

Document of
The World Bank

Report No: 55032-BJ

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SECOND DECENTRALIZED CITY MANAGEMENT PROJECT
LOAN
SEPTEMBER 12, 2005 & JUNE 26, 2008

TO THE
GOVERNMENT OF BENIN

JUNE 15, 2010

CURRENCY EQUIVALENTS
(Exchange Rate Effective April 30, 2010)

Currency Unit = CFA Francs BCEAO
1 US\$ = CFAF493
1 US\$ = SDR0.661761

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

IDA International Development Association
PDO Project Development Objective

| | |
|-------------------|-----------------------|
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BENIN
SECOND DECENTRALIZED CITY MANAGEMENT

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SECOND DECENTRALIZED CITY MANAGEMENT

Project ID: P082725 -- Loan/Credit No.: IDA 44900, IDA 41170¹

RESTRUCTURING PAPER

Extension of Closing Date

1. The closing date for *BENIN-- Second Decentralized City Management* will be extended from 12/31/2010 until 03/31/2012.
2. Briefly summarize project implementation progress and confirm whether project objectives continue to be achievable.

The overall project implementation is progressing well. As of May 20, 2010, 81% of the original credit and 39% of the additional financing (7 months after Effectiveness) credit had been disbursed. i) the rehabilitation (paving and drainage) of 23.3 kilometers out of 31.6 km of urban roads is completed and providing to over 224,000 residents better access to the city centers (67% of end of project target), and (ii) the construction of 9.5 km out of 14.8 kilometers of primary drainage network, protecting 73,000 residents from periodic flooding (64% of end of original project target). Overall, 66% of the total project funds allocated to component B has been disbursed and on-going works are progressing well in line with the procurement plan (amended). 14 operational neighborhood development committees have been established surpassing the end of project target of 10. The committees are supporting the entrenchment of community participation in decision making in the project. All participating municipalities (except one) have increased their overall internally generated funds and are consistently allocating funds for urban infrastructure maintenance per project agreements and targets. Considering the progress of implementation despite loss of over 16 months to delays in Borrower's own internal processes for approving the IDA Credit and for making counterpart payments related to the construction of the landfill in Porto Novo, the Team is confident that, if approved, the time requested (details outlined in the revised procurement plan dated May 21, 2010) will be enough to allow for the completion of all outstanding works and a more likely achievement of the project PDO.

3. The proposed extension is necessary to enable the Borrower to complete works on the landfill at Porto Novo (Takon site) and all outstanding works on the Additional Financing Credit. The Borrower has submitted a revised procurement plan and an action plan (May 21, 2010) acceptable to IDA outlining how it intends to complete the project.

4. This will be the 2nd extension of the project. The first, concluded during the preparation of the Additional Financing Credit (for six months), was to allow for works envisaged to be completed.

¹ This memo should be a maximum of one page.

