



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
DRC URBAN WATER SUPPLY PROJECT
APPROVED ON DECEMBER 18, 2008
TO
MINISTRY OF FINANCE

WATER

AFRICA EAST

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Jean-Christophe Carret
Regional Director:	Mark R. Lundell
Practice Manager/Manager:	Maria Angelica Sotomayor Araujo
Task Team Leader(s):	Rebecca Jean Gilsdorf, Patrick Goy Ndolo



I. BASIC DATA

Product Information

Project ID P091092	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 18-Dec-2008	Current Closing Date 30-Dec-2020

Organizations

Borrower Ministry of Finance	Responsible Agency COPIREP,REGIDESO,REGIDESO,Democratic Republic of Congo, Represented by the Ministry of Finance
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Project Development Objective (PDO)

Original PDO

The project objective is to increase sustainable access to water in selected urban areas and the efficiency of REGIDESO.

Current PDO

The revised PDO is to increase access to sustainable water services in selected urban areas, and to improve the operational performances and viability of the Project Implementing Entity.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-D1020	25-Feb-2016	18-Mar-2016	16-Sep-2016	30-Dec-2020	166.00	108.74	59.41
IDA-H4350	18-Dec-2008	19-Jan-2009	03-Nov-2009	31-Dec-2018	189.28	190.54	0
TF-92105	09-Jun-2008	13-Jun-2008	13-Jun-2008	30-Jun-2009	.07	.07	0



Policy Waiver(s)

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

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

Project Status

1. The Urban Water Supply Project (PEMU, P091092) parent project was approved by the Board of Executive Directors on December 18, 2008, and became effective on November 3, 2009, with an original closing date of March 31, 2014. The Additional Financing (AF) was approved by the Board of Executive Directors on February 25, 2016, became effective on September 16, 2016, and had an original closing date of December 31, 2018. The grant of the parent project has been fully disbursed and was closed on December 31, 2018. With this 6-month extension, the cumulative extension for the Additional Financing (AF) will total 30 months, given a previous 6-month extension, a previous 12-month extension, and a previous 6-month extension of the AF provided through restructurings that took place in December 2018, June 2019, and June 2020, respectively.
2. The Project Development Objective (PDO) is to increase access to sustainable water services in selected urban areas, and to improve the operational performance and viability of the Project Implementing Entity (following a revision as part of a restructuring in 2016 as part of the additional financing). At present, the likelihood of fully achieving the PDO is rated as Moderately Satisfactory, due to strong progress on Component A, which focuses on infrastructure construction, and slow progress under Component B, which focuses on sector reform and utility performance improvement.
3. Component A: Water Supply Services in Major Urban Centers (US\$257.9 million, cumulative for parent and AF). More than 2.74 million people have gained access to water under the project, which represents 105.4 percent of the target number for beneficiaries. Additionally, 77,834 new household connections have been installed (105.9 percent of the target), 451 new public taps have been constructed (100.2 percent of the target), and an additional production of 64,000 m³/day is being supplied to the network (92.8 percent of the target).
4. Component B: Sector reform, Capacity Building and Improved Governance (US\$98.2 million, parent and AF combined). The PDO level indicator for this component is the cost recovery rate for the Project Implementing Entity, the national water utility, REGIDESO (Régie de Distribution d'eau de la République Démocratique du Congo, the DRC National Water Utility). The target for the cost recovery rate is 104, but at present, the rate is below the target, in part due to the impacts of the Coronavirus Disease 2019 (COVID-19) pandemic and associated government measures, including two months of free water supply. COVID-19 has further impacted the sector through reduced bill collections linked to the economic downturn. As part of the response to COVID-19, the project has also financed new water points in Kinshasa (to provide water for handwashing) and emergency procurement of chlorine for the city to ensure high quality water supply throughout the pandemic.
5. REGIDESO has already made efforts to further improve this indicator, while maintaining water supply to households during this crisis. Additionally, REGIDESO continues to connect new households through the social connection program (i.e., partially subsidized household water connections) as well as re-connecting households who had become inactive (and offering installment payment plans to handle their debt). Further, the social connection



program and reactivation of inactive connections will indirectly benefit a number of other indicators of Component B, such as a) the rate of non-revenue water, i.e., water produced for which the utility does not receive revenue (as some existing water users will begin receiving a bill); b) the number of staff per 1,000 connections (as the number of active connections will increase though the size of the staff will remain unchanged); and c) the proportion of billed water (in volume or billings), which is “Instances Official,” i.e., government connections. All of these on-going improvements will support the attainment of the second part of the PDO (linked to Component B).

6. Both the infrastructure investments and utility performance improvement activities are being coordinated with other donors, particularly with the German Development Agency (GIZ) and the German Development Bank (KfW), who have significant investments and engagements with national utility. The World Bank team is also chairing the Water, Sanitation and Hygiene Sector Donor Group, through which the team coordinates with a wide range of other sector donors.

Proposed Changes

7. The Ministry of Finance issued a letter on November 16, 2020 requesting a restructuring of the project to extend its closing date by 12 months up to December 31, 2021. The extension was requested to account for delays linked to COVID-19 and to allow time to continue the first phase of the Ozone water treatment plant, prior to transferring to Kin Elenda, a new multisectoral urban development project for the city of Kinshasa (P171141). After further discussions between the World Bank and the Client, it was agreed that an extension to June 30, 2021 was sufficient at this stage, given the planned early 2021 Board date of Kin Elenda. This decision was then officially communicated to the Client in a letter dated December 8, 2020.

8. The proposed extension for the project closing date will provide more time to implement the following key activities and reforms that were envisioned under, and are currently part of, the project, specifically: (i) intensification of social connections in all three targeted urban centers; (ii) completion of ongoing network expansion and rehabilitation being finalized in Kinshasa; (iii) continuation of Phase 1 of the Ozone Water Treatment Plant (WTP) in Kinshasa; and (iv) finalization of the utility performance improvement plan (including efforts to reduce non-revenue water, digitalization of key utility operations, etc.) to be implemented under Kin Elenda. The relevant indicator completion dates will also be adjusted accordingly.

9. The project team confirms that World Bank’s requirements under World Bank Directive for Investment Project Financing are met. The proposed extension is going to support implementation of remaining key project activities that will enhance the achievement of the PDO. With the extension, the PDO remains achievable, and the World Bank and the Borrower agree on actions that will be undertaken by the Borrower to complete the project, as stated in the upcoming aide memoire.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)

**The World Bank**

DRC Urban Water Supply Project (P091092)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-D1020	Effective	31-Dec-2018	30-Jun-2019, 30-Jun-2020, 30-Dec-2020	30-Jun-2021	30-Oct-2021
IDA-H4350	Closed	31-Mar-2014	31-Dec-2015, 15-Mar-2016, 31-Dec-2018, 11-Jun-2020		
TF-92105	Closed	30-Jun-2009	28-Dec-2009		