

**COMBINED PROJECT INFORMATION DOCUMENTS / INTEGRATED
SAFEGUARDS DATA SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.: PIDISDSC15468

Date Prepared/Updated: 01-Sep-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Cote d'Ivoire	Project ID:	P156739
		Parent Project ID (if any):	
Project Name:	Urban Water Supply Project (P156739)		
Region:	AFRICA		
Estimated Appraisal Date:	17-Oct-2016	Estimated Board Date:	30-Mar-2017
Practice Area (Lead):	Water	Lending Instrument:	Investment Project Financing
Borrower(s):	Republic of Cote d'Ivoire		
Implementing Agency:	Cellule de Coordination du PRICI (CC-PRICI)		
Financing (in USD Million)			
	Financing Source		Amount
	BORROWER/RECIPIENT		0.00
	International Development Association (IDA)		50.00
	Total Project Cost		50.00
Environmental Category:	B - Partial Assessment		
Concept Review Decision:	Track II - The review did authorize the preparation to continue		
Is this a Repeater project?	No		
Other Decision (as needed):			

B. Introduction and Context

Country Context

Cote d'Ivoire has seen strong growth coming out of the years of crisis. With a GDP of about US

\$1,540 per capita in 2014, Côte d'Ivoire is ranked as the third largest economy and population in West Africa. As a result of the intermittent political crisis from 1999-2011, the Ivoirian economy grew by only 2 percent a year in nominal terms during that period. However since Côte d'Ivoire's recovery in 2011, growth has been more robust with the economy growing at an average of 9.7 percent from 2012 to 2013, before moderating slightly to 7.9 percent in 2014. Real GDP per capita increased cumulatively by more than 20 percent during the 2012-2014 period. All the main economic sectors, including agriculture, industry and construction, have contributed to the renewed strong growth of GDP and employment, which were supported by an upsurge of public and private investments. According to the IMF, growth is projected at 7.9 percent in 2015 and should average 7.6 percent over the next two years, in response to the authorities' continued efforts to improve the business climate and address infrastructure gaps.

In addition to establishing an appropriate macroeconomic framework and following prudent fiscal policy, the Government has dedicated significant resources in recent years to improve security and social cohesion. The Government has also adopted structural reforms to set the stage for resilient and private sector-led growth. Some of the main reforms aimed at improving the business climate, ensuring financial stability and greater inclusion, and improving public governance and financial management.

Despite the progress made since 2011, Cote d'Ivoire has only been moderately successful at reducing the incidence of poverty. The incidence of poverty has only slightly decreased from 48.9 percent in 2008 to 46.3 percent in 2015, after having dramatically increased since the mid-1980s and population has increased 2.3 percent annual during this period. Cote d'Ivoire ranked only 171 out of 187 in the 2014 UNDP Human Development Index (HDI). The recently concluded Systematic Country Diagnostic (SCD) in 2015 shows that there are disparities in access to basic services and gender disparities across wealth and urban-rural groups. This highlights among other priorities, the importance of extending water and sanitation services to improve living conditions, reduce public expenses for water-borne diseases and increase income generation activities particularly for women.

Sectoral and Institutional Context

Sectoral Impact of the Political Crisis

While services were maintained throughout the crisis, the performance of the urban water sector has suffered. Although urban water supply (UWS) services were maintained throughout the political crisis, quality and sustainability of service declined and investment in development of the sector was curtailed. The impact of this crisis is still felt today. The crisis generated major relocation of the population that unexpectedly increased water demand, particularly in Abidjan the economic capital, which now accounts for more than 40 percent of the urban population. While water services were maintained throughout the country, billing and collection became impossible in the northern part of the country from 2004 until 2012, and regular commercial procedures could not be fully applied elsewhere. The operating performance of the (private) national water utility, SODECI, substantially deteriorated and customer tariffs have not been adjusted since 2004. As a result, the sector's capacity to self-finance renewal and expansion investments and ability to meet the increasing water demand was reduced, thus creating water deficits. The end of the crisis raised expectations among the urban population – used before to a high quality of services– that water shortages would be promptly addressed. These expectations were only partly satisfied through emergency investments by development partners.

Institutional and Contractual Context

Cote d'Ivoire has the longest running public-private partnership (PPP) in Africa. The government has successfully delegated the operational and management of urban water services to the private sector under an affermage contract for over 50 years. This model has been replicated and adapted in various forms across the region. The sectoral institutional and contractual framework was last updated with the signing of a new 15-year affermage contract with SODECI in 2007 and the establishment of the National Water Agency (Office national de l'eau potable, ONEP) in 2009. Apart from its operating responsibilities, SODECI is also in charge of managing the Water Development Fund (Fonds de développement de l'eau, FdE) initially designed to finance renewal expenditures, systems' expansion and social connections from a portion of the water tariffs. ONEP is in charge of planning sector development in rural and urban areas, managing assets, monitoring operators and proposing tariffs.

Water revenues collected by SODECI are apportioned in three parts:

- i) SODECI tariff to cover operating costs of water supply services;
- ii) FdE to finance renewal expenditures, systems' expansion and social connections, and;
- iii) National Water Fund (Fonds national de l'eau, FNE), to cover the sector's debt service.

The current sector institutional framework exhibits weaknesses, when compared to neighboring West African countries that have enhanced the initial Ivorian model by creating fully autonomous asset-holding companies (société de patrimoine) and enforcing performance-based incentives defined in the contract with the operating companies. In Cote d'Ivoire, the sectoral ministry (Ministry of Economic Infrastructure, MIE) retains full ownership of sector assets and ONEP is deprived of suitable tools (financial modelling, assets inventory) and adequate financial resources to carry out properly its missions, whereas explicit performance objectives are not being enforced on the private operator.

Situation of urban water and sanitation services

Urban areas account for 50.2 percent of the country population according to the 2014 census, which was estimated at 22.7 million people. The access rate to piped water in urban areas is estimated at 70 percent of the population, with an important disparity between Abidjan (90 percent) and other urban centers (65 percent). Government efforts to increase the water production capacity after the end of the crisis, with the support of external partners, including IDA have succeeded to close the water production deficit in Abidjan, which had reached 200,000 m³ per day in 2014. However, substantial portions (48 out of 354) of the other water production centers still face important water shortages.

Access to urban sanitation services is less developed. According to the WHO/UNICEF Joint Monitoring Program, the access rate of the urban population to sanitation is only 33 percent, and significantly higher in Abidjan (about 50 percent) equipped with an extensive sewerage network operated by SODECI under a separate affermage contract. The National Sanitation and Drainage Agency (Office national de l'assainissement et du drainage, ONAD) has developed a strategy emphasizing the preparation of strategic sanitation master plans in secondary cities, the improvement of on-site sanitation, support to sludge haulers and the construction of sludge treatment plants.

The crisis has had an enduring impact of the crisis on the operational performances of the UWS sector; as can be seen from Table 1, which benchmarks Cote d'Ivoire with the best-managed utilities in the sub-region.

Table 1 (Refer to the attached PCN): Benchmarking of Operating Performance Indicators (2014)

The crisis has also impacted the financing of the sector. As mentioned above, bill collection from private customers was severely affected by the crisis. This was compounded by the irregular payment of the water bills of public customers by the Government. In addition, while SODECI's remuneration is adjusted on yearly basis in line with its contract, end user tariffs remained static resulting in a shortfall in funding to the FdE and FNE thus limiting funds available for capital expenditures. A major improvement took place in early 2015, when the Government resumed timely payments of its water bills. However, even though the financial flows within the sector may be monitored, the fragmented sector organization and the absence of adequate investment and planning tools prevent the Government from having a comprehensive picture of the sector's financial situation, including assets and liabilities.

Government's priorities and project rationale

There is an urgent need to improve levels of service outside of Abidjan and place the sector on a more sustainable footing. In requesting IDA's assistance through the proposed project, the government wishes to address:

- The need to urgently address the persistent water shortages in urban centers in response to social tensions arising from unmet expectations to improve living conditions in the aftermath of the crisis;
- The need to focus on water services outside of Abidjan which has already benefited from significant investments by other development partners; and
- The recognition that the UWS sector has to build financial visibility to move out from its current emergency phase to a more sustainable financial footing.

The government also wishes to concentrate efforts on urban water supply. In view of the financial envelope that would be available to the proposed project, and of the financial support allocated to urban sanitation under ongoing and scheduled IDA operations –which amounts to about US\$50 million–, it was agreed that the proposed project should focus on urban water supply.

The proposed project is aligned with the government priorities. It will first focus on secondary urban centers that face water shortages and production deficiencies, exhibit below-average water access rates, and for which technical studies are available, so as to expedite implementation. The proposed project will also help provide the sector actors with adequate tools for creating financial visibility and strengthen capacities to carry out their missions.

Relationship to CAS/CPS/CPF

The proposed project will contribute to achieving goals of the Country Partnership Strategy (CPS 2015-2019) whose second pillar aims to improve access to basic services, including water and sanitation. The project is also fully aligned with the development vision of Côte d'Ivoire, as set out in the current National Development Plan under preparation, whose third focus area seeks to meet basic social needs which require improving access to water and sanitation services.

Access to clean water is a key health and nutrition determinant and expansion of water supply

services is essential for continued economic growth in Côte d'Ivoire. It will improve living conditions, reduce public expenses for water-borne diseases and increase income generation activities and school attendance, particularly for women. Addressing urgent needs in a financially sustainable way will provide the opportunity to strengthen the institutional and contractual framework of the UWS sector and its sustainability to enable further expansion of urban water services throughout the country. The project will contribute directly to the World Bank twin goals of eradicating poverty and fostering prosperity shared more equally to the benefit of the poor. About 100,000 additional people mostly from poor urban families will gain access to safe drinking water under the project, and about 405,000 people will benefit from improved water services.

C. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The proposed project development objective is to improve existing water services and increase access to water services in selected urban areas, and improve financial visibility for the smooth execution of institutional arrangements of the UWS sector.

Key Results (From PCN)

The following key performance indicators will measure success in achieving the PDO:

- Number of people in urban areas provided with access to “Improved Water Sources” under the project (core);
- Number of people in urban areas benefitting from improved water services under the project;
- Number of direct project beneficiaries, of which female (core);
- Water service continuity in the targeted urban areas (hours per day)
- Sector financial model shared by trained sector actors

D. Concept Description

It is proposed that the project focus on the following areas: (i) help finance a priority investment program to quickly address difficulties arising from water shortages in nine urban centers (total population: 580,000); (ii) help provide access to water services through social connections; and (iii) help improve the financial visibility of the sector and facilitate better execution of the current PPP contractual arrangements. The project activities identified with the MIE and the ONEP during the February 2016 mission, are categorized into two components.

Component A - Urban water supply (USD 46.67 million)

This component would include the following activities: (i) construct water treatment plants, boreholes, water intakes and pumping stations in selected urban centers; (ii) construct storage tanks; (iii) construct water transmission lines (166 km), (iv) expand water distribution networks (176 km); (v) install 10,000 social connections; and (vi) works supervision.

Component B - Institutional support (USD 3.33 million)

This component would include the following activities: (i) institutional strengthening through the preparation of the inventory of sector assets, the development of a financial model and the audit of ongoing affermage contract and of the agreement between ONEP and the government; (ii) capacity building for ONEP in financial planning and operations monitoring; and (iii) support to project management.

II. SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The Project will focus on nine inland urban centers: Agboville, Bâkoumi, Bingerville, Daoukro, Ferkessédougou, Korhogo, N'Zou Douci, N'Zou Zianouan and Tiassale.

B. Borrower's Institutional Capacity for Safeguard Policies

The Borrower has reasonable capacity in implementing environmental and social safeguard measures in water and sanitation projects. In that respect, the Borrower is successfully implementing the Environmental and Social Management Plans (EMP) and Resettlement Action Plan (RAP) of the previous water-related IDA-funded projects including similar activities than the proposed project, namely the Emergency Urban Infrastructure Project (P110020 and P120810, closed on March 31, 2014) and the Emergency Infrastructure Renewal Project (PRICI - P124715, closing in December 31, 2016). Recent supervision missions of the PRICI concluded that the implementation of the EMP was appropriate and the Safeguard rating is Satisfactory. While the same institutional framework used for the PRICI will be adopted for the proposed project (the PCU monitoring the overall implementation of the EMP, while ONEP as being responsible for implementing its applicable portions of the EMP related to water and sanitation activities) any capacity strengthening measure deemed necessary to improve the safeguard function in this operation will be taken at both levels. The Borrower will also receive guidance from the Bank's environmental and social safeguards specialists in the project team through supervision missions.

C. Environmental and Social Safeguards Specialists on the Team

Abdoul Wahabi Seini (GSU01)

Abdoulaye Gadiere (GEN07)

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Project activities involve rehabilitation and expansion works of existing piped water schemes. Which means most of the adverse impacts and risks that will happen during construction and rehabilitation are constituted by dust, noise and waste nuisance. Based on that, the project is classified B because expected potential impacts will be minor, site specific, moderate and easily manageable? In addition, Conventional and well mastered water treatment technologies envisaged under the project should minimize potential risks and impacts. However, specific areas of intervention in the said cities are not yet known and will be determined later. Then, the appropriate safeguard instrument to develop is an Environmental and Social Management Framework (ESMF). Once prepared, the ESMF will be reviewed, consulted upon and disclosed in-country and at the Bank Infoshop prior to appraisal.

Natural Habitats OP/BP 4.04	No	The project will not finance activities that affect natural habitats.
Forests OP/BP 4.36	No	The project will not finance activities related to forest exploitation, harvesting, direct or indirect forest degradation, and increased access to forests.
Pest Management OP 4.09	No	The project will not finance acquisition, transport, distribution, storage or use of pesticides or similar chemicals that could threaten environmental and human health.
Physical Cultural Resources OP/BP 4.11	Yes	This policy is triggered because of the nature of civil works to be financed under component A that will unquestionably induce excavation. The project intervention areas have been inhabited for centuries, therefore likely to host underground artifacts. To prevent any destruction due to excavation during civil works and to make sure all precautions have been taken to safeguard physical cultural resources, a chance find procedure will be included in the ESMF and subsequently detailed in EIA.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project areas.
Involuntary Resettlement OP/BP 4.12	Yes	The project will include rights of way for the water distribution networks, and minimal land acquisition for water production, storage and distribution. Therefore, the Borrower will prepare a Resettlement Policy Framework (RPF) that will be consulted upon and disclosed prior to appraisal as a free-standing document along with the ESMF. During project implementation, the screening process will determine whether land will be acquired and whether a sub-project specific Resettlement Action Plan (RAP) is required.
Safety of Dams OP/BP 4.37	No	The project will not finance dam works or activities associated to existing dam.
Projects on International Waterways OP/BP 7.50	No	The project will not finance activities that will interfere with international watercourses; either in terms of water withdraw or discharge of pollutants.
Projects in Disputed Areas OP/BP 7.60	No	The project intervention areas are not under dispute.

E. Safeguard Preparation Plan

1. Tentative target date for preparing the PAD Stage ISDS

30-Jun-2016

2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the PAD-stage

ISDS.

An Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF) are being prepared and will hopefully be completed by end of May 2016.

III. Contact point**World Bank**

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Title: Lead Water and Sanitation Spec

Borrower/Client/Recipient

Name: Republic of Cote d'Ivoire

Contact: Gilbert Ekpini

Title: Chief of Staff, Ministry of Economic Infrastructures

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Implementing Agencies

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IV. For more information contact:

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V. Approval

Task Team Leader(s):	Name: Matar Fall	
<i>Approved By</i>		
Safeguards Advisor:	Name: Maman-Sani Issa (SA)	Date: 01-Sep-2016
Practice Manager/ Manager:	Name: Alexander E. Bakalian (PMGR)	Date: 01-Sep-2016
Country Director:	Name: Pierre Frank Laporte (CD)	Date: 07-Sep-2016

1 Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.