



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF THE
BOTSWANA EMERGENCY WATER SECURITY AND EFFICIENCY PROJECT
APPROVED ON MARCH 2, 2017
TO THE
REPUBLIC OF BOTSWANA

WATER GLOBAL PRACTICE

AFRICA REGION

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Paul Numba Um
Senior Global Practice Director:	Jennifer J. Sara
Practice Manager/Manager:	Catherine Signe Tovey
Task Team Leader:	Lizmara Kirchner, Christiaan Heymans



ABBREVIATIONS AND ACRONYMS

BEWSEP	Botswana Emergency Water Security and Efficiency Project
DWA	Department of Water Affairs
FY	Financial Year
US\$	United States Dollar
WUC	Water Utilities Corporation



BASIC DATA

Product Information

Project ID P160911	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 02-Mar-2017	Current Closing Date 31-May-2021

Organizations

Borrower Ministry of Finance and Economic Development	Responsible Agency Ministry of Land Management, Water and Sanitation, Water Utilities Corporation
--	--

Project Development Objective (PDO)

Original PDO

To improve availability of water supply in drought vulnerable areas, increase the efficiency of WUC, and strengthen wastewater management in selected systems.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-87190	01-Mar-2017	17-May-2017	14-Aug-2017	31-May-2021	145.50	4.45	141.05

Policy Waiver(s)

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

No



Note to Task Teams: End of system generated content, document is editable from here.

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

1. The Botswana Emergency Water Security and Efficiency Project (BEWSEP) was approved on March 2, 2017 and became effective on August 14, 2017. The project development objective is to improve availability of water supply in drought vulnerable areas, increase the efficiency of the Water Utilities Corporation (WUC), and strengthen wastewater management in selected systems. The BEWSEP was designed as a US\$160 million project, with a World Bank contribution of US\$145.5 million and the Government of Botswana contributing US\$14.5 million. Overall progress has been slower than planned, with the project's disbursement rate standing at around 3 percent.
2. Implementation of *Component 1: Improve Availability of Water Supply and Efficiency of Services* is behind schedule, due to delays in completing detailed engineering designs; additional work required for preparing and obtaining approval for environmental and social safeguards actions; alignment of World Bank and Government of Botswana systems for procurement and reporting; and the need to re-design many of the planned sub-projects. Priority contracts have been identified for implementation and preparation of detailed designs, environmental assessments and bidding documents are at an advanced stage in North-East Tutume (estimated cost of US\$30 million), Selebi-Phikwe (estimated cost of US\$30 million) and Malwelwe/Molepolole (design-build with an estimated cost of US\$10 million). These sub-projects are expected to be contracted by December 2019.
3. The implementation of *Component 2: Improve Wastewater and Sludge Management*, is also behind schedule. The contract for the feasibility study and designs of the upgrading of Mambo wastewater treatment plant has recently been signed, and procurement of consultants for the feasibility studies of the two remaining wastewater subprojects (Lobatse and Lethakane) is at an advanced stage. Once these studies are advanced, the teams will discuss whether the scope of this component needs to be revised.
4. Implementation of *Component 3: Sector Reform and Institutional Strengthening*, has experienced delays mostly related to technical and procurement aspects. Bidding processes were launched for 11 contracts. Some of the original activities planned under this component have been revised to accommodate emerging government priorities on water resources management as well as long-term planning incorporating climate change and variability.
5. Although the overall implementation progress remains "moderately unsatisfactory", there has been progress since the September 2018 and March 2019 implementation support visits. This has resulted in about US\$8 million in loan funds being committed while 13 tendering processes are ongoing and 7 are about to be launched. These contracts are expected to be signed by the end of December 2019, committing about 50 percent of the total loan amount. This progress was made possible by two interventions:



- a. The appointment of a dedicated Program Coordinator and Procurement and Contracts Specialist for the WUC's Project Management Office in September 2018, and subsequently additional dedicated staff, have brought greater focus and committed resources in project management.
- b. Prioritization of three specific sub-projects, bundled to expedite processing and tightened monitoring, has moved Component 1 forward on improving water works and delivery systems in North-East Tutume; Selebi Phikwe; Malwelwe/Molepolole. As part of the forthcoming mid-term review process, the team will review the remaining planned sub-projects, in the context of reviewing the overall project scope and resources available and highlight any additional priority sub-projects that merit immediate focus.

B. Rationale for restructuring

6. This restructuring paper is a proactive intervention to allow the updating of disbursement projections for the BEWSEP. The revised disbursement projections will help set a more realistic framework for project disbursements over the next year and enable the Bank and the Government to monitor the project disbursement targets more effectively over the project timeframe. The mid-term review of the Project is being planned for July to September 2019,¹ and will likely lead to a more substantive restructuring of the project.
7. The team will continue to work with Government counterparts in further accelerating the pace of project implementation.

II. DESCRIPTION OF PROPOSED CHANGES

8. The restructuring acknowledges the large gap between original disbursement projections and actual disbursements. It was originally envisaged that a total of US\$47 million would be disbursed by the end of FY19, whereas this has only reached around US\$4.448 million.
9. The original disbursement projection of US\$50 million for fiscal year 2020 turns out to be unrealistic, given the delays experienced in project implementation. A more realistic adjustment for fiscal year 2020 would be a disbursement target of US\$20 million, based on the procurement processes that are ongoing and to be launched.
10. The remaining resources will form the projections for fiscal year 2021. Upon concluding the mid-term review, a more substantive restructuring may ensue, in which, among other changes, disbursement estimates may be further revised according to the revised implementation schedule and associated disbursement projections.

¹ Additional time is needed given the ongoing political economy in the sector, which has been marked by several changes at the senior levels ahead of the upcoming presidential elections.



I. SUMMARY OF CHANGES

	Changed	Not Changed
Disbursement Estimates	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)



DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2017	2,000,000.00	0.00
2018	15,000,000.00	0.00
2019	30,000,000.00	4,448,361.79
2020	50,000,000.00	20,000,000.00
2021	48,500,000.00	120,551,638.21
2022	0.00	0.00