | | | |
| **C. Proposed Changes** | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Financing** | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **Change in Loan Financing Percentages:** | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Explanation | | | | | | | | | | | | | | | | | | | | | | | | | | |
| The Bank financing needs to be increased from 67% to 100% to enable the implementing agency to have sufficient Government budget available to complete the remaining works after the loan closing date of December 31, 2015. This is necessary because (i) the Bank decided not to extend the loan closing date and (ii) some of the contracts may not be completed by the loan closing date and need to be financed 100% by the Government after the loan closing date. | | | | | | | | | | | | | | | | | | | | | | | | | | |

**Integrated sanitation and sewerage infrastructure project**

**RESTRUCTURING PAPER**

1. **SUMMARY**
2. Pursuant to a request from the Arab Republic of Egypt (Borrower) dated July 8, 2014, as a result of substantial delays in project implementation, the Borrower has requested to restructure the Integrated Sanitation and Sewerage Infrastructure Project (ISSIP) by increasing Bank financing percentage from 67% to 100%.
3. The project objective will remain unchanged. The proposed changes will neither trigger any new safeguards policy nor change the safeguards category for the project.
4. **PROJECT STATUS**
5. The development objective of the project is to contribute to the sustainable improvement in: (i) sanitation and environmental conditions for the resident communities and (ii) the water quality in the selected drainage basins within the served areas. The June 2014 implementation status results report (ISR) rated the progress towards project development objective (PDO) of ISSIP as moderately unsatisfactory (MU) and its Implementation Progress (IP) as MU. The implementation of the ISSIP is considerably behind schedule because of significant delays in implementation of Phase I schemes caused by disruptions during Arab Spring from January 2011 to June 2014 and local objections as well as delays in land acquisition. The latest audit reports of the project are up to date and deemed satisfactory.
6. **PROPOSED CHANGES**

* **Increase in Bank Financing Percentage**

1. It is proposed that Bank financing percentage for Category 1, works of the ISSIP be increased from 67% to 100%.

* **Disbursement Projection**

1. Table below provides the disbursement plan for the restructured project.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **FY** | **2014** | | **2015** | | | |
|  | Till 30/09/2014 | Q4 | Q1 | Q2 | Q3 | Q4 |
| **Annual** | 26.77 | 10.14 | 17.62 | 23.72 | 21.57 | 20.18 |
| **Cumulative** | 26.77 | 36.91 | 54.53 | 78.25 | 99.82 | 120.00 |

1. The Government sent a letter to the Bank committing to cover all the remaining costs for completing any schemes under the ISSIP after the loan closing date of December 31, 2015.