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Report No: PAD1369

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT

IN THE AMOUNT OF SDR29 MILLION
(US\$40 MILLION EQUIVALENT)

TO THE

REPUBLIC OF BENIN

FOR AN

EMERGENCY URBAN ENVIRONMENT PROJECT

MAY 4, 2015

Environment and Natural Resources Global Practice (GENDR)
Africa Region

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(Exchange Rate Effective as of March 31, 2015)

Currency Unit = West African CFA Franc (XOF)

1 US\$ = XOF 615

1 US\$ = SDR 0.72

GOVERNMENT FISCAL YEAR

January 1 - December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AGETUR	Public Works Executing Agency (<i>Agence d'Exécution des Travaux Urbains</i>)
ANPC	National Flood Disaster Agency (<i>Agence Nationale de Protection Civile</i>)
CIDA	Canadian International Development Agency
CPS	Country Partnership Strategy
DA	Designated Account
DG	Director General
DO	Development Objective
EMP	Environmental Management Plan
ESIA	Environment and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
EUEP	Benin Emergency Urban Environment Project
FEWS	Flood Early Warning System
FM	Financial Management
FY	Fiscal Year
GDP	Gross Domestic Product
GFDRR	Global Facility for Disaster Reduction and Recovery
GoB	Government of Benin
GRS	Grievance Redress Service
IBRD	International Bank for Reconstruction and Development
IC	Individual Consultants
ICB	International Competitive Bidding
IDA	International Development Association
IFR	Interim Unaudited Financial Report
IP	Implementation Progress
IRR	Internal Rate of Return
ISC	Inter-ministerial Steering Committee
ISR	Implementation Status and Results Report
MEPN	Ministry of Environment and Protection of Nature
MEW	Ministry of Energy and Water
MOU	Memorandum of Understanding
MUHS	Ministry of Urban Planning, Housing and Sanitation

M&E	Monitoring and Evaluation
NAPA	National Action Program for Climate Change Adaptation
NCB	National Competitive Bidding
NGO	Non-Governmental Organization
NPV	Net Present Value
OP	Operational Policy
O&M	Operation and Maintenance
PAPs	Project Affected Persons
PDNA	Post Disaster Needs Assessment
PDO	Project Development Objective
PGUD	Decentralized City Management Project (<i>Projet de Gestion Urbaine Décentralisée</i>)
PIM	Project Implementation Manual
PMU	Project Management Unit
PP	Project Paper
PPP	Public Private Partnership
QCBS	Quality and Cost Based Selection
RAP	Resettlement Action Plan
RFP	Request for Proposal
RPF	Resettlement Policy Framework
SCRP	Poverty Reduction and Growth Strategy (<i>Stratégie de Croissance pour la Réduction de la Pauvreté</i>)
SERHAU	Society for Regional Study of Urban Habitats and Planning (<i>Société d'Etudes Régionales d'Habitat et d'Aménagement Urbain</i>)
SWM	Solid Waste Management
TA	Technical Assistance
TTL	Task Team Leader
UN	United Nations
UNDP	UN Development Program

Regional Vice President:	Makhtar Diop
Country Director:	Ousmane Diagana
Senior Global Practice Director:	Paula Caballero
Country Manager:	Olivier Fremond
Practice Manager:	Benoit Bosquet
Task Team Leader:	Africa Eshogba Olojoba

REPUBLIC OF BENIN

Emergency Urban Environment Project (Second Additional Financing)

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ADDITIONAL FINANCING DATA SHEET

Benin

Benin Emergency Urban Env. 2nd Add. Fin. (P154601)

AFRICA

GENDR

Basic Information – Parent										
Parent Project ID: P113145				Original EA Category: B - Partial Assessment						
Current Closing Date: 31-Dec-2016										
Basic Information – Additional Financing (AF)										
Project ID: P154601				Additional Financing Type (from AUS): Scale Up						
Regional Vice President: Makhtar Diop				Proposed EA Category:						
Country Director: Ousmane Diagana				Expected Effectiveness Date: 30-Oct-2015						
Senior Global Practice Director: Paula Caballero				Expected Closing Date: 31-Dec-2016						
Practice Manager/Manager: Benoit Bosquet				Report No: PAD1369						
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Borrower										
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Project Financing Data - Parent (Benin Emergency Urban Env. Project-P113145) (in USD Million)										
Key Dates										
Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date			
P113145	IDA-49370	Effective	26-Apr-2011	07-Jun-2011	13-Dec-2011	31-Dec-2015	31-Dec-2016			
P113145	IDA-54430	Effective	08-May-2014	05-Jun-2014	17-Dec-2014	31-Dec-2015	31-Dec-2015			
Disbursements										
Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed	
P113145	IDA-49370	Effective	XDR	31.60	31.60	0.00	25.38	6.22	80.31	
P113145	IDA-54430	Effective	XDR	4.20	4.20	0.00	0.00	4.20		

Project Financing Data - Additional Financing Benin Emergency Urban Env. 2nd Add. Fin. (P154601) (in USD Million)				
<input type="checkbox"/>	Loan	<input type="checkbox"/>	Grant	<input type="checkbox"/> IDA Grant
<input checked="" type="checkbox"/>	Credit	<input type="checkbox"/>	Guarantee	<input type="checkbox"/> Other
Total Project Cost:		40.00	Total Bank Financing: 40.00	
Financing Gap:		0.00		
Financing Source – Additional Financing (AF)				Amount
BORROWER/RECIPIENT				0.00
International Development Association (IDA)				40.00
Total				40.00
Policy Waivers				
Does the project depart from the CAS in content or in other significant respects?				No
Explanation				
Does the project require any policy waiver(s)?				No
Explanation				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
Africa Eshogba Olojoba	Team Leader (ADM Responsible)	Lead Environmental Specialist	Environment and NRM	GENDR
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Extended Team					
Name		Title	Location		
Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Benin		Porto-Novo			
Benin		Ouidah			
Benin		Ouesse			
Benin		Lac Nokoue			
Benin		Cotonou			
Benin		Abomey-Calavi			
Benin		Porto-novo			
Benin		AguZguZs			
Benin		Seme-kpodji			
Benin		Cotonou			
Benin		Sainte-Rita			
Benin		Fidjrosse-Kpota			
Benin		Fiyeignon			

Benin		Avotrou			
Benin		Akpakpa			
Benin		Seme-Podji			
Benin		Abomey-Calavi			
Benin		So-ava			
Institutional Data					
Parent (Benin Emergency Urban Env. Project-P113145)					
Practice Area (Lead)					
Environment & Natural Resources					
Contributing Practice Areas					
Cross Cutting Topics					
[] Climate Change					
[] Fragile, Conflict & Violence					
[] Gender					
[] Jobs					
[] Public Private Partnership					
Sectors / Climate Change					
Sector (Maximum 5 and total % must equal 100)					
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %	
Water, sanitation and flood protection	Wastewater Collection and Transportation	56			
Water, sanitation and flood protection	Solid waste management	28			
Public Administration, Law, and Justice	Public administration- Water, sanitation and flood protection	16			
Total		100			
Themes					
Theme (Maximum 5 and total % must equal 100)					
Major theme	Theme	%			
Urban development	City-wide Infrastructure and Service Delivery	45			
Environment and natural resources management	Pollution management and environmental health	35			

Social protection and risk management	Natural disaster management	20
Total		100
Additional Financing Benin Emergency Urban Env. 2nd Add. Fin. (P154601)		
Practice Area (Lead)		
Environment & Natural Resources		
Contributing Practice Areas		
Social, Urban, Rural and Resilience Global Practice		
Cross Cutting Topics		
[X] Climate Change		
[] Fragile, Conflict & Violence		
[] Gender		
[] Jobs		
[] Public Private Partnership		
Sectors / Climate Change		
Sector (Maximum 5 and total % must equal 100)		
Major Sector	Sector	%
		Adaptation Co-benefits %
		Mitigation Co-benefits %
Water, sanitation and flood protection	General water, sanitation and flood protection sector	55
Water, sanitation and flood protection	Solid waste management	25
Public Administration, Law, and Justice	Sub-national government administration	20
Total		100
Themes		
Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Social protection and risk management	Natural disaster management	34
Urban development	Municipal governance and institution building	27
Urban development	Other urban development	39
Total		100
Consultants (Will be disclosed in the Monthly Operational Summary)		
Consultants Required? No consultants are required		

I. INTRODUCTION

1. **This Project Paper (PP) seeks the approval of the Executive Directors to provide a second Additional Financing (AF) credit in the amount of SDR29 million (US\$40 million equivalent) to the Republic of Benin for the on-going Emergency Urban Environment Project (BEUEP, the “parent project”).**¹ The project closing date of December 31, 2016 will remain unchanged.² This is in response to a letter from the Government of Benin (GoB), dated February 3, 2015, requesting further support from the World Bank in order to implement expanded activities that would scale-up the project’s impact and development effectiveness.

2. **The request for a second AF evolves from an initial appeal of the GoB to address the negative effects of the 2010 flooding.** A Post Disaster Needs Assessment (PDNA) mission that was fielded by the GoB and a team composed of the World Bank, UN System, and European Commission, with support from the Global Facility for Disaster Reduction and Recovery (GFDRR), led to the preparation of the BEUEP. The project was approved on April 26, 2011 for a total of US\$50 million credit, and was declared effective on December 13, 2011. The first Additional Financing for a total of US\$6.4 million credit was approved on May 8, 2014 and declared effective on December 17, 2014. The parent project and first AF have been addressing urban environment management needs that had insufficiently been addressed by Bank lending and other donor interventions in Benin, such as improved collection of solid waste in Cotonou and neighboring municipalities, wastewater treatment, and preparedness and adaptation to the natural disaster-climate change continuum in urban planning. The need for the second AF arose primarily because the recently completed drainage master plan revealed that the scope of the drainage works is much bigger than estimated and, unless additional drainage is carried out, the same problems will persist. The investment in drainage works under the proposed second AF amounts to some US\$32 million.

3. **The parent project was approved under OP/BP 8.00 (Rapid Response to Crises and Emergencies) in order to respond to the emergency situation in Benin under limited availability of time and funding.** Given the emergency nature of the project, pre-feasibility studies, followed by feasibility studies and detailed engineering designs, had not been undertaken at the time of preparation of the project; instead, they have been prepared during the course of implementation, which has resulted in a continuous learning process of both GoB and the World Bank, leading to adjustments in interventions, timelines and costs. Therefore, while the parent project and first AF were selective in the choice of intervention areas, focusing on the areas and populations most affected by the 2010 floods, a Drainage Master Plan and a Solid Waste Management (SWM) Strategy that were prepared under the parent project in 2014 revealed many gaps in the drainage and waste management networks, respectively, that had to be treated in order to comprehensively address drainage and waste management issues.

4. **The BEUEP’s performance has been rated satisfactory for both Development Objective (DO) and Implementation Progress (IP) since effectiveness.** The outputs and outcomes recorded in the most recent Implementation Status and Results Report (ISR, dated

¹ Credit No. IDA 49370.

² The Closing Date was extended from December 31, 2015 by 12 months through an amendment to the Financing Agreement on January 12, 2015.

January 25, 2015) indicate that so far the impact has been consistent with the expectations set out in the PP. The project is in full compliance with the credit covenants, including safeguards, procurement, audit and financial management reporting requirements. No major changes to the objective or general design and implementation modalities of the BEUEP are being proposed. The BEUEP underwent Level II restructuring following the mid-term review in June 2014, which introduced changes to the project components, simplified the Project Development Objective (PDO) - Level and Intermediate results indicators, and extended the closing date by 12 months, from December 31, 2015 to December 31, 2016.

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

A. PROJECT BACKGROUND

5. **Benin is a coastal country with a population of ten million people and a per capita annual income of approximately US\$820 in 2014.** The agricultural sector accounts for over 30 percent of Gross Domestic Product (GDP) and provides employment to about 70 percent of the workforce. GDP growth over the last two decades has averaged four percent annually, below the Sub-Saharan Africa average of 4.6 percent. Benin's economy is characterized by a high degree of informality, with informal activities representing as much as 75 percent of the total economy. Following the March 2011 elections and under a new mandate and cooperative and supportive legislature, the President of Benin embarked on a series of reform programs such as the Port of Cotonou, civil service, and strengthening public financial management systems. The Government organized a Round Table on development financing on June 17-19, 2014 in Paris, in an effort to mobilize the public and private financing necessary to fast-track the implementation of the 2011-2015 Poverty Reduction and Growth Strategy (SCR-3). Donors and private investors pledged a record US\$10.4 billion, against a funding gap of US\$6.7 billion, over the period 2014-2018.

6. **During the 2010 rainy season, Benin, together with most west and central Africa countries, suffered from heavy precipitation and flooding, which affected more than 680,000 people and caused the death of 46 persons in Benin.** Beginning in September 2010, unseasonably heavy rains struck the entire country³, with precipitation levels the highest since the beginning of the last century. The rising water levels took populations by surprise, and overwhelmed their traditional preventive response and resilience mechanisms. Fifty-five out of 77 municipalities were affected to varying degrees; more than 50,000 houses were destroyed and 150,000 people were left without shelter. In addition, 278 schools were flooded, 128,000 hectares of crops and farmland were ruined, and an estimated 12,000 metric tons of food stocks were lost due to destroyed storage facilities.

7. **The flooding resulted in loss of assets and income, a rise in prices due to scarcity of agricultural products and increased poverty incidence.** According to a 2014 Poverty Assessment conducted by the GoB and the World Bank,⁴ the poverty rate stood at 50.9 percent in 2011 against 45.9 percent in 2009 and 61.7 percent in 2006, reflecting a 15.8 percentage point

³ Whereas 136mm of rain fell in September 2009, 128mm was recorded on September 10, 2010 alone and the monthly total was 344mm.

⁴ Institut National de la Statistique et de l'analyse Economique (INSAE). *Evaluation de la pauvreté au Bénin*. March 2014. Report No. 93682.

drop between 2006 and 2009 and a subsequent reversal of five percentage points between 2009 and 2011. This increase was more pronounced in urban than in rural areas, *and households headed by women seem to have been less exposed to poverty, potentially because they were typically significantly smaller (in terms of the number of household members) than male-headed households.*⁵

8. The BEUEP was approved on April 26, 2011 and was declared effective on December 13, 2011, and the first AF was approved three years later, on May 8, 2014 and declared effective on December 17, 2014. The project has been domiciled in the Ministry of Urban Planning, Housing and Sanitation (MUHS). As a flagship project of the GoB for addressing the consequences of the 2010 flooding disaster, the project has been funding investments in drainage infrastructure, municipal solid waste management in Cotonou and neighboring municipalities, wastewater treatment, and preparedness and adaptation to natural disasters-climate change continuum in urban planning. The US\$6.4 million first AF⁶ complemented the parent project's interventions by: i) increasing the span of work on clogged drainage by 2.1 km, thereby benefitting at least 10,000 additional residents; ii) increasing the number of low-cost wastewater and sanitation pilots; and iii) providing technical support to the newly created National Flood Disaster Agency (ANPC) and Department of Climate Change Adaptation.

9. The BEUEP complements and expands the support of the donor community for urban environment management in Benin. Prior to the BEUEP, the World Bank had supported urban environmental management in Benin for almost two decades, focusing on infrastructure and capacity building. The first Bank-financed urban project (Benin Urban Rehabilitation and Management Project, 1993-1997) invested in infrastructure rehabilitation and environmental sanitation in Cotonou and Porto-Novo. It was followed by the first Decentralized City Management Project (*Projet de Gestion Urbaine Décentralisée*, PGUD-1, 2000-04) in Cotonou, Porto-Novo and Parakou and the second Decentralized City Management Project (PGUD-2, 2006-10), which was granted an additional envelope in 2008 to cover secondary cities. These urban projects laid the foundation for municipal capacity building in the planning, implementation and monitoring of municipal services and improvements in urban infrastructure such as support to drainage, roads, construction of landfills in key cities. The Cities Support Project (2013-2020) builds on the PGUD-2 by scaling up access to infrastructure and basic services in urban municipalities and further supporting the Government's decentralization efforts. The BEUEP builds on the experience of the PGUD-2 in SWM and replicates some of its aspects to additional municipalities. The project also addresses issues that have seen little support from the donor community, such as wastewater treatment and preparedness and adaptation to the natural disaster-climate change continuum in urban planning, in particular coastal erosion, urban coastal zone management and interventions to counter climate change-related sea level rise.

10. The second AF is fully aligned with national and World Bank strategies. The project responds to the World Bank Country Partnership Strategy (CPS) for Benin for FY13-17,⁷ in

⁵ According to the Poverty Assessment report, female-headed households average 3.71 persons, while male-headed households' average 5.47 and poverty rates are highly dependent on household size.

⁶ Credit No. IDA 54430.

⁷ Report No. 75774.

particular to Pillar II, “Improving Service Delivery and Social Inclusion”, Outcome No. 1, “Leveraging environmental and urban sanitation improvements”. Both the CPS and SCRP-3 acknowledge that Benin’s urban and peri-urban areas face significant environmental challenges related to inadequate and insufficient water supply, sanitation and solid (and liquid) waste collection systems, a situation exacerbated by recurrent floods. The project supports GoB’s national strategy for the implementation of the United Nation’s (UN) Climate Change Convention and the National Action Program for Climate Change Adaptation (NAPA), and is aligned with the World Bank’s Africa Region Climate Change Strategy. There is direct linkage between flooding and poverty incidence, since the poorest are the most vulnerable to disasters because they are often pushed to settle on the most marginal lands and have least access to prevention, preparedness and early warning. The project areas have been selected with that in mind, targeting those populations worst affected by the floods. The project also provides institutional and technical assistance activities to help strengthen Government’s capacity in flood disaster preparedness, mitigation and response at the national, municipal and local levels, which would benefit the country as a whole and help boost shared prosperity.

B. PROJECT PERFORMANCE AND ACHIEVEMENTS

11. The BEUEP has made satisfactory progress towards meeting its PDO, and has been consistently rated satisfactory with respect to Implementation Progress. In terms of disbursement, as of end of April 2015, 80 percent (a total of US\$40 million⁸) of the parent project’s financing has been disbursed, and it is expected to increase to 90 percent (US\$45 million) by June 2015. The first Withdrawal Application for US\$1.95 million under the first AF credit of US\$6.4 million is currently being processed and the total credit amount is expected to be fully disbursed by the closing date, December 31, 2016.

12. On December 23, 2014 the Bank approved a Level II restructuring of the BEUEP, which introduced adjustments to the project components, indicators and closing date. The following changes were approved:

- i. *Component description:* Under component 2 (Municipal solid waste management): (i) the project will not fund the construction of a controlled dump-site in the Abomey-Calavi municipality, but rather finance a feasibility study a detailed technical design for the dump-site⁹; (ii) the scope of solid waste collection points’ construction in the municipalities of Cotonou, Sèmè-Kpodji, Ouidah, Abomey-Calavi and Porto-Novo will be dictated by the availability of accessible and viable land with recognized land titles, with emphasis on rehabilitating existing collection points; and (iii) the two transfer stations to be constructed will be in tune with the two existing landfill facilities in the targeted five municipalities. Under Component 4 (Flooding and disaster risk preparedness and management), support for a Flood Early Warning System (FEWS) on the Ouémé River will be limited to a feasibility study and provision of technical support,

⁸ Amount variations are due to SDR/USD exchange rate fluctuations.

⁹ This was due to institutional problems between the NGOs responsible for the collection of waste and the municipality.

including study tours to relevant institutional structures.¹⁰ No changes were made to the costs of the components.

- ii. *Results framework*: Changes were introduced to both PDO-Level and Intermediate Results indicators to reflect the above-mentioned component changes.
- iii. *Closing date*: The closing date was extended by 12 months to December 31, 2016 in order to reflect the impact of effectiveness delays and a subsequent implementation lag. This was the first closing date extension. An amendment to the BEUEP Financing Agreement, reflecting these changes, was signed on January 12, 2015.

13. The key accomplishments of the project to date are summarized per component as follows:

Table 1. BEUEP accomplishments to-date (by component)

Project activities (parent and first AF)	Accomplishments to-date	Current rating
Component 1: <ul style="list-style-type: none"> • Calibration and unclogging of 10.7 km of drainage structures • Construction of Fifadji Bridge 	<ul style="list-style-type: none"> • Preparation of all the technical, engineering and safeguards studies • Rehabilitation, cleaning, and calibration of over 4 km of clogged drainage networks and ongoing civil works for the remaining 6 km. • Enhancement of Fifadji bridge (60 percent of civil works completed) 	Satisfactory
Component 2: <ul style="list-style-type: none"> • Construction of collection points and transfer stations • Construction of a new cell at the Ouessè landfill facility and access road construction • Construction of a controlled dump-site in Abomey-Calavi [removed at restructuring] • Capacity building of MEPN, and provision of TA and capacity building to the municipalities and NGOs involved in pre-collection of municipal wastes in target areas • Preparation of a technical and economic feasibility study for on-site waste sorting • 2 year operational support for the Takon landfill 	<ul style="list-style-type: none"> • Finalization of safeguards and technical studies for the construction of collection points and transfer stations, cleared by the Bank • Commencement of the construction of 40 solid waste collection points and transfer stations • Opening of a new cell at the Ouessè landfill and paving of a 5 km access road • Ongoing TA and capacity building to NGOs involved in waste pre-collection in the five participating municipalities • Preparation of a feasibility study on the SWM chain, including transport to Ouessè landfill, • Preparation of a statistical database on solid wastes, and a technical and economic study of solid waste pre-collection 	Satisfactory
Component 3: <ul style="list-style-type: none"> • Development of master plans for municipal wastewater drainage and treatment • Institutional strengthening and TA for improved municipal wastewater management • Implementation of a small-scale sanitary drainage and waste water treatment pilot 	<ul style="list-style-type: none"> • The preparation of master plans for municipal wastewater drainage and treatment in the cities of Cotonou, Porto Novo, Abomey-Calavi and Sèmè-Kpodji is ongoing (75% completed) and is expected to be completed by June 2015. The master plans will contain business plans that would provide guidance on the nature, scale 	Satisfactory

¹⁰ This was due to the higher than expected cost and complexity of the institutional arrangements associated with putting in place an operational FEWS. The feasibility study is meant to complement a similar study being undertaken by the UNDP.

project	<p>and location of potential wastewater pilots and other activities</p> <ul style="list-style-type: none"> • Recruitment of technical expertise for establishing appropriate norms, standards, guidelines and regulations for more effective wastewater management • Four study visits of government officials to Burkina-Faso, Morocco, Senegal and Tunisia to learn about wastewater management modalities. • Implementation of the short term action plans of the National Strategy on Wastewater in Urban Areas, including the establishment of effective regulation for municipal wastewater treatment services, and definition of guidelines and municipal wastewater discharge standards 	
<p>Component 4:</p> <ul style="list-style-type: none"> • Support to the establishment of a FEWS [adjusted at restructuring] • Strengthening national coordination capacity • Education and awareness raising • Integration of flood prevention of in urban planning • Support to the establishment of operational contingency plan in vulnerable communes • Preparation of a national policy on disaster risk management • Putting in place a database for disaster management • Supporting government to implement priority NAPA action plans • Purchasing modern meteorological equipment and providing specialized training • Supporting government in monitoring hydrometric stations on the Ouémé River. • Support the institute of water of the University of Abomey-Calavi on flooding and inundation research 	<ul style="list-style-type: none"> • A study on establishing a FEWS in the Ouémé basin • Building the capacity of the ANPC and institutional strengthening of key institutions and other stakeholders • Communication and raising public awareness on flooding in vulnerable communities • Cartography of high risk zones • Elaboration of 6 communal contingency plans of 21 high risk and vulnerable communes in the five participating municipalities • Acquisition of 25 hydrometric stations 	Satisfactory
Component 5: Project coordination, M&E, reporting and fiduciary responsibilities	Tasks are carried out as planned	Satisfactory

14. *Procurement.* **Procurement compliance is rated satisfactory.** The procurement specialists in the two executing agencies, Public Works Executing Agency (*Agence d'Exécution des Travaux Urbains*, AGETUR) and Society for Regional Study of Urban Habitats and Planning (*Société d'Etudes Régionales d'Habitat et d'Aménagement Urbain*, SERHAU), are experienced and familiar with World Bank procurement guidelines and processes, including the use of procurement systems. They have also benefited from continuous World Bank-supported procurement clinics and training workshops. Procurement supervision missions, including a procurement review from October 2014 have reported satisfactory performance, indicating overall timely procurement processing and good follow up on World Bank and audit

recommendations. Contracts awarded have been implemented in accordance with the procurement plan.

15. *Financial management (FM).* **FM compliance is rated satisfactory.** The executing agencies have qualified FM staff and an adequate manual of procedures supported by a computerized accounting system. The project complies with FM requirements, such as timely submission of quarterly Interim Unaudited Financial Reports (IFRs) and annual audit reports. The latest external audit opinion was unqualified, and there are currently no open accountability issues.

16. *Environmental and social safeguards.* **Overall safeguard compliance is rated satisfactory.** Project-funded works implemented to-date have been in compliance with the triggered World Bank safeguards policies on Environmental Assessment (Category B-partial assessment) and Involuntary Resettlement: for the completed and on-going civil works on drainage infrastructures (Component 1), Environmental and Social Impact Assessments (ESIAs) and a Resettlement Action Plan (RAP) were prepared and disclosed in-country and in the InfoShop; for the completed opening of a new cell at the Ouèssè landfill facility and the paving of the access road leading to the facility (component 2), ESIAs were prepared and disclosed in-country and in the InfoShop as well prior to the commencement of the works. An Environmental Audit of the existing cell was also prepared and disclosed. ESIAs for the solid waste collection points and transfer stations are currently under review and will be disclosed in-country and at the InfoShop before the commencement of the civil works.

17. Staff from the five participating municipalities and from selected ministries and agencies have received training on World Bank safeguard policies, enabling them to supervise the implementation of ESIAs, RAPs, the project Resettlement Process Framework (RPF) and the Environmental and Social Management Framework (ESMF). The Project Management Unit (PMU) and the two executing agencies have environmental and social safeguard specialists who ensure that mitigation measures are implemented by the contractors. They also provide health and safety training to the contractors and supervise consultants. The PMU is engaged with the inhabitants at the project sites to ensure that potentially Project Affected Persons (PAPs) are adequately consulted, and that their views are incorporated into project implementation. This was particularly so in the enhancement of the Fifadji bridge.

18. *Monitoring and Evaluation.* **Overall M&E performance is rated Satisfactory.** The PMU has been working satisfactorily with AGETUR and SERHAU on collecting and consolidating detailed data to track progress as per the results framework, including on the number of direct project beneficiaries, with particular attention to the gender-disaggregated PDO-Level Core Indicator in the results framework (see Annex 1). Implementation support missions have evaluated data collection efficiency, and provided advice for improvement as needed.

19. *Project risks.* **The overall risk rating of the parent project is Moderate.** During the course of implementation, fiduciary risks, including the risks of substantial delays in procurement procedures and processes, have been minimized through guidance and support of the World Bank's FM and procurement specialists, as well as targeted training opportunities for

the PMU and the executing agencies. In addition, the computerized accounting system has been upgraded to allow close monitoring of FM.

C. LESSONS FROM ORIGINAL PROJECT/OTHERS

20. **The second AF reflects the experience and lessons learned to-date from the parent project and other urban environment investments in Benin.** The parent project has validated the relevance of the lessons learned on which its design was based, namely the need to pay attention to investments' sustainability, the importance of public participation and communication, and the advantage of using existing agencies to implement the project. These lessons had emerged from PGUD-1, PGUD-2, CIDA's experience in SWM, and global disaster risk management and emergency recovery/reconstruction operational experience. In the past three years, the BEUEP has generated knowledge on ways to further address Benin's urban environment's needs (e.g., the drainage master plans and the feasibility study on the SWM chain), and the GoB and the Bank have adjusted the project's scope and span of interventions in order to respond to these needs. Finally, the BEUEP has facilitated experience sharing from other countries by financing four study visits of government officials to Burkina-Faso, Morocco, Senegal and Tunisia to learn about wastewater management modalities, and further first hand learning will be financed under Component 4 on emergency preparedness.

D. RATIONALE FOR ADDITIONAL FINANCING

21. **The second AF is required to scale-up the development effectiveness of the project.** Only a small portion, US\$1 million of the US\$40 million requested, will be used to finance activities whose cost was originally underestimated (see Component 4 below). By scaling up activities in terms of both geographic coverage and types of interventions, some 94,000 additional beneficiaries in Cotonou and the municipalities of Abomey-Calavi, Sèmè-Kpodji, Ouidah and Porto Novo are expected to *directly* benefit from improved access to offered services. See Annex 2 for an analysis of the second AF's incremental impact.

22. **The scale-up of activities can be properly accommodated in the context of the parent project, as implementation will rely on existing capacity and project implementation arrangements.** All new activities are expected to be completed by December 31, 2016, which is also the BEUEP's closing date given that most interventions already had their technical and environmental studies in place, permitting civil works to begin as soon as funding became available. The economic justification of the additional activities remains the same as that of the parent project. The additional activities do not change the environmental category (Category B-partial assessment) or trigger new safeguards policies. The proposed AF activities are consistent with the BEUEP's PDO and are aligned with Benin's CPS. No changes to the project's indicators are proposed, although targets are adjusted to reflect the increased impact of the proposed AF. The adjusted results framework is attached as Annex 1.

23. *Consistency with OP/BP 10.00.* **The proposed AF is consistent with OP 10.00 paragraph 29 (Investment Project Financing), under which IDA may provide AF for investment lending for scaling-up the development effectiveness of a well performing project.** The project has been implemented successfully as recorded in technical engineering

works, M&E reports, procurement assessments, and recorded compliance with FM and safeguards requirements. The DO and IP have been rated Satisfactory since project effectiveness in December 2011, and legal covenants have been complied with. The AF is economically justified in its response to the severe damages to drainage infrastructures caused by the 2010 floods, and activities aimed at enhancing the country's capacity for flood disaster preparedness, mitigation and response at the national, municipal and commune levels.

III. SUMMARY OF PROPOSED CHANGES

Summary of Proposed Changes		
<p>The proposed changes are expected to scale-up the project impact, benefitting an estimated 94,000 additional persons who would no longer be subjected to periodic flooding. Specifically, activities are scaled up in scope and financing under components 1, 2 and 4: Under Component 1, 70,000 additional beneficiaries from the neighborhoods of Fiyegnon, Godomey, Vossa, Dandji, Akogbato, Houenoussou, Hervie, Carrefour Maro in Ouidah, CEG Agblangandan in Sèmè-Kpodji and Setto-Gbodje in Porto-Novo will have access to a rehabilitated drainage network, thereby reducing their vulnerability to flooding (these are poor people unable to purchase land elsewhere); and under components 2 and 4, approximately 24,000 additional people will directly benefit from increased effectiveness and efficiency of the BEUEP investments within the originally planned geographic scope: construction of additional collection points and transfer stations, purchasing of equipment for the municipalities, financing a study for a FEWS and studies on coastal erosion sites and contingency and coastal emergency preparedness plans. Accordingly, the end-of-project targets of three Intermediate Results Indicators are updated, and disbursement estimates and component costs are modified to reflect the additional US\$40 million credit. Finally, five Legal Covenants are introduced for the second AF.</p>		
Change in Implementing Agency	Yes []	No [X]
Change in Project's Development Objectives	Yes []	No [X]
Change in Results Framework	Yes [X]	No []
Change in Safeguard Policies Triggered	Yes []	No [X]
Change of EA category	Yes []	No [X]
Other Changes to Safeguards	Yes []	No [X]
Change in Legal Covenants	Yes [X]	No []
Change in Loan Closing Date(s)	Yes []	No [X]

Cancellations Proposed	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Change in Disbursement Arrangements	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Reallocation between Disbursement Categories	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Change in Disbursement Estimates	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Change to Components and Cost	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Change in Institutional Arrangements	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Change in Financial Management	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Change in Procurement	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Change in Implementation Schedule	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
Other Change(s)	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>

Development Objective/Results
Project's Development Objectives
Original PDO To improve infrastructure and mitigate the negative environmental impact of floods in Cotonou Agglomeration and to increase Benin's level of preparedness for future flooding.
Change in Results Framework
Explanation: The PDO Level and Intermediate Results indicators will not change. Changes were approved in a Level II restructuring on December 23, 2014 to reflect a change in the description of components 2 and 4 as mentioned above, and an amendment to the Financing Agreement reflecting these changes was signed on January 12, 2015. While the second AF will not make any further changes to the indicators, the targets will be adjusted to reflected the scaled-up impact as follows (see further in Annex 1): <ul style="list-style-type: none"> • Component 1 / Intermediate Results Indicator #1 (Length of drainage network rehabilitated; End of project target: 8.6 km, first AF: 10.7 km): New target: 22.2 km • Component 2 / Intermediate Results Indicator #1 (Number of municipal solid waste collection points and/or transfer stations constructed and operational; End of project target: 40): New target: 50 • Component 2 / Intermediate Results Indicator #2 (Direct project beneficiaries, of which female (Core Indicator)); End of project target: 1,401,000, 52% female, first AF: 1,426,000, 52% female): New target: 1,520,000, 52% female
Compliance
Covenants - Additional Financing (Benin Emergency Urban Env. 2nd Add. Fin. - P154601)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
IDA	Schedule 2, Section II.B.4	The Recipient shall amend the contract of the External Auditor to include the AF.	29-Feb-2016	<input type="checkbox"/>		New
IDA	Schedule 2, Section I.B. 1(a) and (b)	The Recipient shall execute and thereafter maintain throughout the implementation of the project, the delegated contract management agreement.	16-Nov-2015	<input type="checkbox"/>		New
IDA	Schedule 2, Section I.D.1	The Recipient shall update the Project Implementation Manual (PIM) for the original project and thereafter implement the Project in accordance with the said PIM.	30-Nov-2015	<input type="checkbox"/>		New
IDA	Schedule 2, Section I.A.4 (A)	The Recipient shall ensure that the memoranda of understanding are amended or executed, to ensure ownership among the Recipient's relevant ministries and municipalities and effective implementation of the Project.	10-Jun-2015	<input type="checkbox"/>		New
IDA	Schedule 2, Section II B.4	The Recipient shall, and shall	29-Feb-2016	<input type="checkbox"/>		New

		cause each of the Technical Operator and the Service Operator, to hire the external auditor.				
Conditions						
Source Of Fund		Name		Type		
Description of Condition						
Risk						
Risk Category				Rating (H, S, M, L)		
1. Political and Governance				Moderate		
2. Macroeconomic				Low		
3. Sector Strategies and Policies				Moderate		
4. Technical Design of Project or Program				Low		
5. Institutional Capacity for Implementation and Sustainability				Moderate		
6. Fiduciary				Moderate		
7. Environment and Social				Moderate		
8. Stakeholders				Low		
OVERALL				Moderate		
Finance						
Loan Closing Date – Second AF (Emergency Urban Environment Project - P154601)						
Source of Funds			Proposed Additional Financing Loan Closing Date			
IDA Credit			31-Dec-2016			
Loan Closing Date(s) – Parent and First AF (Emergency Urban Environment Project - P113145/P148628)						
Explanation:						
Ln/Cr/TF	Status	Original Closing Date	Current Closing Date	Proposed Closing Date	Previous Closing Date(s)	

IDA-49370	Effective	31-Dec-2015	31-Dec-2016	31-Dec-2016	
IDA-54430	Effective	31-Dec-2015	31-Dec-2016	31-Dec-2016	
Change in Disbursement Arrangements					
Explanation: No change is proposed. The disbursement arrangements currently in place are deemed adequate and acceptable and will continue to be used.					
Change in Disbursement Estimates (including all sources of Financing)					
Explanation: As a result of the second AF, World Bank contribution to the project will increase by US\$40 million, totaling US\$96.40 million in IDA Credit. This amount is expected to be disbursed in full by December 31, 2016.					
Expected Disbursements (in US\$ million) (including all Sources of Financing)					
Fiscal Year	2015	2016	2017		
Annual	10.8	21.4	24.2		
Cumulative	10.8	32.2	56.4		
Allocations – Second AF (Emergency Urban Environment Project - P154601)					
Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement % (Type Total)	
			Proposed	Proposed	
IDA	XDR	(1) Works	24,300,000	100	
		(2) Goods, non-consulting services, consultants’ services, operating costs and training	4,700,000	100	
		Total:	29,000,000		

Components	
Change to Components and Cost	
<p>Explanation: The second AF in the amount of US\$40 million will be allocated predominantly to components 1, 2, and 4 in order to scale-up the impact of each component in terms of geographic scope, the effectiveness of investments, number of beneficiaries and sustainability. A small amount will be provided under component 5 for project coordination, M&E, and fiduciary responsibilities (see details below). The activities of the second AF remain largely within the parent project's overall target area, i.e., the five participating municipalities, which was the area most affected by the 2010 floods. However, due to the potential for clogged drainage networks and, thus, future flooding problems, the GoB asked that the major cities Bohicon and Abomey, which are outside the participating municipalities, be included among those selected for the preparation of drainage master plans. The description below provides a summary of the second AF activities by component:</p>	

Component 1: Drainage improvement and rehabilitation (additional US\$32.0 million equivalent): The Drainage Master Plan for Cotonou and neighboring area that was prepared by the BEUEP in 2014 revealed significant clogging in numerous points in the drainage system, which, if not treated, is expected to bring about further flooding. The drainage work planned under the second AF addresses these identified gaps, and is expected to double the project impact in terms of beneficiaries, affecting about 70,000 additional people who are poor and unable to purchase land elsewhere. Master plans for other areas will be prepared as well to identify further gaps. Specifically, activities include (i) cleaning approximately additional 3.4 km of existing canals in Cotonou; (ii) rehabilitating and extending approximately additional 8.1 km of substandard and unsound drainage structures, resurfacing the inner

walls of drains in Cotonou, Porto-Novo, and Ouidah; (iii) rehabilitating shoulders and side ditches along the secondary drainage network that drains into the lagoon in Cotonou and Porto Novo; and (iv) constructing and expanding three additional storm water retention ponds, including fencing for both, linking them to a network of canals (some expanded in size) that drain into the lagoon. The Cotonou drainage networks to be addressed are AAc, Pa, and Wd, covering Fiyegnon, Godomey Akogbato, Houenoussou, Vossa and Dandji. In Ouidah, the areas to be addressed are from Azilnon to Musee. In Sèmè-Kpodji, intervention will take place from Carrefour Abattoir to CEG Agblangandan, and in Porto-Novo the selected project intervention site is the Setto-Gbodje area. All interventions will be carried out on the basis of existing technical, engineering and safeguards studies which were prepared under the parent project. The proposed AF will also finance the drainage master plans for Abomey, Bohicon, Ouidah, Abomey-Calavi, Sèmè-Kpodji and Porto-Novo.

Component 2: Municipal solid waste management (additional US\$3.0 million equivalent): The BEUEP conducted a SWM Strategy for Benin in 2014, which showed that the number of required collection points originally identified was underestimated by ten. Consequently, it has been agreed to finance the following additional activities: (i) construction of additional collection points in Abomey-Calavi and Ouidah municipalities (US\$0.5 million); (ii) construction of transfer stations in Seme-Podji and Abomey-Calavi municipalities (US\$1.0 million); (iii) purchase of SWM transportation equipment in the participating municipalities to assist in the transportation of wastes from the collection points/transfer stations to the nearest landfill facility (US\$1.0 million); and (iv) preparation of a financing study on the SWM chain and Public-Private Partnership (PPP) in Cotonou, exploring ways to involve the private sector in SWM; and a harmonized SWM master plan covering the municipalities of Cotonou, Abomey-Calavi, Ouidah, Sèmè-Kpodji and Porto-Novo (US\$0.5 million).¹¹

¹¹ There are currently numerous master plans for SWM which have been prepared by donors. This work will harmonize all individual master plans and allow the municipalities to implement them in a more effective and efficient manner.

Component 3: Improved municipal wastewater management and sanitation (no additional funding): The second AF will not finance activities under this component. The original credit and first AF are funding technical assistance for wastewater management; wastewater master plans for Cotonou, Abomey-Calavi, Seme-Podji and Porto-Novo; and wastewater pilots for sanitation and sewage management. These wastewater pilots will evolve from the wastewater master plans under preparation.

Component 4: Flooding and disaster risk preparedness and management (additional US\$4.25 million equivalent): The second AF will complement ongoing activities that are meant to improve the operational capabilities and management of flood risks in Cotonou and neighboring municipalities, and strengthen institutions charged with floods and disaster risk management at the national, regional and local levels. Planned activities consist of: (i) undertaking a feasibility and technical study that would assess the required financing, equipment, software, human capacity, etc. for an operational FEWS. This study will serve as a basis for further investments either by the Bank and/or other donors; (ii) undertaking technical studies for selected sites on urban coastal management¹²; and (iii) communication and sensitization on coastal contingency plans and emergency preparedness.

Component 5: Project management (additional US\$0.75 million equivalent): The second AF will support the overall management of the project, including the development and operationalization of a monitoring and evaluation system as well as supporting the project's fiduciary capacity (environmental and social safeguards, procurement and financial management, technical and financial audits).

Current Component Name	Proposed Component Name	Current Cost (US\$M)	Proposed Cost (US\$M)	Action
Drainage improvement and rehabilitation	Drainage improvement and rehabilitation	25.96	57.96	Revised
Municipal solid waste management	Municipal solid waste management	15.02	18.02	Revised
Improved Municipal Wastewater Management and Sanitation	Improved Wastewater Management and Sanitation	5.40	5.40	No Change
Flooding and disaster risk preparedness and management	Flooding and disaster risk preparedness and management	7.13	11.38	Revised
Project Management	Project Management	2.89	3.64	Revised
Total:		56.40	96.40	

IV. APPRAISAL SUMMARY

Economic and Financial Analysis

¹² The selected sites are the axis between Hillacondji and Grand-Popo and the CAME site.

Explanation: Project development impact: An economic and financial analysis was conducted for the parent project for flood prevention, infrastructure adaptation and waste management investments over a period of 25 years (from 2011 to 2035 while accounting for additional investments over the extension year). During the preparation of the second AF, the team revisited the earlier economic and financial analysis given the price and other changes that have occurred over time and concluded that the findings remain valid today. The proposed second AF expands these activities to additional neighborhoods in Benin's major cities, whose characteristics are similar to those of the original project locations and therefore the cost streams are unlikely to change in any significant way. Thus, the AF still shows favorable cost-benefit analysis indicators. The economic analysis was performed for the prevention and adaptation infrastructure investments in terms of two drainage improvement areas in Cotonou (prevention) and the elevation and enhancement of a bridge at Hevie (adaptation) at Abomey-Calavi municipality as well as the solid waste (prevention) sub-component. It covered the recurrent annual flooding during the high season (April-July) and the low season (September-October). A real discount rate of 12 percent per annum was used, and priority investments were disbursed over the first 0.5 to 5 years of project implementation. Operations and maintenance (O&M) cost increase at an average 3 percent annually in real terms and a lost opportunity (calculated in terms of GDP) of 10 disruptive severe-flood-days were considered. Current average land cost was CFAF23,000/m², whereas the incremental land cost due to the reduction of floods was assumed to be a net increase of 10 percent (lower bound of the 2012 PROGEP in Senegal 34 percent that was based on a hedonic pricing method) of the value of the land located within a distance of 75m from each side of the public setback drainage area.

The economic desirability of the drainage infrastructure work, bridge construction and solid waste investments is demonstrated with a positive aggregate economic Net Present Value (NPV) discounted at 12 percent of US\$34.3 million over 25 years and a Present Value (PV) benefit/cost ratio reaching 2.2 while the Economic Rate of Return (ERR) is positive at 17 percent. A sensitivity analysis switch off point for benefits entails a reduction of the number of flood days to 5 days and a net increase of 6.6 percent of the value of the land (NPV of US\$0.0 million with a 12 percent ERR and a PV benefit/cost ratio of 1.4). A sensitivity analysis switch off point for costs entail their increase by 47 percent (NPV of US\$0.0 with a 12 percent ERR and a PV benefit/cost ratio of 1.5).

The economic returns of the types of investments involved in the project are well supported in the literature: studies have found that sanitation investments in developing countries yield returns several times higher than costs in terms of health benefits (e.g., WHO, 2004; Prüs-Uesten, et al. 2008), without accounting for a range of intangible benefits related to dignity, comfort, privacy, security and social acceptance. The second AF would scale-up the project's impact in terms of health, damages prevented, economic opportunities, and environmental and social services. The impact on health will be evident through reduced premature deaths, drowning, injuries, water-related diseases and vector-borne diseases; damages to infrastructure (transport, energy, water, etc.), land, households, businesses, private property including vehicles, etc., will be significantly reduced; reduced loss of economic opportunities and poverty incidence and therefore vulnerability (loss of wages, loss of time, yield, sales, commerce, tourism, etc.); reduced disruption of health services, schools, universities, etc., and reduced water resource pollution, air pollution and land degradation. The number of beneficiaries from the second AF-financed investments is likely to be considerably higher than original estimates, with an estimated 94,000 additional beneficiaries compared to the first AF.

Rationale for public provision of services: Benin continues its efforts to attract private investment in support of economic development. While the Government wishes to encourage greater private sector involvement in the implementation of its poverty and growth strategy, and counts on the development of public-private partnerships to finance an ambitious infrastructure development plan, efforts to develop a PPP program have yet to be supported by a coherent strategic vision and an appropriate institutional setup. In the meantime, over the medium to longer term, continued public sector provision of infrastructure, waste management and flood prevention services is warranted.

World Bank value added: The World Bank has supported Benin's urban development and management for almost two decades, and the value added the Bank provides can be considered at two levels. First, the World Bank is an objective and widely accepted player with strong convening power which is needed to help attract further support in Benin's recovery and disaster prevention efforts. Second, the complexity and technicality of developing a sustainable city concept is an area where the World Bank can provide high technical expertise and adequately support project implementation.

Technical Analysis

Explanation: The technical design of the additional works funded by the second AF will be based on the experience gained to-date under the project. The investments which were mutually agreed on by the Government and the World Bank's technical team, are expected to provide protection to the highest number of people in the areas most vulnerable to flooding in the city of Cotonou and in nearby municipalities. The designs retained are technically sound with a focus on reducing the risk of flooding. The selected technical solutions are simple and within the reach of the Beninese counterparts. In addition, each activity has been identified and selected on the basis of available high quality technical studies and safeguards studies that only need some updating:

- Component 1 (cleaning, reconstruction and calibrating of additional 11.5 km of canals under the Pa, Wd and AAc basins; and opening, scouring and calibrating of channels): The technical studies and bidding documents for these interventions are available. The civil works envisaged are mainly opening and calibrating the channel floor by removal and disposal of vegetation, solid wastes and mud; and to ensure flow to the outlet. The inner walls of the drains will be resurfaced to ensure free flow and evacuation of stagnant water and vegetation; and, finally, there will be construction and expansion of three storm water retention ponds with links to a network of canals draining into the lagoon.

- Component 2 (construction of additional collection points and transfer stations): This will entail constructing and/or rehabilitating additional solid waste collection points and transfer stations in selected (Abomey-Calavi, Ouidah and Sèmè-Kpodji) participating municipalities, and developing a financing study on the SWM chain and PPP in Cotonou, and a harmonized master plan of SWM in the participating municipalities.
- Component 3 (improved wastewater management and sanitation): No activities financed under the proposed second AF.
- Component 4 (flooding, coastal erosion, and disaster risk preparedness and management): Planned activities consist of: (i) undertaking a feasibility and technical study for an operational FEWS; (ii) undertaking technical studies for selected sites on urban coastal management; and (iii) communication and sensitization on coastal contingency plans and emergency preparedness.

Sustainability: In order to ensure that physical investments are maintained independently from project financing, arrangements for operation and maintenance have been put in place by the participating municipalities, and the budget needed will be integrated in their annual budgets. The project will also build strong operational capacity for the maintenance of the investments. In view of the significant capacity limitations at the central level, and the emergency response at the start of the project where implementation efficiency was critical, the BEUEP management has been outsourced to experienced executing entities which are familiar with Bank fiduciary requirements. In order to transfer that capacity, the Government project management units are working in close collaboration with these entities and at the same time learning from them on fiduciary and project management. Finally, there has been a reduction in illegal waste dumping by communities, which can be attributed to ongoing communication programs at both field level and through the media. It is expected that this behavioral change will continue with additional communication efforts under the project.

Social Analysis

Explanation: The Safeguards instruments: Environmental and Social Management Framework (ESMF) and Resettlement Policy Framework (RPF) that were prepared for the BEUEP were developed in consultation with affected communities in the five targeted municipalities, with specific attention to individual and group consultations with women. Accordingly, the potential impacts of the project on women and vulnerable groups were analyzed, and were deemed to be positive and important, including: (i) creation of local jobs during the construction and O&M phases with an important socio-economic impact; (ii) improved quality of local travel; (iii) reduced number of traffic-related accidents; and (iv) faster and more convenient evacuation of patients in isolated areas to hospitals in urban centers. In addition, the RPF identified vulnerable groups and dictated the procedures for addressing their specific needs in case of temporary relocation.

The AF, like the parent project, triggers two safeguard policies: Environmental Assessment (OP/BP 4.01) and Involuntary Resettlement (OP/BP 4.12). No new safeguard policies are triggered. The types of investments included in the second AF are covered in the ESMF and RPF prepared and disclosed in-country and the World Bank's InfoShop on May 29, 2012 and June 1, 2012, respectively. These instruments will also apply in the proposed AF, and accordingly they were revised to accommodate the new activities (that do not differ from the parent project) and re-disclosed in-country and at the World Bank's InfoShop on March 10, 2015 and March 12, 2015, respectively.

The PMU, AGETUR and SERHAU will be responsible for applying the safeguards screening and mitigation requirements to each AF-funded sub-project. The PMU has been staffed with a qualified environmental and social specialist as a focal person to work with the executing agencies in ensuring safeguards compliance, and the World Bank will assess the implementation of the safeguard instruments and provide additional technical support as needed. All key stakeholders (relevant ministries, agencies, municipal authorities, local communes, *chef du quartiers*, development partners and NGOs) have been and will continue to be consulted with regularly. The second AF will continue the dialogue with the key stakeholders and the project will rely on the rigorous implementation of the ESMF and RPF in ensuring that the appropriate mitigation measures are taken into account in accordance with Benin's and World Bank safeguards policies.

The BEUEP RPF offers a grievance redress process that is based on local functions. The following mechanisms are proposed to resolve conflicts that may arise due to resettlement of people: Any person aggrieved by the evaluation/compensation process will have to file a complaint in its locality and petition with the traditional chieftdom. If the dispute is not settled, the plaintiff will resort to the Prefect, and if s/he is still not satisfied, then s/he can file a complaint in court. The grievance redress mechanism is well elaborated in section 10 of the RPF.

Environmental Analysis

Explanation: The proposed activities are similar in type and scope to the parent project and it is not expected that the additional civil works under the second AF would affect the environmental category of the project, which remains at Category B-partial assessment. Typical of Category B projects, the potential environmental and social impacts are expected to be minimal, site-specific and remediable at an acceptable level. The counterpart will continue to prepare ESIA/EMP and RAPs as and when necessary during implementation. These instruments will be disclosed prior to the commencement of any works, as currently done under the project.

Risk

Explanation: The second AF's overall risk rating is Moderate, the same as the parent project's rating.

V. WORLD BANK GRIEVANCE REDRESS

24. Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX 1: RESULTS FRAMEWORK
Benin: Emergency Urban Environment Project

Proposed Revisions to the Results Framework		Comments/ Rationale for Change
Intermediate Results indicators		
<i>Current</i>	<i>Proposed change</i>	
1.1 Length of drainage network rehabilitated (End of project target: 8.6 km, first AF: 10.7 km)	New target: Length increased to 22.2 kilometers.	Target increase due to additional activities in the proposed AF
2.1 Number of municipal solid waste collection points and/or transfer stations constructed and operational (End of project target: 40)	New target: 50 including collection points and transfer stations	Target increase due to additional activities in the proposed AF
2.2 Direct project beneficiaries (End of project target: 1,401,000, of which 52% female, first AF: 1,426,000, of which 52% female)	New Target: 1,520,000 (of which 52% female)	Target increase due to additional activities in the proposed AF

Revised Project Results Framework

Project Name:	Benin Emergency Urban Env. 2nd Add. Fin. (P154601)	Project Stage:	Additional Financing	Status:	FINAL		
Team Leader(s):	Africa Eshogba Olojoba	Requesting Unit:	AFCF2	Created by:	Africa Eshogba Olojoba on 15-Feb-2015		
Product Line:	IBRD/IDA	Responsible Unit:	GENDR	Modified by:	Carolina Giovannelli on 30-Apr-2015		
Country:	Benin	Approval FY:	2015				
Region:	AFRICA	Lending Instrument:	Investment Project Financing				
Parent Project ID:	P113145	Parent Project Name:	Benin Emergency Urban Env. Project (P113145)				
Project Development Objectives							
Original Project Development Objective - Parent:							
To improve infrastructure and mitigate the negative environmental impact of floods in Cotonou Agglomeration and to increase Benin level of preparedness for future flooding.							
Proposed Project Development Objective - Additional Financing (AF):							
Results							
Core sector indicators are considered: Yes			Results reporting level: Project Level				
Project Development Objective Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
No Change	At end of project mechanisms and institutional arrangements for the putting in place a flood early warning system in place	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	26-Apr-2011	16-Mar-2015	31-Dec-2016
				Comment			

	and operational						
No Change	At the end of project, the drainage infrastructure in zones of intervention in the targeted municipalities has been improved	<input type="checkbox"/>	Yes/No	Value	No	Yes	Yes
				Date	26-Apr-2011	16-Mar-2015	31-Dec-2016
				Comment			
Intermediate Results Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
New	Drainage Master plan prepared for Abomey, Bohicon, Ouidah, Abomey-Calavi and Porto-Novo	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	15-Feb-2015	16-Mar-2015	31-Dec-2016
				Comment			
Revised	Length of drainage network rehabilitated	<input type="checkbox"/>	Kilometers	Value	0.00	4.00	22.20
				Date	26-Apr-2011	16-Mar-2015	31-Dec-2016
				Comment			
No Change	Rehabilitation of Fifadji Bridge	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	26-Apr-2011	16-Mar-2015	31-Dec-2016
				Comment			
Revised	Number of awareness campaigns and sensitization meetings on coastal erosion and coastal contingency preparedness	<input type="checkbox"/>	Number	Value	0.00	6.00	10.00
				Date	26-Apr-2011	16-Mar-2015	31-Dec-2016
				Comment			
New	Number of awareness campaigns and sensitization meeting on municipal solid waste management	<input type="checkbox"/>	Number	Value	2.00	5.00	12.00
				Date	15-Feb-2015	16-Mar-2015	31-Dec-2016
				Comment			
Revised	Number of municipal solid waste collection points and/or	<input type="checkbox"/>	Number	Value	13.00	13.00	50.00
				Date	26-Apr-2011	15-Feb-2015	31-Dec-2016

	transfer stations constructed and operational			Comment			
Revised	Direct project beneficiaries	<input checked="" type="checkbox"/>	Number	Value	695000.00	800000.00	1520000.00
				Date	26-Apr-2011	15-Feb-2015	31-Dec-2016
				Comment			
No Change	Female beneficiaries	<input checked="" type="checkbox"/>	Percentage	Value	52.00	52.00	52.00
			Sub Type				
			Supplemental				
No Change	Wastewater master plan developed for Cotonou Agglomeration (composed of Cotonou, Abomey-Calavi and Seme-Podji) and Porto Novo	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	26-Apr-2011	03-Jan-2015	31-Dec-2016
				Comment			
No Change	Pilot low-cost small scale sanitation project implemented and operational	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	26-Apr-2011	16-Mar-2015	31-Dec-2016
				Comment			
New	Availability of a feasibility and technical study on operational Flood Early Warning System (FEWS)	<input type="checkbox"/>	Yes/No	Value	No	No	Yes
				Date	15-Feb-2015	16-Mar-2015	31-Dec-2016
				Comment			
New	Technical studies on selected coastal erosion sites (Hillacondji and CAME)	<input type="checkbox"/>	Number	Value	4.00	4.00	6.00
				Date	15-Feb-2015	16-Mar-2015	31-Dec-2016
				Comment			
No Change	Number of awareness campaigns and sensitization meetings on flooding and disaster risk management	<input type="checkbox"/>	Number	Value	0.00	5.00	18.00
				Date	26-Apr-2011	15-Feb-2015	31-Dec-2016
				Comment			
Revised	Number of communities with	<input type="checkbox"/>	Number	Value	2.00	8.00	22.00

	communal flood contingency plans			Date	26-Apr-2011	16-Mar-2015	31-Dec-2016
				Comment			

ANNEX 2. AF INCREMENTAL IMPACT

	BEUEP Activities (including first AF)	BEUEP Impact	Second AF Activities	Second AF Incremental Impact
1	<ul style="list-style-type: none"> • Calibration and unclogging of P, AA and W2 and Wbis collectors (covering a total of 10.7 km of drainage structures) • Construction of the Fifadji Bridge 	53,600 residents protected from floods and associated health impact in the project target areas	<ul style="list-style-type: none"> • Cleaning, reconstructing and calibrating 3.4 additional kilometers in AAc, Pa, and Wd drainage basins • Opening, scouring and calibrating additional 8.1 km of drainage structures (side ditches, shoulders, storm water retention ponds, drainage canals etc.) 	At least 70,000 additional residents protected from the adverse impact of flooding (loss of lives and property, disease and food insecurity) in an expanded target area
2	<ul style="list-style-type: none"> • Capacity building of the Ministry of Ministry of Environment and Protection of Nature (MEPN), and provision of Technical Assistance (TA) and capacity building to the municipalities and NGOs involved in pre-collection of municipal wastes in the project target areas • Construction of collection points and transfer stations • Construction of a controlled dump-site in Abomey-Calavi <i>[removed at restructuring]</i> • A feasibility study and a detailed technical design for a dump-site in Abomey-Calavi <i>[added at restructuring]</i> • Construction of a new cell at the Ouessè dump and access road construction • A technical and economic feasibility study for on-site waste sorting • 2 year operational support for the Takon landfill 	<ul style="list-style-type: none"> • A more limited negative impact of solid waste on flooding • Increased capacity of central government, municipalities and Non-Governmental Organizations (NGOs) to handle waste collection • Reduction of the impact of solid waste on flooding in the target areas 	<ul style="list-style-type: none"> • Construction of additional collection points and transfer stations in Abomey-Calavi, Ouidah and Sèmè-Kpodji municipalities • Developing a financing study on the SWM chain and PPP in Cotonou • Harmonized Master plan of SWM in the participating municipalities 	<p>Providing the participating municipalities with a harmonized master plan on SWM with PPP inputs; increasing the rate of pre-collection of solid waste and limit the negative impacts of solid waste on the environment in the cities of Cotonou, Porto-Novo, Abomey-Calavi, Seme-Podji and Ouidah.</p> <p>Approximately 24,000 additional beneficiaries are expected to be reached under components 2 and 4.</p>

3	<ul style="list-style-type: none"> • Development of master plans for municipal wastewater drainage and treatment • Institutional strengthening and TA for improved municipal wastewater management • Implementation of a small-scale sanitary drainage and waste water treatment pilot project 	<ul style="list-style-type: none"> • Strengthened institutional and regulatory framework for municipal wastewater management • Residents in pilot areas protected from some of the health impact of flooding as a result of mixing flood water with untreated wastewater. 	No activities under the second AF	N/A
4	<ul style="list-style-type: none"> • Support to the establishment of a FEWS <i>[removed at restructuring]</i> • Preparation of a feasibility study for a FEWS on the Ouémé River <i>[added at restructuring]</i> • Strengthening the coordination capacity at the national level • Education and awareness • Integration of prevention of flood risk in urban planning • Support to the establishment of operational contingency plan in vulnerable communes • Preparing a national policy on disaster risk management • Putting in place a database for disaster management • Supporting government to implement priority NAPA action plans • Purchasing modern meteorological equipment and providing specialized training • Supporting government in monitoring hydrometric stations on the Oueme River. • Support the institute of water of the University of Abomey-Calavi on flooding and inundation research 	<ul style="list-style-type: none"> • Improved operational capabilities and management of flood risks in the project target areas • Improved legal, policy and knowledge framework for disaster risk management 	<ul style="list-style-type: none"> • Feasibility and technical study for an operational FEWS • Technical studies for selected sites on urban coastal management • Communication and sensitization on coastal contingency and emergency preparedness 	<p>Improved knowledge framework for disaster risk management and preparedness through the use of FEWS.</p> <p>Improved and increased preparedness and adaptation of communities to natural disasters, including floods and coastal erosion</p>

ANNEX 3. ESTIMATED AF COSTS PER COMPONENT (US\$ MILLION)

Component	Initial Credit	1st Additional Financing	2nd Additional Financing	Total Financing
1	23.56	2.40	32.00	57.96
2	13.82	1.20	3.00	18.02
3	4.70	0.70	0.00	5.40
4	5.03	2.10	4.25	11.38
5	2.89	0.00	0.75	3.64
Total	50.00	6.40	40.00	96.40

ANNEX 4: IMPLEMENTATION ARRANGEMENTS

Benin: Emergency Urban Environment Project (P113145, and Second AF P154601))

I. Implementation Arrangements

1. In close consultation and collaboration with the Government of Benin (GoB) and other stakeholders, it has been agreed that the institutional and implementation arrangements of the Benin Emergency Urban Environment Project (BEUEP) will remain unchanged for the proposed second Additional Financing (AF) as follows:

2. The Ministry of Urban Planning, Housing and Sanitation (MUHS) will continue to be the World Bank's main GoB counterpart in its capacity as the *project Implementing Agency*. MUHS will ensure that the project is correctly implemented in a timely fashion, and that the Project Development Objective (PDO) is achieved.

3. The project will be overseen by the existing *Inter-ministerial Steering Committee* (ISC), headed by the Minister of MUHS. The ISC includes the ministries of Environment and Protection of Nature (MEPN); Energy and Water (MEW), Decentralization, Interior, Development and Planning, Health, Finance; and the mayors of the participating municipalities (Cotonou, Abomey-Calavi, Porto Novo, Sèmè-Kpodji and Ouidah). The ISC will provide overall guidance to the project, review project implementation progress, and provide support to MUHS in the coordination between other ministries, municipal authorities, and other government agencies involved in project implementation. It will continue to meet twice a year to review activities and progress reports. The *Project Management Unit* (PMU) will continue to act as the ISC permanent and technical Secretariat. The main functions of the Secretariat will consist of: (i) analyzing activity reports from the executing agencies; and (ii) summarizing recommendations coming from the World Bank.

4. The second AF will be managed by the existing BEUEP's PMU under the supervision of MUHS. The PMU will be in charge of the day-to-day management of activities. Its functions would include: (i) follow up and evaluation of work to be performed by the executing agencies; (ii) acting as the technical Secretariat of the ISC as mentioned above; (iii) preparing consolidated technical and financial project reports for the ISC and the World Bank; and (iv) ensuring dissemination of knowledge from the project to MUHS and MEPN. The same operational staff in the parent project: M&E Specialist, Flood and Disaster Risk Management Specialist, Environment Specialist, Communication Specialist and the project Engineer, will manage the second AF. The existing Memoranda of Understanding (MOUs) with MEPN, MEW, and the five municipalities of Cotonou, Abomey-Calavi, Sèmè-Kpodji, Ouidah and Porto Novo, will apply. As in the parent project, each of the participating entities will nominate a Focal Point, at the ministry and agency levels, for the daily management of their respective components and for coordination with the PMU. The PMU will report directly to the Minister of MUHS and will be overseen by the existing ISC.

5. As in the parent project, implementation of the second AF activities will be delegated to the BEUEP's two executing agencies, the Society for Regional Study of Urban Habitats and Planning (*Société d'Etudes Régionales d'Habitat et d'Aménagement Urbain*, SERHAU) and the

Public Works Executing Agency (*Agence d'Exécution des Travaux Urbains*, AGETUR). The existing agreements between the GoB and the agencies, and agreements between the participating municipalities and agencies, will apply. The expansion of the mandate of these agencies in accordance with Section 1.B of Schedule 2 to the Financing Agreement of the parent project is part of the second AF conditions. SERHAU and AGETUR have proven track record in delegated contract management under World Bank and other donor-funded projects; and they both operate finance and accounting systems acceptable to the World Bank. These entities shall continue to be responsible for the technical and fiduciary aspects (financial management (FM) and procurement) of the components, including AF activities. AGETUR will continue to be responsible for tendering technical studies, major infrastructure works and works supervision (components 1 and 2); while SERHAU will continue to cover studies and technical assistance under components 2 and 4.

6. The PMU, AGETUR and SERHAU will develop annual activities programs in close consultation with the focal points, which would include the AF activities. The annual programs would specify activity, target costs, financing (IDA credit and counterpart funding), terms of reference, agency fees, procurement plan, draft implementation timetable and respective roles and responsibilities of the parties.

7. The M&E system will be based on the revised results framework and monitoring (see Annex 1). Most of the indicators selected can be directly monitored, and the ones that cannot be directly monitored can be collected via simple surveys. The PMU, AGETUR and SERHAU will be responsible for monitoring the results indicators and conducting surveys. SERHAU will continue to be responsible for following up on components 2 and 4 relevant indicators, while AGETUR will continue to be responsible for following up on components 1, 2 and 3 relevant indicators.

II. Procurement Arrangements

8. Procurement for the proposed AF will be carried out in accordance with the World Bank's "*Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits and Grants*" dated January 2011, and revised in July 2014; and (ii) "*Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers*", dated January 2011, and revised in July 2014.

9. Procurement under the parent project is rated Satisfactory and the procurement risk is Moderate. The AF will capitalize on the excellent performance of the existing executing agencies. As per parent project design, all the procurement activities for the AF will be carried out by AGETUR and SERHAU under the oversight of the PMU. The current arrangements ensure expeditious processing, efficiency, adequate resource management and improvement of service delivery, and would be the same for the proposed AF.

10. *Procurement methods* will rely on a competitive process in most cases, essentially International Competitive Bidding (ICB) and National Competitive Bidding (NCB) for goods, works and non-consulting services, and Quality and Cost Based Selection (QCBS) for consultancy services. In essence, procurement transactions will be carried out using the World

Bank's Standard Bidding Documents or Standard Request for Proposal (RFP), respectively, for all ICB, for goods and for selection of consultants. For NCB, the Recipient could submit a sample form of bidding documents to the World Bank for Prior Review, and will use this type of document throughout the project once agreed upon. The Sample Form of Evaluation Reports, published by the World Bank, will be used.

11. *Prior-Review thresholds:* The procurement plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank. However, relevant contracts below Prior Review thresholds listed in the table below, which are deemed complex and/or have significant risk levels, will be prior reviewed. Such contracts will also be identified in the procurement plans. A summary of Prior Review and procurement method thresholds for the project are indicated in the table below:

Table 4.1. Procurement and Selection Review Thresholds

Procurement/selection methods	Prior review threshold (US\$)	Comments
1. Works and Goods		
ICB <ul style="list-style-type: none"> • Works • Goods 	$\geq 10,000,000$ $\geq 1,000,000$	Method can be applied for any amount, but is mandatory above these amounts
LIB	$\geq 1,000,000$	
NCB	N/A	
Shopping	$\geq 100,000$ for goods and commodities $\geq 500,000$ for fuel and vehicles	
Communities Participation	N/A	
Direct Contracting	All contracts	All contracts
2. Consulting services		
QCBS	$\geq 500,000$	
LCS	$\geq 200,000$	
CQS	$\geq 200,000$	Method for contracts \leq US\$500,000
Individual Consultants (IC)	$\geq 200,000$	
Single Source Selection (SSS)	All contracts	Review of all contracts
3. Trainings and workshops		
Training and workshops	$\geq 10,000$	On basis of detailed and approved annual plan (with indication of venue, number of participants, duration and exhaustive budget, etc.) and No objection by the Task Team Leader
4. Terms of References (TORs)		
All TORS regardless of the value of the contract are subject to prior review.		

12. *Training, workshops, study tours, and conferences.* Training (including training material and support), workshops, conference attendance and study tours will be carried out on the basis of approved annual training and similar activities plan. A detailed training or workshop plan on the nature of the training/workshop, number of trainees/participants, duration, staff months, timing and estimated cost will be submitted to the World Bank for review and approval prior to

initiating the process. After the training, the beneficiaries will be requested to submit a brief report indicating what skill have been acquired and how these skills will contribute to enhance their performance and contribute to the attainment of project objectives. All trainings, terms of reference of contracts estimated to more than US\$10,000, and all amendments of contracts raising the initial contract value by more than 15 percent of original amount or above the Prior Review thresholds, will be subject to World Bank Prior Review. All contracts not submitted to the Prior Review will be submitted to the World Bank for Post Review in accordance with the provisions of paragraph 5 of Annex 1 of the World Bank's Consultant Selection Guidelines and World Bank's Procurement Guidelines.

13. *Procurement Plan and filing.* All procurement activities will be carried out in accordance with approved original or updated procurement plans. The procurement plans will be updated at least semi-annually or as required to reflect the actual project implementation needs and capacity improvements. Procurement documents must be maintained in the project files and archived in a safe place for at least two years after the closing date of the project. AGETUR and SERHAU will be responsible for the filing of the procurement documents.

14. *Operational Costs.* Operating expenditures are not subject to the Procurement Guidelines and therefore are not subject to procurement Prior Review. Their definition and categories have to be identified in the Financing Agreement. During the Project implementation, they will have to be verified by the Task Team Leader or Financial Management Specialist.

15. *Disbursement Arrangements.* The Disbursement Arrangements under the Original Financing and the first Additional Financing will remain and be used in the Second Additional Financing as follows:

Flow of Funds

The *Caisse Autonome d'Amortissement* (CAA) is the assigned representative of the Recipient for the mobilization of IDA funds. Withdrawal Application requests will be prepared by AGETUR's Director of finance or SERHAU's Director of finance, signed by a designated signatory or signatories (the signature authorization letter is signed by the Minister of Finance), and sent to the Bank for processing. This procedure applies to all Bank financed projects in Benin.

Funds will flow from the IDA Account through two Designated Accounts A and B to be opened at the Central Bank of Benin (BCEAO). The funds would be released to Transaction Accounts (A and B) to be opened in a reputable commercial bank. The Transaction Account A would be managed by AGETUR and the Transaction Account B by SERHAU as delegated contract management agencies. Cash withdrawal transactions from the Transaction Accounts would be authorized respectively by the Managing Director and Finance Director of each executing agency. The accounts are set up to fund eligible expenditures based on the approved annual activity plans. The ceilings of the designated accounts would be equivalent to cash forecast for two (2) quarters as specified in the quarterly unaudited Interim Financial Reports (IFR) and the related templates that have been agreed during negotiations for AGETUR and SERHAU.

The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Table 4.2: Disbursement Categories

Category	Amount of the Financing Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
Works for Component 1 and 2(i) and (ii) of the Project	33,500,000.00	100%
Goods, non-consulting services, consultants’ services, Operating Costs and Training for Component 2(iii) (iv), 4 and 5 of the Project	6,500,000.00	100%
TOTAL AMOUNT	40,000,000.00	100