



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
VOLTA RIVER BASIN STRATEGIC ACTION PROGRAMME IMPLEMENTATION
APPROVED ON MAY 21, 2015
TO THE
VOLTA BASIN AUTHORITY (VBA)
December 18 , 2018

WATER GLOBAL PRACTICE

AFRICA

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ABBREVIATIONS AND ACRONYMS

CIWA	Cooperation in International Waters in Africa
DDO	Deferred Drawdown Option
EA	Environmental Assessment
GEF	Global Environment Facility
iLAP	Integrated Loan Administration Platform
IWRM	Integrated Water Resource Management
MTR	Mid-Term Review
PCU	Project Completion Unit
PDO	Project Development Objective
SAP	Strategic Action Programme
VBA	Volta Basin Authority



BASIC DATA

Product Information

Project ID P149969	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 21-May-2015	Current Closing Date 31-Aug-2019

Organizations

Borrower Volta Basin Authority (VBA)	Responsible Agency Volta Basin Authority (VBA)
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Project Development Objective (PDO)

Original PDO

The proposed global objective is to improve the capacity of the VBA for transboundary water resources management.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
TF-16611	21-May-2015	17-Aug-2015	17-Dec-2015	31-Aug-2019	3.50	1.62	1.88
TF-A0184	21-May-2015	17-Aug-2015	17-Dec-2015	31-Aug-2019	7.20	2.57	4.63

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

Project Status

1. The project is the first support provided to the Volta Basin Authority (VBA) by the World Bank. The project was approved on May 21, 2015 and became effective on December 17, 2015. The project was officially launched in Accra, Ghana, on February 16, 2016. The current closing date is August 31, 2019. The project is financed by a US\$7.2 million grant from the Global Environment Facility (GEF) and a US\$3.5 million grant from the Cooperation in International Waters in Africa (CIWA).
2. The project is articulated along four main components:
 - **Component 1, Water Charter Development for the Volta River Basin** (US\$1,992,000); Component 1 aims to develop a Water Charter, which (a) will specify the roles and responsibilities of riparian countries regarding water resources use; (b) strengthen the underpinning of VBA to promote coordinated and harmonized water policies in the basin; and (c) define guiding principles for improved water resources development and management for the basin, including the strengthening of the integrated water resources management (IWRM) of transboundary resources.
 - **Component 2: Facilitating dialogue, communication and project monitoring** (US\$1,260,000); The main expected output is a Strategic Communications Plan (comprising a communication strategy and a communication plan), which has two purposes: (i) to enable VBA to establish communications mechanisms that target the various typologies of the basin's stakeholders; and (ii) to facilitate the exchange of environmental and water resources data within the basin.
 - **Component 3: Implementation of SAP priority actions** (US\$6,898,000). The component focuses on the reforestation in Benin, Cote d'Ivoire, Ghana, and Togo; river bank rehabilitation in Burkina Faso, development of market gardens in Mali. It supports the development of projects that will improve water quality and flows, and ecosystem services. These actions were identified in consultation with VBA and the six riparian states involved: Benin, Burkina Faso, Ghana, Cote d'Ivoire, Mali, and Togo.
 - **Component 4, project management** (US\$790,000). This component finances the project management costs for fiduciary management, monitoring and evaluation, technical reporting, audits, and operating costs for project management. It also supports the establishment and implementation of procedures for internal regulations. The component's objective is to strengthen VBA's capacity to effectively assume its mandate through (a) updating and finalizing the Manual of Administrative and Financial Procedures and (b) establishing and implementing the VBA focal structures in Member States.
3. To date, **Component 1's** diagnostic phase supporting the elaboration of the Volta Basin Water Charter has been finalized. The next two phases—drafting the Water Charter and the associated consultations—have begun and are



expected to be completed by March 2019. To support the dissemination of the Water Charter, training on law on international water rivers has also began in September 2018. In addition to the Water Charter, the study to strengthen the VBA national focal structures has been finalized.

4. For **Component 2**, the development of the VBA Communications Strategy and Plan is underway and is expected to be completed by April 2019.

5. **Component 3**, however, is severely delayed. The three main causes of this delay are (i) the weak capacity of the client implementing a World Bank project for the first time; (ii) the limited support of its member states, which delayed financial contribution and hence the hiring of the needed staff. Indeed, only two specialists are paid by the project: the Project Accountant and the Procurement Specialist. During preparation, it was agreed that the other support staff should be provided by the Institution (VBA). It was agreed that the VBA would recruit the environmental specialist, whereas an existing staff member of VBA was assigned the task of Monitoring and Evaluation (M&E). However, the VBA was not able to recruit the additional specialist and the M&E staff was engaged in several other tasks, which reduced the time he could devote to the project; and (iii) the lack of preparedness of the feasibility studies. Therefore, the design and feasibility studies of the subprojects in the six VBA member countries are only in their final preparation phase. Given the current closing date in August 2019 and the fact that the feasibility studies have been finalized only in October 2018, it is no longer possible to implement these sub-projects as designed initially within the project's timeframe. For instance, four subprojects that address reforestation in Benin, Cote d'Ivoire, Ghana, and Togo would require at least two seasons for planting the trees after the finalization of the feasibility studies. Similarly, the initial scope of the subproject in Mali willing to develop small-scale irrigation would have require an implementation period of 3 - 4 years following completion of the feasibility study. In another example, the Burkina subproject on river banks restoration, will be subject to an environmental and social impact assessment to determine if any World Bank safeguard policy would need to be triggered, which may increase the implementation period to 18 months. VBA is finalizing the recruitment of a safeguard specialist for the Burkina subproject Even if safeguard policies were not triggered, the remaining project's lifetime after the study (8 months) is too short for the restoration of the selected 10 km of river banks it is why it is proposed to restore only 5 km.

6. The **management of the project** has been improving recently with the arrival of a new leadership team in July 2017 and the willingness to strengthen the link with the member states. This restructuring would propose a partial cancelation of funds and redirect some of the budget towards the recruitment of additional project consultants, namely an environmental and a social specialist, who will both support the implementation of Component 3 and also be in charge of the project's M&E on an on-demand basis.

7. The progress towards the achievement of the PDO is currently rated Moderately Satisfactory owing to the progress on the core activities under Components 1 and 2. Following the mid-term review (MTR) mission in November 2017, implementation progress was downgraded to Moderately Unsatisfactory due to considerable delays in carrying out feasibility studies for the 6 subprojects under Component 3. In the last six months, the disbursement rate has increased from 20% to 34% (till December 2018), due to progresses made under Components 1 and 2, and the finalization of the 6 feasibility studies under Component 3. The November's ISR 2018, is reflecting this accelerated implementation pace by. If these progresses are confirmed the next ISR of spring 2019 could propose upgrading the implementation progress to Moderately Satisfactory. The analysis made by the Bank team on Financial Intermediate Reports demonstrates that the financial management of the project is in line with Bank rules.

Rationale for Restructuring



8. Following the November 2017 MTR that confirmed that several of the original results of Component 3 could no longer be met within the remaining project's lifetime, it was agreed to restructure the project. On May 29, 2018, after discussions with its six-member states, VBA sent a letter to the Bank asking for a restructuring including a US\$2.629 million partial cancellation of Component 3 and a 1-year extension of the project to August 31, 2020. Given that the implementation of the project is rated MU and that satisfactory progress and accelerated implementation is still to be further reviewed, the closing date extension is not currently being considered, and the proposed restructuring is limited to a partial cancellation of the budget only for component 3 (US\$2.629 million) accompanied by the reduction of the scope of Component 3, and does not impact the PDO.

9. The main reason for the restructuring is to revise Component 3 to remove those sub-components that are deemed no longer achievable under the current time-frame of the project, and to revise and update the remaining sub-components so as to allow sufficient time for the implementation of Component 3 sub-projects in the six-member countries. Although their scope will be reduced to avoid further delays, the implementation of this component remains sensitive and important to the project's political economy, as each of the six countries and beneficiaries on the ground is expected to benefit from such investments, which they had chosen as priorities out of the SAP. The countries' priorities included the implementation of ecosystem restoration activities, the realization of income-generating activities, and capacity building to these ends of riparian populations. Therefore, even if limited in scope, the sub-projects in the six countries would demonstrate that VBA, as a River Basin Organization, can mobilize resources towards countries' priorities.

II. DESCRIPTION OF PROPOSED CHANGES

10. The proposed restructuring changes will encompass the following areas:
- The scope of Component 3's sub-projects will be considerably reduced. This change would decrease the cost of implementing the sub-projects by US\$ 2.629 million (leaving US\$ 4,268 million to implement the 6 sub-projects with a reduced scope and to finance the future VBA strategic plan 2019-2024 which is a new activity). The projects will be redefined as follows:
 - i. In Benin, Cote d'Ivoire, Ghana, and Togo, the project will no longer finance reforestation, but will instead finance the protection of existing trees in selected areas and awareness raising amongst the local population on the potential impacts and risks¹ of deforestation (over a maximum area of 200 hectares). The proposed reduction of the scope is following the recommendations of the feasibility studies in order to cope with project's deadlines. In practice, this means strengthening the capacity of Civil Society Organizations (CSOs) for the development of the watersheds via training and organization of the stakeholders' fora, delimiting and signaling protected areas, preparing and installing information boards, raising the awareness of children at school in relation to the protection of the environment, and training populations in preservation / protection of protected areas. The same activities will be carried out in the 4 countries. The change from the original reforestation plan allows to reduce implementation time.

¹ Desertification, erosion of river banks



- ii. The sub-project in Burkina Faso will still finance the stabilization of the Kou’s river banks, a tributary of the Mouhoun. However, the project will only finance the stabilization of 5km instead of 10km.
 - iii. The Mali subproject on supporting small farmers to develop vegetable crops in the Sourou basin will no longer concern the development of 50 ha of small irrigation. It will instead provide technical support to 90 small farmers in the form of materials and capacity building on the best agricultural practices to improve the productivity of the small farms in the selected area. The project should be launched in March 2019 and completed by July 2019. The proposed reduction of the scope is following the recommendation of the feasibility study in order to meet project’s deadlines.
- o Two new activities will be proposed under Component 3, namely, the (i) evaluation of the existing VBA Strategic Action plan (2015-2019) and (ii) the development of the new VBA Strategic Plan (2020-2024), which will update the existing plan by identifying and prioritizing activities to finance in riparian countries during the next programming period and by introducing a M&E mechanism. This will prepare the countries for the next programming period. The maximum estimated cost is US\$ 545,000 financed partially by savings made under other Component 3 activities and by the reallocation of some unallocated funds.
 - o Budget revision. Because of the changes in Component 3 described in the two bullets above, the restructuring will include a partial cancellation of Component 3’s budget by US\$2,629,595
 - o The intermediate indicators will be partly revised to ensure that they are directly linked to the project’s activities. The table below captures those indicators that have changed.

Intermediate results’ indicators	Proposed change	Comments	Cumulative Target Values**				
			YR1	YR 2	YR 3	YR 4	YR 5
Areas protected against deforestation (ha)	Wording and target change	The project will only finance protection against deforestation, on 200 ha instead of 150ha. The original indicator was “surface area reforested”	0	0	0	0	200
Area re/afforested (ha)	Removed	This indicator is removed as the reforestation activities were cancelled under the reduced scope of Component 3.					
River banks restored(Km)	New indicator	It is now feasible to finance the protection of 5km of river banks within the remaining project’s lifetime	0	0	0	0	5
Number of beneficiary farmers	New indicator	More farmers can be targeted now that the projects will finance the provision of material and trainings					90



New VBA Strategic Plan (2020-2024) developed	New indicator	This indicator is added to reflect on the new activity dealing with VBA strategic Plan (2019-2024)	0	0	0	0	1
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- Reallocation between disbursement categories. To accommodate for the reduction of sub-projects’ scope and the introduction of the new activity (the VBA strategic action plan 2019-2024) , the amount under category 2: “GD, WK, CS,TR & OC Part III” of TF-16611-001 (CIWA) has been reduced from US\$1,200,000 to US\$742,181 and the same category of TF-A0184-001 (GEF) has been reduced from US\$5,400,000 to US\$3,388,053 The non-allocated budget for both TFs has also been redistributed across Categories 1, 2, and 3. This reallocation has been calculated in order to finance additional public consultations for the deliverables of component 1 and 2 (water charter and communication strategy) and to finance a part of the new activity of component 3. As a result of partial cancellation, and introduction of the new activity (the VBA strategic action plan 2019-2024) the funds are reallocated between the disbursement categories. Also, funds from “Unallocated” are put among other categories. Specific details are provided in the “Reallocation between the Disbursement Categories” section below.]

11. Related project design parameters – like the component costs, implementation schedule and disbursement estimates – will be aligned with the reduced project scope and funding.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Cancellations Proposed	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Loan Closing Date(s)		✓
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)**COMPONENTS**

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Water Charter Development for Volta River Basin	1992000.00		Water Charter Development for Volta River Basin	1992000.00
Facilitating Dialogue, Communication and Project Monitoring	1260000.00		Facilitating Dialogue, Communication and Project Monitoring	1260000.00
Implementation of Strategic Action Programme Priority Actions	6898000.00		Implementation of Strategic Action Programme Priority Actions	6898000.00
Project Management	790000.00		Project Management	790000.00
TOTAL	10,940,000.00			10,940,000.00



CANCELLATIONS

Ln/Cr/Tf	Status	Currency	Current Amount	Cancellation Amount	Value Date of Cancellation	New Amount	Reason for Cancellation
TF-16611-001	Disbursing	USD	3,500,000.00	565,010.00	12-Sep-2018	2,934,990.00	BORROWER'S REQUEST FOR COUNTRY REASONS
TF-A0184-001	Disbursing	USD	7,200,000.00	2,064,585.00	12-Sep-2018	5,135,415.00	BORROWER'S REQUEST FOR COUNTRY REASONS

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
TF-16611-001 Currency: USD					
iLap Category Sequence No: 1		Current Expenditure Category: CS & TR Part I & II			
	1,950,000.00	1,029,348.53	1,950,000.00	62.00	59
iLap Category Sequence No: 2		Current Expenditure Category: GD,WK,CS,TR & OC Part III			
	1,200,000.00	185,736.32	742,181.00	18.00	18
iLap Category Sequence No: 3		Current Expenditure Category: GD,CS,OC & TR Part IV			
	200,000.00	160,389.67	242,809.00	38.00	38
iLap Category Sequence No: 4		Current Expenditure Category: UNALLOCATED			
	150,000.00	0.00	0.00		0
Total	3,500,000.00	1,375,474.52	2,934,990.00		



TF-A0184-001 | Currency: USD

iLap Category Sequence No: 1	Current Expenditure Category: CS & TR Part I & II			
1,175,000.00	630,835.98	1,351,201.00	38.00	41
iLap Category Sequence No: 2	Current Expenditure Category: GD,WK,CS,TR & OC Part III			
5,400,000.00	846,070.88	3,388,053.00	82.00	82
iLap Category Sequence No: 3	Current Expenditure Category: GD,CS,OC & TR Part IV			
325,000.00	261,823.55	396,161.00	62.00	62
iLap Category Sequence No: 4	Current Expenditure Category: UNALLOCATED			
300,000.00	0.00	0.00		
Total	7,200,000.00	1,738,730.41	5,135,415.00	

DISBURSEMENT ESTIMATESChange in Disbursement Estimates
Yes

Year	Current	Proposed
2015	0.00	0.00
2016	0.00	1,082,791.94
2017	0.00	520,914.99
2018	0.00	1,774,266.74
2019	0.00	3,203,681.00
2020	0.00	1,728,753.00
2021	0.00	0.00
2022	0.00	0.00



Results framework

COUNTRY: Western Africa

Volta River Basin Strategic Action Programme Implementation

Project Development Objectives(s)

The proposed global objective is to improve the capacity of the VBA for transboundary water resources management.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	End Target
The proposed global objective is to improve the capacity of the VBA for transboundary water resource			
Action Plan to implement findings of Institutional Assessment developed and validated by member countries (Yes/No)		No	Yes
<i>Action: This indicator has been Revised</i>			
Direct project beneficiaries (Number)		0.00	6,000.00
<i>Action: This indicator has been Revised</i>			
Rationale: The number of beneficiaries is reduced in order to adapt to the reduction of the scope of component 3			
Female beneficiaries (Percentage)		0.00	20.00
<i>Action: This indicator has been Revised</i>			



Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Implementation of Strategic Action Programme Priority Actions			
Area restored or re/afforested (Hectare(Ha))		0.00	200.00
<i>Action: This indicator has been Revised</i>			
Area re/afforested (Hectare(Ha))		0.00	200.00
<i>Action: This indicator has been Revised</i>			
Number of priority actions implemented in Volta Basin transboundary zones. (Number)		0.00	6.00
<i>Action: This indicator has been Revised</i>			
Water Charter Development for Volta River Basin			
Water Charter drafted and validated by member states (Yes/No)		No	Yes
<i>Action: This indicator has been Revised</i>			
Facilitating Dialogue, Communication and Project Monitoring			
Communications Plan developed and validated by member countries (Yes/No)		No	Yes
Number of stakeholders consulted during development of Communications Plan (Number)		0.00	500.00
<i>Action: This indicator has been Revised</i>			



The World Bank

Volta River Basin Strategic Action Programme Implementation (P149969)
