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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
WEST BEKA'A EMERGENCY WATER SUPPLY PROJECT
GRANT TF 058085-LE

FEBRUARY 12, 2010

IN THE AMOUNT OF
US\$ 15.0 MILLION

TO THE
LEBANESE REPUBLIC

Sustainable Development Department
Middle East and North Africa Region

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ABBREVIATIONS AND ACRONYMS

BHWIA	Ba'albeck Hermel Water and Irrigation Authority
BRWA	Bekaa Regional Water Authority
CDR	Council for Development and Reconstruction
UfW	Unaccounted for Water

Vice President:	Shamshad Akhtar
Country Director:	Hedi Larbi
Country Manager	Demba Ba
Sector Manager:	Francis Ato Brown
Task Team Leader:	Parameswaran Iyer

LEBANON
WEST BEKA'A EMERGENCY WATER SUPPLY PROJECT

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Restructuring	Status: Final
Restructuring Type: Level 2	
Last modified on date : February 12, 2010	

1. Basic Information	
Project ID & Name	P103885 – West Beka'a Emergency Water Supply Project
Country	Lebanon
Task Team Leader	Parameswaran Iyer
Sector Manager/Director	Francis Ato Brown
Country Director	Hedi Larbi
Original Board Approval Date	March 20, 2007
Current Closing Date	May 20, 2010
Proposed Closing Date [if applicable]	November 20, 2011
EA Category	B
Revised EA Category	B
EA Completion Date	November 30, 2006
Revised EA Completion Date	N/A

2. Revised Financing Plan (US\$)		
Source	Original	Revised
SPF (Trust Fund for Lebanon)	US\$ 15.0 million	US\$ 15.0 million
Total	US\$ 15.0 million	US\$ 15.0 million

3. Borrower		
Organization	Department	Location
Lebanese Republic	Ministry of Finance	Beirut, Lebanon

4. Implementing Agency		
Organization	Department	Location
Council for Development and Reconstruction (CDR)	N/A	Beirut, Lebanon

5. Disbursement Estimates (US\$)		
Actual amount disbursed as of 2/2/2010		US\$ 2.47 million
Fiscal Year	Annual	Cumulative
2008	US\$ 263,800	US\$ 263,800
2009	US\$ 72,091	US\$ 335,891
2010	US\$ 6,500,000	US\$ 6,835,891
2011	US\$ 5,000,000	US\$ 11,835,891
2012	US\$ 3,165,000	US\$ 15,000,000
	Total	US\$ 15,000,000

6. Policy Exceptions and Safeguard Policies	
Does the restructured project require any exceptions to Bank policies?	No
Have these been approved by Bank management	N/A
Is approval for any policy exception sought from the Board?	No
Does the scale-up of restructured projects trigger any new safeguard policies? If yes, please select from the checklist below.	No

Safeguard Policy	Last Rating	Proposed
Environmental Assessment (OD 4.01)	B	B
Natural Habitats (OP 4.04)	N/A	N/A
Forestry (OP 4.36)	N/A	N/A
Pest Management (OP 4.09)	N/A	N/A
Cultural Property (OPN 11.03)	S	S
Indigenous Peoples (OD 4.20)	N/A	N/A
Involuntary Resettlement (OP 4.12)	S	S
Safety of Dams (OP 4.37)	N/A	N/A
Projects in International Waters (OP 7.50)	N/A	N/A
Projects in Disputed Areas (OP 7.60)	N/A	N/A

7a. Project Development Objectives/Outcomes
Original/Current Project Development Objectives/Outcomes
The Project's development objective is to improve health conditions of the population of the West Beka'a through the provision of non-contaminated water in increased quantities by completely rehabilitating the area's water network.

7b. Revised Project Development Objectives/Outcomes [if applicable]
No Changes to PDO Proposed

**ANNEX 1
Proposed Changes**

a. What are the proposed changes, as applicable, in the project's development objectives, outcomes, design, and/or scope?

The Project Development Objectives will not change.

b. What are the other complementary changes, as applicable:

Institutional arrangements ___Yes _No
If, yes, please explain:

Financing mechanism/Conduit ___Yes _No
If, yes, please explain:

Outputs ___Yes _No
If, yes, please explain:

Project Costs and financing plan (include summary tables) ___Yes _No
If, yes, please explain:

	Project Costs (USD million)
Works	13.6
Goods and Equipment	0.5
Consultancy	0.75
Unallocated	0.45
TOTAL	15

Figure 1: Project Costs

Financial management ___Yes _No
If, yes, please explain:

Disbursement arrangements ___Yes _No
If, yes, please explain:

Procurement ___Yes _No
If, yes, please explain:

Closing date __Yes ___No
If, yes, please explain:

As per the GOL's request, the proposed closing date extension would be for 18 months from May 20, 2010 to November 20, 2011 to allow for full implementation of the 24-month works contract which started in August 2009.

Implementation schedule ___Yes _No
If, yes, please explain:

ANNEX 2
Appraisal Summary Update

Do the proposed changes result in significant change of impact (from original Appraisal Summary of the PAD) in the following?

- | | |
|--|---|
| Economic and financial analysis
If, yes, please explain: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Technical
If, yes, please explain: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Social
If, yes, please explain: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Environment
If, yes, please explain: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Exceptions to Bank Policy
If, yes, please explain: | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

ANNEX 3
Updated Critical Risk Framework

New Risks Identified During Implementation/Restructuring That Might Jeopardize Achievement of the Restructured Project DOs or Outcome Targets:

Risks	Risk Rating	Risk Mitigation Measures
1. Further implementation delays are experienced in works implementation	Low	The only works contract under the Project was awarded (USD 13.6 million) and construction began in August 2009. The Project is progressing with no problems reported. No further delays to project implementation are expected, barring any major political or security interference which is unlikely given the recent appointment of a new Coalition Government.

ANNEX 4
Results Framework and Monitoring
LEBANON: Bekaa Emergency Water Supply Project
Results Framework

PDO		Project Outcome Indicators		Use of Project Outcome Information	
Current	Proposed	Current	Proposed	Current	Proposed
(i) Improved health conditions of population living in the target area	N/A	(i) Quality of Water (WHO Standards met) (ii) Quantity of water supplied (iii) Increase in number of households legally connected to the water supply network	N/A	Measure the improvement in access to water and sanitation services to residents of the Beka'a area.	N/A
Intermediate Outcomes		Intermediate Outcome Indicators		Use of Intermediate Outcome Monitoring	
Current	Proposed	Current	Proposed	Current	Proposed
(i) Works contracts awarded without delays (ii) Satisfactory Implementation Progress	N/A	(i) Works contracts awarded without delays (ii) Progress vis a vis planned implementation schedule (iii) Km of water supply network installed (iv) Number of water meters installed	N/A	Measure the improvement in access to water and sanitation services to residents of the Bekaa area	N/A