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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

RESTRUCTURING PAPER

ON A

PROPOSED PROGRAM RESTRUCTURING  
OF  
DOMINICAN REPUBLIC WATER SECTOR MODERNIZATION PROGRAM  
APPROVED ON MARCH 24, 2023

TO THE  
DOMINICAN REPUBLIC

May 24, 2023

Water Global Practice  
Latin America And Caribbean Region

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ABBREVIATIONS AND ACRONYMS

<b>CORAASAN</b>	Santiago Water and Sewerage Corporation ( <i>Corporación de Acueducto y Alcantarillado de Santiago</i> )
<b>CORAAVEGA</b>	La Vega Water and Sewerage Corporation ( <i>Corporación de Acueducto y Alcantarillado de La Vega</i> )
<b>DIGECOG</b>	General Directorate of Governmental Accounting ( <i>Dirección General de Contabilidad Gubernamental</i> )
<b>DLI</b>	Disbursement-linked Indicator
<b>DLR</b>	Disbursement-linked Result
<b>E&amp;S</b>	Environmental and Social
<b>ESCP</b>	Environmental and Social Commitment Plan
<b>ESRS</b>	Environmental and Social Review Summary
<b>ESSA</b>	Environmental and Social Systems Assessment
<b>INAPA</b>	National Institute for Water Supply and Sewerage ( <i>Instituto Nacional de Aguas Potables y Alcantarillados</i> )
<b>IPF</b>	Investment Project Financing
<b>LMP</b>	Labor Management Procedures
<b>MEPyD</b>	Ministry of Economy, Planning, and Development ( <i>Ministerio de Economía, Planificación y Desarrollo</i> )
<b>MPA</b>	Multiphase Programmatic Approach
<b>PCMU</b>	Program Coordination and Management Unit
<b>PDO</b>	Project Development Objective
<b>PforR</b>	Program-for-Results
<b>PrDO</b>	Program Development Objective
<b>SEP</b>	Stakeholder Engagement Plan
<b>WSS</b>	Water Supply and Sanitation



**DATA SHEET (Dominican Republic Water Sector Modernization Program - P177823)**

Project ID	Financing Instrument	IPF Component
P177823	Program-for-Results Financing	Yes

Environmental and Social Risk Classification (ESRC) (IPF Component)

Moderate

Approval Date	Current Closing Date
24-Mar-2023	31-Dec-2027

**Organizations**

Borrower	Responsible Agency
Dominican Republic	

**Multiphase Programmatic Approach (MPA) Program Development Objective**

To increase access to safely managed water and sanitation services in selected areas.

**Multiphase Programmatic Approach (MPA) Status (Public Disclosure)**

Status and Key Decisions (Public Disclosure)

The Program was approved by the World Bank Board of Directors on March 24, 2023. The next steps to advance the Program are to sign the loan agreement, to receive Congressional approval, and to have the Ministry of Economy, Planning, and Development (MEPyD) meet the effectiveness conditions.

**Program Development Objective(s)**

The objectives of the Operation are to: (i) improve the planning capacity and operational and commercial efficiency of selected water supply and sanitation institutions; and (ii) increase access to safely managed water and sanitation services in selected water stressed areas.



**Summary Status of Financing (US\$, Millions)**

<b>Ln/Cr/TF</b>	<b>Approval Date</b>	<b>Signing Date</b>	<b>Effectiveness Date</b>	<b>Closing Date</b>	<b>Net Commitment</b>	<b>Disbursed</b>	<b>Undisbursed</b>
IBRD-94900	24-Mar-2023			31-Dec-2027	250.00	0	250.00

**Policy Waiver(s)**

Does the Program require any waivers of Bank policies applicable to Program-for-Results operations?

No



## I. PROGRAM STATUS AND RATIONALE FOR RESTRUCTURING

### A. Introduction

1. **This Restructuring Paper seeks the approval of the Country Director for a Level II Restructuring of the Loan Agreement draft (IBRD Loan No. 9490-DO) for the Dominican Republic Water Sector Modernization Program (P177823), “the Program,” in the amount of US\$250 million.** The proposed restructuring responds to a request of the Government of the Dominican Republic to extend the delivery date for one disbursement-linked result (DLR) for 2023. There will be no other changes in the Multiphase Programmatic Approach Program Development Objective (PrDO), the Program Development Objective (PDO), or disbursement-linked indicators (DLI).

### B. Program Background and Status

2. **The International Bank for Reconstruction and Development (IBRD) loan of US\$250 million for the Program was approved by the World Bank Group Board of Executive Directors on March 24, 2023, with a Program closing date of December 31, 2027.** The Loan Agreement is pending signature, therefore, is not yet effective. The Program is the first phase of a 10-year Multiphase Programmatic Approach (MPA) with the PrDO being to increase access to safely managed water and sanitation services in selected areas. The PDO of phase I is to: *(i) improve the planning capacity and operational and commercial efficiency of selected water supply and sanitation institutions; and (ii) increase access to safely managed water and sanitation services (WSS) in selected water stressed areas.*
3. **The PDO is to be achieved through three results areas.** Results area 1 will support expenditures and activities related to: (i) rehabilitation and extension of water supply networks, rehabilitation and construction of water treatment plants, and reduction of physical water losses; and (ii) implementation of social engagement strategies to connect households to existing sewers, rehabilitating and expanding sewerage networks, and rehabilitating and constructing wastewater treatment plants. Results area 2 will focus on improved planning capacity and operational and commercial efficiency through: (i) annual water audits, non-revenue water (NRW) reduction strategies, and improved planning for NRW; (ii) annual energy audits, energy efficiency strategies, electrical system rehabilitation, and pump rehabilitation or replacement; (iii) digitalization and update of WSS network and user cadasters; and (iv) improved operating plans, investment plans, operational and capital budgets, and procurement plans. Results area 3 will support expenditures and activities related to: (i) improving the quantity and quality of operational and commercial data generated by the WSS service providers; (ii) promotion of process improvements to modernize billing and collection systems and improve transparency, financial management and reporting, citizen engagement, and gender equity; and (iii) improved performance monitoring of WSS providers. The Program also has an Investment Project Financing (IPF) component that will finance supervision, coordination, monitoring, and evaluation of the entire operation as well as capacity building related to WSS and water resource management. The latest Implementation Status and Results Report (dated May 12, 2023) recognizes Satisfactory ratings for progress towards achievement of the PDO and overall implementation progress.
4. **In a sign of strong commitment to the Program, the Government provided incremental budget to participating WSS service providers for fiscal year 2023.** The three participating WSS service providers [the Santiago Water and Sewerage Corporation (*Corporación de Acueducto y Alcantarillado de Santiago, CORAASAN*), La Vega Water and Sewerage Corporation (*Corporación de Acueducto y Alcantarillado de La Vega, CORAAVEGA*), and National Water and Sewerage Institute (*Instituto Nacional de Aguas Potables y Alcantarillados, INAPA*)] are already using government funds to advance toward the achievement of the Program results specified for 2023.



### C. Rationale for Program Restructuring

5. **The proposed restructuring responds to the Borrower's letter MH-2023-013715, dated May 9, 2023,** requesting that the deadline for DLR 9.a (iii) associated with disbursement-linked indicator (DLI) 9 *Strengthened Corporate Governance* be extended within the country's fiscal year (FY) 2023.
6. **Initially, the deadline to deliver DLR 9.a (iii) within seven months in FY 2023 was set too ambitiously given the Program officially launched in January 2023.** DLR 9.a (iii) requires the three participating WSS providers have their FY 2022 financial statements audited and published on the WSS service provider's website within seven months after the end of the country's fiscal year. In order to achieve this result, the providers would have needed to contract the auditing firm by the beginning of 2023. To do this, the providers would have needed available budget in FY 2022 to start the procurement processes to contract the auditing firms, which they did not have.
7. **Recognizing that 2023 is the startup phase of the Program, that there is a learning curve for the involved WSS providers, and that the DLR will still be delivered in 2023, revising the deadline for DLR 9.a (iii) is reasonable.** This type of delay is not expected to occur during future years of Program implementation as the providers will have had sufficient time to plan and allocate resources to start the procurement process for the required financial audits within the specified timeline.

## II. DESCRIPTION OF PROPOSED CHANGES

8. **The proposed restructuring will only change the delivery date of DLR 9.a (iii) from 7 months to 12 months. There will be no changes to the results expected from the participating WSS providers in year 2023.** DLR 9.a (iii) will be amended from the current text *"The FY 2022 annual financial statements of the respective WSS Service Provider are audited and published in the WSS Service Provider's website within 7 months after the end of the Fiscal Year, based on the financial reporting guidance standards approved by the DIGECO;"* to read *"The FY 2022 annual financial statements of the respective WSS Service Provider are audited and published in the WSS Service Provider's website within 12 months after the end of the Fiscal Year, based on the financial reporting guidance standards approved by the DIGECO."* This change will be reflected in the Program Appraisal Document and the Loan Agreement.

### Environmental and Social Assessment (IPF component)

9. **The overall environmental and social (E&S) compliance of the Project activities under the IPF component is Satisfactory.** The Loan Agreement is yet to be signed. Activities have not changed since the Project's appraisal stage and the key measures related to the E&S risk management remain the same as the ones detailed in the Project's Appraisal E&S Review Summary (ESRS).<sup>1</sup> To manage the E&S risks of the IPF component activities, the Borrower prepared and disclosed an Environmental and Social Commitment Plan (ESCP), which outlines the expectations in terms of E&S risk management.<sup>2</sup> The Borrower also disclosed a draft version of the project's Stakeholder Engagement Plan (SEP).<sup>3</sup> As per the ESCP, the Borrower is also expected to disclose final versions of the Project's Labor Management Procedures (LMP) and final version of the SEP no later than 120 days after effectiveness. The Project is not yet effective.

<sup>1</sup> ESRS available at: <http://documents.worldbank.org/curated/en/099610311292285296/P1778230cce57e0270bda40a41af1428837>

<sup>2</sup> ESCP available at: <http://documents.worldbank.org/curated/en/099151502152354555/P177823038acb00d0821c0a1aaefb66c6a>

<sup>3</sup> SEP available at: <https://documents1.worldbank.org/curated/en/099610111292221381/pdf/P17782303f36ed000bb2c01226504e580f.pdf>



**10. As a hybrid Program for Results (PforR) operation with an IPF component, the Bank prepared an Environmental and Social Systems Assessment (ESSA).** The ESSA was disclosed in February 2023.<sup>4</sup> The ESSA includes actions to strengthen the Borrower's ability to manage the E&S risks of the activities under the PforR operation. Once those actions are implemented, they are also expected to enhance the client's ability to manage the E&S of the IPF component of the Project in accordance with the applicable provisions of the Environmental and Social Framework.

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<sup>4</sup> ESSA available at: <https://documents1.worldbank.org/curated/en/099023503032386985/pdf/P17782309f48de0f0897b04c0c43d4dd53.pdf>



**III. SUMMARY OF CHANGES**

	Changed	Not Changed
Change in Results Framework	✓	
Change in Implementing Agency		✓
Change in Program's Development Objectives		✓
Change in MPA Program Development Objective		✓
Change in MPA Expected Results and Indicators		✓
Change in Program Scope		✓
Change in Loan Closing Date(s)		✓
Change in Cancellations Proposed		✓
Reallocation between and/or Change in DLI		✓
Change in IPF Component		✓
Change in Disbursements Arrangements		✓
Change in Disbursement Estimates		✓
Change in Systematic Operations Risk-Rating Tool (SORT)		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Technical Method		✓
Change in Fiduciary		✓
Change in Environmental and Social Aspects		✓
Change in Implementation Schedule		✓
Other Change(s)		✓

**IV. DETAILED CHANGE(S)**





## **MPA PROGRAM DEVELOPMENT OBJECTIVE**

### **Current MPA Program Development Objective**

To increase access to safely managed water and sanitation services in selected areas.

## **EXPECTED MPA PROGRAM RESULTS**

### **Current Expected MPA Results and their Indicators for the MPA Program**

The MPA expected outcome is to increase access to safely managed water and sanitation services in selected areas.

The PrDO will be measured by two results indicators: (1) Increased access to safely managed water services and (2) Increased access to safely managed sanitation services.



ANNEX 1: RESULTS FRAMEWORK

Results framework

Program Development Objectives(s)

The objectives of the Operation are to: (i) improve the planning capacity and operational and commercial efficiency of selected water supply and sanitation institutions; and (ii) increase access to safely managed water and sanitation services in selected water stressed areas.

Program Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<b>To improve the planning capacity of selected water supply and sanitation (WSS) institutions</b>							
Strengthened WSS performance monitoring (Text)		0.22   0.48   0.33	n.a.	0.38   0.61   0.53	0.78   0.76   0.73	0.87   0.88   0.86	0.99   0.99   0.99
Strengthened accountability and improved operational planning capacity (Text)		Not Achieved.	3.00	3 b. (i) Achievements against Performance Agreement evaluated by PCMU and annual goals updated by WSS Service Provider and published in the respective WSS Service provider's website; AND	3 c. (i) Achievements against Performance Agreement evaluated by PCMU and annual goals updated by WSS Service provider and published in the respective WSS Service provider's website; AND	3 d. (i) Achievements against Performance Agreement evaluated by PCMU and annual goals updated by WSS Service provider and published in the respective WSS Service provider's website; AND	3 e. (i) Achievements against Performance Agreement evaluated by PCMU and annual goals updated by WSS Service provider and published in the respective WSS Service provider's website; AND



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
				(ii) Annual operating and capital investment budget prepared and approved by the respective WSS Service provider's board of directors according to the dates established in DIGEPRES' guidelines for budget formulation; AND (iii) At least 65% of activities related to efficiency improvement included in the POA for the year implemented and completed by the respective WSS Service provider as planned.	(ii) Annual operating and capital investment budget prepared and approved by the respective WSS Service provider's board of directors according to the dates established in DIGEPRES' guidelines for budget formulation; AND (iii) At least 70% of activities related to efficiency improvement included in the POA for the year implemented and completed by the respective WSS Service provider as planned.	(ii) Annual operating and capital investment budget prepared and approved by the respective WSS Service provider's board of directors according to the dates established in DIGEPRES' guidelines for budget formulation; AND (iii) At least 75% of activities related to efficiency improvement included in the POA for the year implemented and completed by the respective WSS Service provider as planned.	(ii) Annual operating and capital investment budget prepared and approved by the respective WSS Service provider's board of directors according to the dates established in DIGEPRES' guidelines for budget formulation; AND (iii) At least 80% of activities related to efficiency improvement included in the POA for the year implemented and completed by the respective WSS Service provider as planned.
<b>To improve the operational and commercial efficiency of selected WSS institutions</b>							
Reduced non-revenue water (Text)		0   0   0	n.a.	n.a.	-2.0   -2.9   -1.3	-9.0   -11.0   -5.0	-13.0   -15.9   -9.3
<b>To increase access to safely managed water and sanitation services in selected water stressed areas</b>							
Households serviced with safely managed water supply (Number (Thousand))		0.00					34.70



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Households serviced with safely managed sanitation (Number (Thousand))		0.00					76.30

**Intermediate Results Indicators by Result Areas**

Indicator Name	DLI	Baseline	Intermediate Targets	End Target
			1	
<b>Strengthen policies and institutions for WSS services</b>				
Percentage of women in engineering and technical positions (Text)		5.5   15.5   31.0		6.5   16.5   39.0
Percentage point improvement in customer satisfaction (Text)		Baselines established in Year 1	7.5   7.5   7.5	15   15   15
Number of learning pilots implemented (Number)		0.00		3.00
<b>Improve policies and institutions for WRM</b>				
National water information system strengthened and used for decision-making (Text)		Not Achieved		Achieved
Methodology for water rights formalization developed and approved (Text)		Not Achieved		Achieved
Proposal for restructuring of the WRM institutional framework completed (Text)		Not Achieved		Achieved



Disbursement Linked Indicators Matrix

Disbursement Linked Indicators Matrix				
DLI 1	Households serviced with safely managed water supply			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Number (Thousand)	25,000,000.00	0.00
Period	Value	Allocated Amount (USD)		Formula
Baseline	0.00			
2023	0.00	0.00		Disbursement = Additional safely managed water connections * A where: A: \$721/ connection
2024	0.00	0.00		Disbursement = Additional safely managed water connections * A where: A: \$721/ connection
2025	0.00	0.00		Disbursement = Additional safely managed water connections * A where: A: \$721/ connection
2026	0.00	0.00		Disbursement = Additional safely managed water connections * A where: A: \$721/ connection
2027	34.70	25,000,000.00		Disbursement = Additional safely managed water connections * A where: A: \$721/ connection



DLI 2		Households serviced with safely managed sanitation		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Number (Thousand)	25,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
2023	0.00		0.00	Disbursement = Additional safely managed sanitation connections * A where: A: \$328 / connection
2024	0.00		0.00	Disbursement = Additional safely managed sanitation connections * A where: A: \$328 / connection
2025	0.00		0.00	Disbursement = Additional safely managed sanitation connections * A where: A: \$328 / connection
2026	0.00		0.00	Disbursement = Additional safely managed sanitation connections * A where: A: \$328 / connection
2027	76.30		25,000,000.00	Disbursement = Additional safely managed sanitation connections * A where: A: \$328 / connection



DLI 3		Strengthened accountability and improved planning capacity		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	11,250,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Despite dependence on central government transfers, WSS providers do not agree on the results (value for money) to be achieved in a given year in line with strategic priorities. Lack of correlation between institutional strategic plans (PEI), annual operating plans (POA), and annual budget.			
2023	3a. (i) Performance Agreement signed; AND (ii) Four-year PEI including the POA and the related budget prepared and approved by the respective WSS Service provider’s board of directors or Executive Director according to the requirements of the respective provider.		1,500,000.00	Achieved/Not Achieved
2024	3 b. (i) Achievements against Performance Agreement evaluated by PCMU and annual goals updated by WSS Service Provider and published in the respective WSS Service provider's website; AND (ii) Annual operating and capital investment budget prepared and approved by the respective WSS Service provider’s board of directors according to the dates established in DIGEPRES’ guidelines for budget formulation; AND (iii) At least 65% of activities related to efficiency improvement included in the POA for the year implemented and completed by the respective WSS Service provider as planned.		2,440,000.00	Achieved/Not Achieved



2025	3 c. (i) Achievements against Performance Agreement evaluated by PCMU and annual goals updated by WSS Service provider and published in the respective WSS Service provider's website; AND (ii) Annual operating and capital investment budget prepared and approved by the respective WSS Service provider's board of directors according to the dates established in DIGEPRES' guidelines for budget formulation; AND (iii) At least 70% of activities related to efficiency improvement included in the POA for the year implemented and completed by the respective WSS Service provider as planned.	2,440,000.00	Achieved/Not Achieved
2026	3 d. (i) Achievements against Performance Agreement evaluated by PCMU and annual goals updated by WSS Service provider and published in the respective WSS Service provider's website; AND (ii) Annual operating and capital investment budget prepared and approved by the respective WSS Service provider's board of directors according to the dates established in DIGEPRES' guidelines for budget formulation; AND (iii) At least 75% of activities related to efficiency improvement included in the POA for the year implemented and completed by the respective WSS Service provider as planned.	2,440,000.00	Achieved/Not Achieved
2027	3 e. (i) Achievements against Performance Agreement evaluated by PCMU and annual goals updated by WSS Service provider and published in the respective WSS Service provider's website; AND (ii) Annual operating and capital investment budget prepared and approved by the respective WSS Service provider's board of directors according to	2,430,000.00	Achieved/Not Achieved





	the dates established in DIGEPRES' guidelines for budget formulation; AND (iii) At least 80% of activities related to efficiency improvement included in the POA for the year implemented and completed by the respective WSS Service provider as planned.			
<b>DLI 4</b>	<b>Improved capital budget planning and implementation</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Intermediate Outcome	No	Text	9,750,000.00	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	Significant deviation between budget and executed budget.			
2023	0.00		0.00	n.a.
2024	In Year 2, each WSS Service provider has prepared a costed annualized procurement plan for capital investments, with an associated cash plan, and included it as part of their respective annual budget proposal to the Borrower for FY25.		2,440,000.00	Achieved/Not Achieved
2025	In Year 3, each WSS Service provider has prepared a costed annualized procurement plan for capital investments, with an associated cash plan, and included it as part of their respective annual budget proposal to the Borrower for FY26.		2,440,000.00	Achieved/Not Achieved
2026	In Year 4, each WSS Service provider has prepared a costed annualized procurement plan for capital investments, with an associated cash plan, and		2,440,000.00	Achieved/Not Achieved



	included it as part of their respective annual budget proposal to the Borrower for FY27.			
2027	In Year 5, each WSS Service provider has prepared a costed annualized procurement plan for capital investments, with an associated cash plan, and included it as part of their respective annual budget proposal to the Borrower for FY28.		2,430,000.00	Achieved/Not Achieved
<b>DLI 5</b>	<b>Increased collection rates</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Intermediate Outcome	No	Text	13,500,000.00	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	78.3   79.1   66.1			
2023	0.00		0.00	n.a.
2024	0.00		0.00	n.a.
2025	1.0   1.0   11.9		3,000,000.00	Achieved/Not Achieved
2026	3.0   3.0   16.9		4,500,000.00	Achieved/Not Achieved
2027	5.0   5.0   18.9		6,000,000.00	Achieved/Not Achieved



DLI 6				
Improved operational planning, NRW performance, and energy efficiency				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	34,500,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Lack of robust analysis to break down the problems of NRW and energy inefficiency and lack of strategic planning and prioritization of NRW and EE in POAs and budgets. Network and user registries are not up to date and negatively impact utility efficiency.			
2023	6 a. (i) Provisional NRW reduction and energy efficiency strategies developed and adopted by the respective WSS Service provider and approved by its management; AND (ii) Annual investment plan for the reduction of NRW and improved energy efficiency developed by the respective WSS Service provider and approved by its management; and ; AND (iii) Inclusion of the costs identified in the corresponding annual investment plan in the annual budget of the respective WSS Service provider.		2,500,000.00	Achieved/Not Achieved
2024	6 b. (i) Annual water audits in Priority Hydraulic Systems and Sectors as identified in provisional NRW strategy and energy audits in priority facilities as identified in the energy efficiency provisional strategy completed, and monitoring measures implemented by the respective WSS Service provider; AND (ii) Development and adoption by the respective WSS Service provider of an NRW and energy strategy based on water and energy audits; AND (iii) NRW and energy efficiency activities (as set		8,000,000.00	Achieved/Not Achieved



	forth in the Verification Protocol for each WSS Service Provider) included by the respective WSS Service provider in the POA and in its budget, and are being implemented, and the annual results are monitored, reported and published in the WSS Service providers' website; AND (iv) Strategy to digitize Users Cadaster and Network Cadaster developed and approved by the respective WSS Service provider management.		
2025	6 c. (i) Annual water audit in Priority Hydraulic Systems and Sectors as identified in NRW strategy and energy audit in Selected Facilities and monitoring measures implemented by the respective WSS Service provider; AND (ii) Respective WSS Service provider NRW and energy strategies are updated based on annual water and energy audits; AND (iii) NRW and energy efficiency activities included (as set forth in the Verification Protocol for each WSS Service Provider) by the respective WSS provider in the POA and in its budget, and are being implemented, and the annual results are monitored, reported and, published in the WSS Service providers' website; AND (iv) Digitalization of Water Network Cadaster and Users Cadaster plan is implemented by the respective WSS Service provider, covering at least 60% of the water network and 80% of the users in priority hydraulic sectors.	8,000,000.00	Achieved/Not Achieved
2026	6 d. (i) Annual water audit in priority Hydraulic Systems and Sectors as identified in NRW strategy and energy audit in Selected Facilities and monitoring measures implemented by the respective WSS Service provider; AND (ii) Respective	8,000,000.00	Achieved/Not Achieved



	<p>WSS provider NRW and energy strategies are updated based on annual water and energy audits; AND (iii) NRW and energy efficiency activities (as set forth in the Verification Protocol for each WSS Service Provider) included by the respective WSS provider in the POA and in its budget, and are being implemented, and the annual results are monitored, reported and, published in the WSS Service providers' website; AND (iv) Digitalization of Water Network Cadaster and Users Cadaster plan is implemented by the respective WSS Service provider, covering at least 75% of the water network and 80% of the users in priority hydraulic sectors.</p>		
2027	<p>6 e. (i) Annual water audit in priority hydraulic systems and sectors as identified in NRW strategy and energy audit in selected facilities and monitoring measures implemented by the respective WSS Service provider; AND (ii) Respective WSS provider NRW and energy strategies are updated based on annual water and energy audits; AND (iii) NRW and energy efficiency activities (as set forth in the Verification Protocol for each WSS Service Provider) included by the respective WSS provider in the POA and in its budget, and are being implemented, and the annual results are monitored, reported and, published in the WSS Service providers' website; AND (iv) Digitalization of Water Network Cadaster and Users Cadaster plan is implemented by the respective WSS Service provider, covering at least 95% of the water network and 100% of the users in priority hydraulic sectors.</p>	8,000,000.00	Achieved/Not Achieved



DLI 7				
Reduced non-revenue water (NRW)				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Text	15,250,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Will be established in year 2024 or earlier based on water audits.			
2023	0.00		0.00	n.a.
2024	0.00		0.00	n.a.
2025	-2.0   -2.9   -1.3		4,000,000.00	Achieved/Not Achieved
2026	-9.0   -11.0   -5.0		5,150,000.00	Achieved/Not Achieved
2027	-13.0   -15.9   -9.3		6,100,000.00	Achieved/Not Achieved
DLI 8				
Improved energy efficiency				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	No	Text	15,250,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Will be established in year 2024 or earlier based on energy audits.			
2023	0.00		0.00	n.a.
2024	0.00		0.00	n.a.



2025	-5.3   -7.9   -3.8		4,000,000.00	Achieved/Not Achieved
2026	-18.0   -16.4   -13.0		5,150,000.00	Achieved/Not Achieved
2027	-22.6   -21.5   -22.0		6,100,000.00	Achieved/Not Achieved
<b>DLI 9</b>	<b>Strengthened corporate governance</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Output	No	Text	50,500,000.00	0.00
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	(i) Lack of transparency in planning and execution; AND (ii) Lack of modern and efficient methods for billing, collection, and payment; AND (iii) Financial statements are not standardized among the WSS providers and do not comply with the good practices; AND (iv) There is a gender gap between male and female employees of the WSS providers.			
2023	9 a. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published in the WSS Service providers' website after the end of each quarter; AND (ii) Specifications for system requirements and business processes for digitizing billing and collection systems completed and approved by the respective WSS Service provider's management, and innovative consumer payment mechanisms identified and approved by said WSS Service provider's management; AND (iii) The FY22 annual financial statements of the respective WSS		3,000,000.00	Achieved/Not Achieved



	Service provider are audited and published in the WSS Service provider's website within 7 months after the end of the fiscal year, based on the financial reporting guidance standards approved by the DIGECO; AND (iv) A Gender Action Plan is developed by the WSS providers and approved by the respective WSS Service provider's management.		
2024	9 b. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published on the WSS Service providers' website after the end of each quarter; AND (ii) Billing and collection systems are digitized, and innovative consumer payment mechanisms are tried, tested and approved by the respective WSS Service provider's management; AND (iii) The FY23 annual financial statements of the respective WSS Service provider are audited and published in the WSS Service provider's website within 7 months after the end of the fiscal year, based on the financial reporting guidance standards approved by the DIGECO; AND (iv) 65% of the actions scheduled in the Gender Action Plan for the year are implemented by the respective WSS Service provider.	11,600,000.00	Achieved/Not Achieved
2025	9 c. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published on the WSS Service providers' website after the end of each quarter; AND (ii) Digitized billing and collection systems and innovative consumer payment mechanisms are implemented by the respective WSS Service provider; AND (iii) The FY24 annual financial statements of the respective WSS Service	11,800,000.00	chieved/Not Achieved





	provider are audited and published in the WSS Service provider’s website within 6 months after the end of the fiscal year, based on the financial reporting guidance standards approved by the DIGECO; AND (iv) 70% of the actions scheduled in the Gender Action Plan for the year are implemented by the respective WSS Service provider.		
2026	9 d. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published on the WSS Service providers’ website after the end of each quarter; AND (iii) Digitized billing and collection systems and innovative consumer payment mechanisms are implemented and maintained by the respective WSS Service provider; AND (iii) The FY25 annual financial statements of the respective WSS Service provider are audited and published in the WSS Service provider’s website within 5 months after the end of the fiscal year, based on the financial reporting guidance standards approved by DIGECO; AND (iv) 75% of the actions scheduled in the Gender Action Plan for the year are implemented by the respective WSS Service provider.	11,970,000.00	chieved/Not Achieved
2027	9 e. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published on the WSS Service providers’ website after the end of each quarter; AND (ii) Digitized billing and collection systems and innovative consumer payment mechanisms are implemented and maintained by the respective WSS Service provider; AND (iii) The	12,130,000.00	chieved/Not Achieved



	FY26 annual financial statements of the respective WSS Service provider are audited and published in the WSS Service provider’s website within 4 months after the end of the fiscal year, based on the financial reporting guidance standards approved by DIGECOG; AND (iv) 80% of the actions scheduled in the Gender Action Plan for the year are implemented by the respective WSS Service provider.		
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**Action: This DLI has been Revised. See below.**

<b>DLI 9</b>	<b>Strengthened corporate governance</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
<i>Output</i>	<i>No</i>	<i>Text</i>	<i>50,500,000.00</i>	<i>0.00</i>
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
<i>Baseline</i>	<i>(i) Lack of transparency in planning and execution; AND (ii) Lack of modern and efficient methods for billing, collection, and payment; AND (iii) Financial statements are not standardized among the WSS providers and do not comply with the good practices; AND (iv) There is a gender gap between male and female employees of the WSS providers.</i>			
<i>2023</i>	<i>9 a. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published in the WSS Service providers’ website after the end of each quarter; AND (ii) Specifications for system requirements and business processes for digitizing billing and collection systems completed and</i>		<i>3,000,000.00</i>	<i>Achieved/Not Achieved</i>



	<i>approved by the respective WSS Service provider's management, and innovative consumer payment mechanisms identified and approved by said WSS Service provider's management; AND (iii) The FY22 annual financial statements of the respective WSS Service provider are audited and published in the WSS Service provider's website within 12 months after the end of the fiscal year, based on the financial reporting guidance standards approved by the DIGECO; AND (iv) A Gender Action Plan is developed by the WSS providers and approved by the respective WSS Service provider's management.</i>		
2024	<i>9 b. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published on the WSS Service providers' website after the end of each quarter; AND (ii) Billing and collection systems are digitized, and innovative consumer payment mechanisms are tried, tested and approved by the respective WSS Service provider's management; AND (iii) The FY23 annual financial statements of the respective WSS Service provider are audited and published in the WSS Service provider's website within 7 months after the end of the fiscal year, based on the financial reporting guidance standards approved by the DIGECO; AND (iv) 65% of the actions scheduled in the Gender Action Plan for the year are implemented by the respective WSS Service provider.</i>	11,600,000.00	Achieved/Not Achieved
2025	<i>9 c. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published on the WSS Service providers' website after the end of each</i>	11,800,000.00	chieved/Not Achieved



	<i>quarter; AND (ii) Digitized billing and collection systems and innovative consumer payment mechanisms are implemented by the respective WSS Service provider; AND (iii) The FY24 annual financial statements of the respective WSS Service provider are audited and published in the WSS Service provider’s website within 6 months after the end of the fiscal year, based on the financial reporting guidance standards approved by the DIGECO; AND (iv) 70% of the actions scheduled in the Gender Action Plan for the year are implemented by the respective WSS Service provider.</i>		
2026	<i>9 d. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published on the WSS Service providers’ website after the end of each quarter; AND (iii) Digitized billing and collection systems and innovative consumer payment mechanisms are implemented and maintained by the respective WSS Service provider; AND (iii) The FY25 annual financial statements of the respective WSS Service provider are audited and published in the WSS Service provider’s website within 5 months after the end of the fiscal year, based on the financial reporting guidance standards approved by DIGECO; AND (iv) 75% of the actions scheduled in the Gender Action Plan for the year are implemented by the respective WSS Service provider.</i>	11,970,000.00	<i>chieved/Not Achieved</i>
2027	<i>9 e. (i) PEI and quarterly and cumulative quarterly Budget Execution Reports (i.e. 4 in total) for the corresponding fiscal year published on the WSS Service providers’ website after the end of each quarter; AND (ii) Digitized billing and collection</i>	12,130,000.00	<i>chieved/Not Achieved</i>



*systems and innovative consumer payment mechanisms are implemented and maintained by the respective WSS Service provider; AND (iii) The FY26 annual financial statements of the respective WSS Service provider are audited and published in the WSS Service provider’s website within 4 months after the end of the fiscal year, based on the financial reporting guidance standards approved by DIGECO; AND (iv) 80% of the actions scheduled in the Gender Action Plan for the year are implemented by the respective WSS Service provider.*

**Rationale:**  
**The delivery date for DLR 9 a. (iii) was changed from 7 months to 12 months.**

DLI 10		Strengthened performance monitoring		
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	25,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.22   0.48   0.33			
2023	0.00		0.00	n.a.
2024	0.38   0.61   0.53		5,950,000.00	Achieved/Not Achieved
2025	0.78   0.76   0.73		6,100,000.00	Achieved/Not Achieved
2026	0.87   0.88   0.86		6,330,000.00	Achieved/Not Achieved



2027	0.99   0.99   0.99	6,620,000.00	Achieved/Not Achieved
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ANNEX 2: PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
PCMU establishes performance monitoring framework for WSS providers.	Technical		PCMU/MEPyD	Due Date	31-Dec-2023	WSS performance monitoring framework established with protocols for reporting included in the OM.
MEPyD (DGIP) enters the budget for investment projects with approved SNIP codes into SIGEF in a timely manner to ensure WSS providers can spend the funds.	Technical		DGIP/MEPyD	Recurrent	Quarterly	Verification that budgets for all projects with SNIP codes are entered into SIGEF.
The Program financial statements are prepared following approved guidelines by DIGECO, subject to external audit, and are publicly available.	Fiduciary Systems	DLI 9	PCMU/MEPyD, DIGECO, WSS providers	Recurrent	Yearly	Annual verifications by an independent verification agent will confirm if providers are complying with DLI 9.
Consolidation of information on all credible and material complaints on fraud and corruption under the Program and actions taken or being taken, with report promptly shared with World Bank.	Fiduciary Systems		PCMU/MEPyD	Recurrent	Yearly	Report on fraud and corruption cases and how they have been resolved submitted to the Bank.
Preparation and implementation of a clause in the bidding	Fiduciary Systems		PCMU/MEPyD	Other	Language for bidding documents to be agreed	Bidding documents include clause on complaints handling.



documents on the handling of complaints, which includes a detailed description of the procedure through which a timely and fair revision of the complaint is ensured.					within 12 months of implementation , then included in all procurement processes.	
Promote the adoption of good international practices on the management of E&S impacts in the design, implementation, and monitoring of projects, per ESSA recommendations, including the sharing of good practices among participating institutions.	Environmental and Social Systems		MEPyD	Recurrent	Continuous	Report of international good practices adopted.
Capacity building support to the providers to implement strategies that promote the effective participation of citizens and beneficiaries on an ongoing basis, particularly in terms of grievance mechanisms, prioritizing vulnerable groups.	Environmental and Social Systems		PCMU/MEPyD	Recurrent	Continuous	Report on capacity building activities to WSS providers and actions taken by providers.
Establish an environmental and social unit for CORAAVEGA. Strengthen existing environmental and social units at CORAASAN and INAPA Central, including support	Environmental and Social Systems		WSS providers, support from PCMU/MEPyD	Other	Within 12 months after effectiveness.	Report on the establishment of the unit in CORAAVEGA and activities to strengthen E&S management for CORAASAN and INAPA.





to INAPA Zone 1 service delivery unit.						
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