



| | | | |
|---|------------------------------|---------------------------------|---------------|
| 1. Project Data: | | Date Posted : 04/24/2002 | |
| PROJ ID: P002084 | | Appraisal | Actual |
| Project Name: Water Rehab | Project Costs (US\$M) | 306.7 | 294.6 |
| Country: Nigeria | Loan/Credit (US\$M) | 256 | 256 |
| Sector(s): Board: WS - Water supply (100%) | Cofinancing (US\$M) | 4.5 | 5.6 |
| L/C Number: L3322 | | | |
| | Board Approval (FY) | | 91 |
| Partners involved : Japan | Closing Date | 06/30/1999 | 06/30/2001 |

| | | | |
|----------------------|----------------------|------------------------|---------------|
| Prepared by : | Reviewed by : | Group Manager : | Group: |
| Kavita Mathur | Roy Gilbert | Alain A. Barbu | OEDST |

2. Project Objectives and Components

a. Objectives

The project had two main objectives:

- (i) Improve the level of water supply service in selected urban and semi-urban areas by meeting the highest priority rehabilitation needs; and
- (ii) Address the institutional weaknesses of State Water Agencies (SWAs) in order to improve their capability to efficiently operate and maintain water supply systems.

b. Components

The main components of the project were:

- (a) Rehabilitation of existing facilities by repair or replacement of civil works, plant and equipment;
- (b) Leakage detection and repair program;
- (c) Institutional strengthening component to improve operation and maintenance, financial management and staffing of participating SWAs;
- (d) Strengthening the Department of Water Supply and Quality Control (DWSQC) of Federal Ministry of Water Resources through developing the policy guidelines for design and maintenance of water supply systems, establishing and maintaining a database to monitor water resources, water quality and key performance indicators, and carrying out special studies such as pollution and water quality studies, review of tariff structures and fixed asset valuation studies.

The project components were not revised, however, there was a major reallocation of loan proceeds from funding equipment (US\$134 million at appraisal to US\$27.6 million at completion) to civil works (US\$61 million at appraisal to US\$158.9 million at completion).

c. Comments on Project Cost, Financing and Dates

At appraisal, total project costs were estimated at US\$306.7 million. The final cost was US\$294.5 million. At project closing, US\$5.6 million was undisbursed. The project closed on June 30, 2001, two years after the original closing date.

3. Achievement of Relevant Objectives:

1. The objective to improve the level of water supply service in selected urban and semi-urban areas by meeting the highest priority rehabilitation needs was not achieved. Civil works for rehabilitation of 150 schemes in 37 states were completed but did not result in improved level of water supply due to inadequate supply of power and water treatment chemicals. Also, the project did not rehabilitate the delivery system which was in poor condition.

2. The objective to address the most significant institutional weaknesses of State Water Agencies (SWAs) in order to improve their capability to efficiently operate and maintain water supply systems was partially met.

- The project assisted in developing procedures to maintain the rehabilitated assets. Manuals for preventive

maintenance, basic management information systems, budget and accounting systems, customer registration, asset bases, and billing and collection procedures were produced.

- A detailed monitoring system was set up to gauge the performance of SWAs.
- To improve skills, on-the-job training was provided under Nigeria Water Supply Training Network. A Manpower and Training Committee (MTC) was formed to prepare and implement strategy to train staff nationwide.
- Several studies were conducted including feasibility studies for new sub-projects, safety assessment of dams, plumbing codes, design reviews, manpower, budgeting and accounting.

4. Significant Outcomes/Impacts:

The project through national and regional seminars was instrumental in raising awareness among all key stakeholders of the need to run potable water supply operations as a business. This resulted in development and adoption of the National Water Supply Policy in 1999. Some states are exploring the possibility of private sector participation in water supply sector.

5. Significant Shortcomings (including non-compliance with safeguard policies):

1. Project implementation was very slow at the outset. It took about 30 months from the date of project effectiveness to award the first civil works contract due to delays in designs and preparation of bidding documents.
2. In spite of the measures taken to reduce leakages, extensive leakages continue at service connection pipes and within consumer premises due to inferior plumbing standards. The target to reduce unaccounted-for-water from 60 to 25 percent in five years was not achieved.
3. The project focussed on the rehabilitation of high priority production works. However, no provision was made for rehabilitation of the delivery network, which was in poor condition.
4. The utilization of Technical Assistance by SWA was inadequate. Under the project, each SWA was to be assisted by technical operational consultants to implement a detailed set of guidelines for technical improvements, including operations and maintenance. Only 33 percent of the SWAs were able to take advantage of technical consultants and institute preventive maintenance procedures. Regarding TA for financial assistance, about 57 percent of the SWAs engaged and worked with local financial consultants to improve their budgeting and accounting systems and procedures.

| 6. Ratings: | ICR | OED Review | Reason for Disagreement /Comments |
|----------------------------|----------------|---------------------------|--|
| Outcome: | Unsatisfactory | Moderately Unsatisfactory | The project is expected to achieve some of its major relevant objectives but with significant shortcomings (see section 3 and 5). |
| Institutional Dev.: | Modest | Modest | |
| Sustainability: | Unlikely | Unlikely | |
| Bank Performance: | Satisfactory | Satisfactory | Major reallocation of loan proceeds from funding equipment to civil works reflects inadequate appraisal and poor quality at entry. |
| Borrower Perf.: | Unsatisfactory | Unsatisfactory | |
| Quality of ICR: | | Satisfactory | |

NOTE: ICR rating values flagged with "*" don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

The ICR identifies a number of important lessons, two lessons are repeated here:

- The experience from the project shows that the benefits from rehabilitation of production facilities were constrained by inadequate distribution system which was aged and in poor condition. Therefore, the Bank needs to consider both the production and distribution aspects of water supply systems.
- Project needs to focus on indicators that are easily measurable by the implementation agencies. These indicators are essential for quantitative monitoring of project performance and project agencies should be involved early on in the project cycle.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The quality of ICR is satisfactory. It addresses the relevant issues pertaining to project implementation. The main shortcomings are:

- The ICR did not estimate the ex-post ERR even though ERRs were estimated at appraisal. ERR is an important criterion for judging the efficiency and the overall outcome of the project, especially in water supply projects with major civil works components.
- The ICR notes that the target to reduce unaccounted-for-water was not achieved. However, it does not provide information on the current level of UFW.
- Lack of final cost table by component. Such table is particularly useful to compare actual costs with the cost profile at appraisal.
- The ICR does not include Borrowers ICR or Borrower Comments.