



Report No: RES00312

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF

Lilongwe Water and Sanitation Project

APPROVED ON 20-Dec-2017

TO

The Republic of Malawi

Water Global Practice  
Eastern and Southern Africa Region

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## ABBREVIATIONS AND ACRONYMS

BOD5	5-day Biochemical Oxygen Demand
ESMPs	Environmental and Social Management Plans
GRM	Grievance Redress Mechanism
LWSP	Lilongwe Water and Sanitation Project
NRW	Non-Revenue Water
QPPR	Quarterly Project Progress Report
TW3	Third Drinking Water Treatment Plant



**BASIC DATA**

**Product Information**

Operation ID P163794	Operation Name Lilongwe Water and Sanitation Project
Product/Financing Instrument Investment Project Financing (IPF)	Geographical Identifier Malawi
Approval Date 20-Dec-2017	Current Closing Date 30-Apr-2025
Original EA Category Partial Assessment (B) (PAD Approval Package-20 Dec 2017)	

**Organizations**

Borrower The Republic of Malawi	Responsible Agency Lilongwe Water Board
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**OPERATION STATUS**

**Project Development Objective (DO)**

Original Development Objective  
To increase access to improved water services and safely managed sanitation services in Lilongwe City

**Disbursement Summary (in USD million)**

Source of Funds	Net Commitment	Disbursed	Balance	% Disbursed
IBRD	--	--	--	0
IDA	145.00	129.42	15.58	89.25



Grants	--	--	--	0
<b>Policy Waivers</b>				
Does this restructuring trigger the need for any policy waiver(s)?				No



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## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. This restructuring seeks to extend the closing date for IDA-61720, IDA-D2660, IDA-70070, IDA-D9350 for 6 months from December 31, 2024 to June 30, 2025, reallocate funds between Components and amend two intermediate results indicators. This will be the second extension of the closing date. The cumulative extension will be 24 months.
2. LWSP was approved by the Board of Directors on December 20, 2017, in the amount of US\$100 million (IDA) and became effective on March 26, 2018. An Additional Financing in the amount of US\$45 million (IDA) was also approved on December 9, 2021.
3. The overall implementation progress of the project is Satisfactory, and it is on track to achieve its development objectives. At the end of May 2024, the overall project disbursement stands at 86 percent with all major contracts under the parent project completed and contracts under the additional financing planned to be finalized by the closing date.
4. The project has four Components and their progress to date is as follows:
  - a) Component 1 – Water Distribution Network Rehabilitation, Expansion and NRW reduction (Total cost: US\$69 million (IDA), of which US\$67 million has been disbursed). Almost all works have been completed, some payments related to the Non-Revenue Water (NRW) reductions are still pending due to verification of the actual results achieved.
  - b) Component 2 – Priority Sanitation Improvements (Total cost: US\$46 million (IDA), of which US\$41 million has been disbursed). Most of the investments are completed only a few like sewerage network extension and onsite sanitation are to be completed by October 2024.
  - c) Component 3 – Technical Assistance (Total cost: US\$18 million (IDA), of which US\$15 million has been disbursed). All technical assistance contracts are completed with the exception of the Preparation of the Investment plan for Lilongwe Water Board, which is being finalized.
  - d) Component 4 – Institutional Capacity Strengthening (Total cost: US\$14.5, of which US\$10 million has been disbursed). Capacity building activities continue and will be completed by the closing date.
5. In addition to the World Bank’s support for Lilongwe Water Board, there are ongoing projects with Japanese International Development Agency (JICA) and European Investment Bank (EIB), supporting various infrastructure and service improvements. During the Additional Financing discussions, the World Bank agreed to supervise the construction works of the Third Drinking Water Treatment Plant (TW3) in Lilongwe, which is financed by the EIB.
6. Performance of the implementing entities in terms of fiduciary, safeguards, and monitoring and evaluation are summarized as follows:
  - a) Fiduciary Performance. The current financial management rating of the Project is Satisfactory, and there are no outstanding audits under the Project. All audit and financial management reports have been submitted and found to be acceptable to the World Bank. The procurement rating is at Satisfactory level.
  - b) Safeguards Performance. The current environmental and social safeguards rating is Satisfactory. All Environmental and Social Management Plans (ESMPs) have been cleared by the World Bank and publicly consulted and disclosed. The Grievance Redress Mechanism (GRM) log is submitted as part of the Quarterly Project Progress Report (QPPR).
7. The rationale for the proposed six months extension is to allow for the proper supervision of construction works on the TW3. LWSP is covering the supervision of this important contract, but due to some implementation delays (works only commenced on March 18, 2024), the two parallel projects (LWSP and TW3 construction) are out of sync now and the supervision cannot be completed by the current closing date of December 31, 2024. The



Borrower requested a 9 months' extension in April 2024, but following an internal assessment, the World Bank is recommending extension by 6 months, when most of the construction works will be completed. Along with the time extension, it is proposed to reallocate a small portion of funds between Components 1 and 3 to utilize accumulated savings and ensure that the TW3 supervision is properly resourced, as well as amend two intermediate results indicators, where no methodology existed during project preparation and can now be fine-tuned to correctly capture the baseline values and indicator targets.

## II. DESCRIPTION OF PROPOSED CHANGES

8. In line with the status and rationale provided in the previous sections and in response to the Borrower's official request of April 9, 2024, this Restructuring Paper seeks approval to proceed with:
  - a) Extension of the closing date for IDA-61720, IDA-D2660, IDA-70070, IDA-D9350 by 6 months – from December 31, 2024, to June 30, 2025, allowing for the financing of supervision on the construction of the Third Drinking Water Treatment Plant in Lilongwe.
  - b) Reallocation of funds from Component 1 to Component 3:
    - (i) Reduce Component 1 by US\$350,000.00
    - (ii) Increase Component 3 by US\$350,000.00.
  - c) Amend two intermediate project results indicators:
    - (i) Household sewerage connections benefiting from safely managed sanitation services (Number, Custom). The original end target for this indicator of 15,000 is amended to 10,400 with the following justification – household connections to Kauma sewerage network turned out to be 5,384 instead of 10,000 estimated during project preparation. The revised figure is based on physical customer verification exercise conducted by Lilongwe Water Board while developing a sewerage customer database for billing purposes. In addition, new connections supported under the project will be 5,016 leading to total household sewerage connections benefiting from safely managed sanitation services of 10,400.
    - (ii) BOD5 removed by the treatment plant because of project interventions (Metric tons/year, Custom). The original baseline assessment of 3,741 and end target of 4,176 are amended to 441 and 850 respectively with the following justification – a new methodology was developed as well as a physical verification of the existing connections to Kauma sewerage network during project implementation. As a result, the wastewater treated at the end of the project will be 160 liters x 10,400 connections (5,384 baseline + 2,140 phase 1 connections + 700 phase 1 carry over connections + 2,176 phase 2 connections) x 5 persons per household = 8,320,000 liters/day and BOD removal will be 280 mg. x 8,320,000 liters/day x 365 days = 850 metric ton/year.

## III. PROPOSED CHANGES



Operation Information	Proposed Changes	Operation Information	Proposed Changes
Results	Yes	Loan Closing Date Extension	Yes
Disbursements Estimates	Yes	Loan Cancellations	No
Development Objective	No	Reallocations	No
Safeguard Policies Triggered	No	Financial Management	No
ISDS	No	Procurement	No
MFD/PCE	No	Institutional Arrangement	No
Risks	No	Implementation Schedule	No
Legal Covenants	No		
Conditions	No		
Implementation Modalities	No		
Disbursements Arrangements	No		
DDO	No		
Clients	No		
Appraisal Summary	No		
Components	No		

**IV. DETAILED CHANGE(S)**

**COSTS & FINANCING**

**Private Capital Facilitation**

**Is this an MFD-Enabling Project (MFD-EP)?**

**Is this project Private Capital Enabling (PCE)?**

**LOANS**

**Loan Closing**





Loan/Credit/Trust Fund	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-61720-001	Effective	30-Jun-2023	30-Apr-2025	30-Jun-2025	30-Oct-2025
IDA-70070-001	Effective	31-Dec-2024	31-Dec-2024	30-Jun-2025	30-Oct-2025
IDA-D2660-001	Effective	30-Jun-2023	31-Dec-2024	30-Jun-2025	30-Oct-2025
IDA-D9350-001	Effective	31-Dec-2024	31-Dec-2024	30-Jun-2025	30-Oct-2025

**DISBURSEMENTS**

**Operation Dates & Projection Details**

Reasons to change the full Disbursement date and/or the projection

Restructuring

Implementation Start Date

20-Dec-2017

Operation Closing Date

30-Apr-2025

Projected Date for Full Disbursement

30-Jun-2025

**Expected Disbursements (in US \$) (Absolute)**

Year	Original Estimation at Preparation (Approval Package – 20 Dec 2017)	Revised Estimation	Actual
FY2018	0.00	1,829,181.80	2,090,493.49
FY2019	0.00	9,023,343.01	9,023,343.01
FY2020	0.00	16,772,891.92	16,772,891.92
FY2021	0.00	19,684,260.42	19,684,260.42
FY2022	2,260,000.00	31,000,000.00	39,002,258.11
FY2023	5,030,000.00	32,053,333.30	18,335,447.23
FY2024	4,700,000.00	19,410,000.00	23,456,821.46
FY2025	2,950,000.00	14,380,217.38	1,051,201.26



**RESULTS**

**COUNTRY: Malawi**

**Lilongwe Water and Sanitation Project**

**PDO Indicators by PDO Outcomes**

Increase access to improved water services in Lilongwe City								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Number of people receiving improved water services as a result of the project (Number)	0.00	Jun/2018	370,821.00	29-Mar-2024	370,821.00	29-Mar-2024	250,000.00	Dec/2024
Of which 50% are women (Number)	0.00	Jun/2018	191,714.00	29-Mar-2024	191,714.00	29-Mar-2024	125,000.00	Dec/2024
Increase access to safely managed sanitation services in Lilongwe City								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Number of people gaining access to safely managed sanitation services as a result of the project (Number)	0.00	Jun/2018	186,587.00	29-Mar-2024	186,587.00	29-Mar-2024	250,000.00	Dec/2024
Of which 50% are women (Number)	0.00	Jun/2018	95,159.00	29-Mar-2024	95,159.00	29-Mar-2024	125,000.00	Dec/2024

**Intermediate Results Indicators by Components**



Water Distribution Network Rehabilitation, Expansion and NRW reduction								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Length of water supply pipeline laid under the project (Kilometers)	0.00	Jun/2018	427.10	29-Mar-2024	427.10	29-Mar-2024	236.00	Dec/2024
Household water connections receiving improved water services under the project (Number)	0.00	Jun/2018	81,859.00	29-Mar-2024	81,859.00	29-Mar-2024	27,594.00	Dec/2024
Priority Sanitation Improvements								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Length of sewer pipeline laid under the project (Kilometers)	0.00	Jun/2018	76.80	29-Mar-2024	76.80	29-Mar-2024	107.00	Dec/2024
<sup>Revise</sup> Household sewerage connections benefiting from safely managed sanitation services (Number)	0.00	Jun/2018	9,105.00	29-Mar-2024	9,105.00	29-Mar-2024	10,400.00	Jun/2025
Of which new sewerage connections (Number)	0.00	Jun/2018	2,837.00	29-Mar-2024	2,837.00	29-Mar-2024	5,000.00	Dec/2024
Improved household sanitation facilities under the project (Number)	0.00	Jun/2018	30,673.00	29-Mar-2024	30,673.00	29-Mar-2024	32,000.00	Dec/2024
Volume of sewage treated (in thousands) (Cubic meters/year)	0.00	Jun/2018	2,630.34	29-Mar-2024	2,630.34	29-Mar-2024	3,175.00	Dec/2024
<sup>Revise</sup> BOD5 removed by the treatment plant as a result of project interventions (Metric tons/year)	441.00	Jun/2018	737.00	29-Mar-2024	737.00	29-Mar-2024	850.00	Jun/2024
Technical Assistance								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year



Number of Master Plans prepared (Number)	0.00	Jun/2018	2.00	29-Mar-2024	2.00	29-Mar-2024	2.00	Dec/2024
<b>Institutional Capacity Strengthening</b>								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
ISO 9001 certification for Lilongwe Water Board (Yes/No)	No	Jun/2018	Yes	29-Mar-2024	Yes	29-Mar-2024	Yes	Dec/2024
The percentage of LWB and LCC staff in decision-making roles (supervisory or managerial) who are female (Percentage)	10.00	Oct/2017	34.00	29-Mar-2024	34.00	29-Mar-2024	30.00	Dec/2024
Number of staff trained under the project (Number)	0.00	Jun/2018	129.00	29-Mar-2024	129.00	29-Mar-2024	50.00	Dec/2024
Female staff trained (Number)	0.00	Jun/2018	51.00	29-Mar-2024	51.00	29-Mar-2024	25.00	Dec/2024
Percentage of sewer blockages complaints resolved within 15 days of being recorded in the database (Percentage)	0.00	Jun/2018	100.00	29-Mar-2024	100.00	29-Mar-2024	80.00	Dec/2024
Customer satisfaction index for water supply services (Percentage)	50.00	Jun/2018	76.00	29-Mar-2024	76.00	29-Mar-2024	80.00	Dec/2024
Reduced physical losses in water-stressed areas as a result of project interventions (Cubic Meter(m3))	768,696.00	Jun/2018	1,353,852.00	29-Mar-2024	1,353,852.00	29-Mar-2024	1,500,000.00	Dec/2024