

ADAPTATION
NON-BLENDED

PROJECT NAME	Drainage Eaux Pluviales Cotonou ¹
COUNTRY/REGION	Benin
SECTOR	Wastewater; climate adaptation
PROJECT/INVESTMENT AMOUNT	EUR 128.1 million (USD 129 m)
DEVELOPMENT PARTNER(S)/STAKEHOLDERS	EIB, AFD, World Bank Group
COUNTERPARTY MINISTRY/ INSTITUTION	MINISTERE DU CADRE DE VIE ET DU DEVELOPPEMENT DURABLE is the promoter REPUBLIQUE DU BENIN is the client/borrower
INVESTOR(S) AND FUNDERS	EIB, AFD, World Bank Group
GUIDEBOOK TAXONOMY FINANCIAL SYSTEM ACTOR	Bilateral, Multilateral & Development Finance Institutions
PROJECT OVERALL GOAL	Construction of storm water drainage infrastructure in the city of Cotonou (construction of primary collectors, secondary gutters and ancillary works), and paving in several catchment areas, defined in the emergency tranche of the PDA (Plan Directeur d'Assainissement) for the city of Cotonou.
PROJECT OUTCOMES	The project will significantly reduce damage to private and public properties. It will also contribute to a significant decrease of waterborne diseases motivated by stagnant rainwater, as well as an improvement in the rate of school attendance during the rainy season. All these impacts will result in a positive result for the socio-economic activities of the city. In addition, the city will become more resilient against climate change conditions. The project will concern circa 460,000 inhabitants over the city's total population of over 700,000.
ALIGNMENT WITH COUNTRY IDENTIFIED CLIMATE STRATEGIES, NDCs, ETC. (IF APPLICABLE)	The project is in line with the Benin government action programme (PAG) spanning 2016-2021 that includes 45 flagship projects in 9 sectors of the economy (tourism, agriculture, infrastructure, digital, electricity, living environment, CIIS / Sèmè City, drinking water, social protection) and aims at improving the living conditions of Benin, to create jobs (including 500,000 direct jobs by 2021), and to revive the economy sustainably.
CONTRIBUTION OF THE PROJECT TO THE UN SDGs	<ul style="list-style-type: none"> ● SDG 6: Clean Water and Sanitation ● SDG 11: Sustainable Cities and Communities ● SDG 13: Climate Action
SOCIOECONOMIC IMPACT	The proposed operation will improve the living conditions for 680,000 inhabitants. Well provisioned rainwater drainage is essential in maintaining adequate health conditions and wellbeing. The proposed operation is likely to boost inclusive economic growth through beneficial social impacts and reducing income inequalities as it is the low-income population mostly affected negatively at times of floods. Improved storm water drainage combined with better waste treatment is also likely to lead to improved environmental outcomes by improving water quality. The operation may also raise labour productivity over the medium term through improved health outcomes.

¹ This case was provided by the European Investment Bank (EIB) as a contribution to the Sharm El-Sheikh Guidebook for Just Financing

ENVIRONMENTAL IMPACT (ON CLIMATE MITIGATION AND/OR ADAPTATION)	Besides contributing to safer water and sanitation services, the proposed operation will improve climate-change resilience. The project will protect over 1.2 million people from flooding during future rainy seasons.
ENABLING ENVIRONMENT (SUPPORTING POLICIES)	The project is identified as part of the government's action programme (PAG) for 2016-2021 and contributes to the priority actions identified in the Plan Directeur d'Assainissement Pluvial de la ville de Cotonou, 2015.
TECHNICAL ASSISTANCE (IF PROVIDED)	N/A
FINANCING MODEL/APPROACH (EX: BLENDED FINANCE)	Sovereign concessional loan to Benin government
RATIONALE FOR FINANCING MODEL/APPROACH	<p>The operation is a EUR 50 million sovereign loan to the Republic of Benin from the Bank's own resources with a 20-year maturity.</p> <p>The project is subsidized to meet the concessionality requirements of the IMF program, which require a grant element of at least 35% of the interest rate. The rate has been set at 1.6% p.a. The amount reserved to cover this subsidy has been estimated at EUR 6,638,000 at the time of signing the Financing Agreement.</p>
FINANCIAL INSTRUMENT(S) (LOANS (COMMERCIAL/ CONCESSIONAL), EQUITY, GUARANTEE)	Loan and guarantee
DIAGRAM OF THE FINANCING STRUCTURE	N/A

Executive Summary

The project scope consists of the extension and upgrade of the rainwater collection system for several catchment areas (basins) in the city of Cotonou, Benin's economic capital. The project is part of a larger programme that will cover 34 catchment areas within the city. Under the project to be financed by WB, AFD and EIB, the following works are scheduled: upgrade of the drainage system, construction of circa 20 km new primary collectors, support the coastal banks, construction of secondary gutters, and backfilling the ground next to the canals. It will have significant synergies with other ongoing projects that include the rehabilitation and development of 600km of urban roads; the overhaul and modernization of the global urban waste management system of the principal urban Cotonou communities and the development of Cotonou coast.

The proposed project will be conducive towards: (i) stabilization of the hydrological regime; (ii) the reduction of floods; (iii) the reduction of damages caused by floods; (iv) reducing the prevalence of waterborne diseases; (v) opening up of under-developed neighbourhoods; (vi) extending garbage collection service coverage to neighbourhoods currently not served, and (vii) securing economic activities during the rainy seasons.

Analysis

WHAT MADE THIS PROJECT SUCCESSFUL?	N/A - project still in implementation
TO WHAT EXTENT IS THIS MODEL SCALABLE?	N/A
WHAT ARE THE NECESSARY CONDITIONS TO MAKE IT REPLICABLE IN OTHER COUNTRIES/REGIONS?	Concessional sovereign lending is a traditional modality of development partner support that has been successfully replicated across the developing world.
CONSTRAINTS/DRAWBACKS OF FINANCING MODEL	If inappropriately applied, there is risk of crowding out private investors with cheap concessional capital. However, this model can be helpful for improvements with high social but low financial benefits and work in difficult country contexts.
LESSONS LEARNT	N/A - project still in implementation