

Integrated Safeguards Data Sheet (ISDS)	
Section I – Basic Information	
Date ISDS Prepared/Updated: February 16, 2005	Report No.: AC928
A. Basic Project Data	
A.1. Project Statistics	
Country: Nigeria	Project ID: P071391
Project: Second National Urban Water Sector Reform Project	TTL: Alexander McPhail
Total project cost (by component): \$220.0 million Rehabilitation and Network Expansion: \$168.4 million Public-Private Partnership Development: \$9.8 million Service Sustainability & Project Mgt.: \$12.7 million Institutional Development and Policy Reform: \$12.3 million Contingencies and Unallocated: \$14.7 million Re-Pay and PPF: \$2.0 million	
Appraisal Date: March 21, 2005	Loan/Credit amount (\$million): IDA: \$200.0
Board Date: May 31, 2005	
Other financing amounts by source:	Local government (\$20 million)
Managing Unit: AFTU2	Sector: Water Supply (90%) Sub national Government administration (10%)
Lending Instruments: Specific Investment Loan	
Is this project processed under OP 8.50 (Emergency recovery?) Yes? <input type="checkbox"/> No? <input checked="" type="checkbox"/>	
Environmental Category: B	
A.2. Project Objectives	
The Project's principal development outcomes are: (i) increased reliability and financial viability of selected urban water utilities; and (ii) increased access to piped water networks in selected urban areas. Progress toward these principal development outcomes will be measured through: (i) the increase in water delivered through existing and extended networks; (ii) improvements in cost recovery; and (iii) increase in the number of households having access to the piped water network.	

A.3. Project Description

The Project will be implemented in three states in Nigeria: Lagos, Cross River and a third state that will be identified early in implementation. Given the development objectives described above, the Project emphasizes financing for water system rehabilitation, increasing treatment capacity and adding household and standpipe connections. It will also finance management interventions and strengthening. The Project also encompasses management contracts for utility operations in Lagos and Cross River States and may help to finance these contracts.

The Project has four components and a large unallocated amount to cover unidentified project costs in the state yet to be identified during implementation.

a) Rehabilitation and Network Expansion (US\$168.4 million): This component will include civil works to be executed in Lagos and Cross River State. Works will include the following: (i) rehabilitation of treatment plant(s) and transmission line(s); (ii) service area network rehabilitation and metering; (iii) network expansion; and (iv) additional works which may be identified at appraisal. These investments will be phased across the life of the project taking into account the following factors: (i) the need for an early increase in water production capacity from both surface and ground water resources; (ii) the need for early installation of bulk water meters and regulating valves in order to control the flows to respective service areas; (iii) the need for early restructuring in the operation of water transmission and water storage systems; and (iv) the need for rehabilitation/strengthening of the distribution systems over a longer time period. The component will also finance the purchase of vehicles and equipment.

In Lagos, this component will namely cover namely Ikeja, Ikoyi, and Lagos Island, as well as works at the Adiyari and Akute Iju intakes and treatment works.

In Cross River State, the urban areas to be included under this component will be Calabar, Ikom, Ogoja, and Obudu.

b) Public-Private Partnership (PSP) Development (US\$ 9.8 million):

Lagos: The LSWC's vision for PSP in the sector is based on a prudent, stepwise approach which takes into account both the size of the water sector in Lagos and the current difficult environment surrounding international financial markets. The Project will support this approach by assisting the LSWC in contracting private sector operators to establish three Private Sector Units (PSUs) in the service areas of Ikeja, Ikoyi and Lagos Island. The Project will also support the implementation of a multi-year management contract for the principal treatment and bulk transmission systems. This component will finance costs associated with transaction design and tendering for the PSUs, as well as the private operator fees for the treatment and transmission management contract.

Cross River State: Recognizing that Cross River State is already implementing a PPP arrangement, the Project will evaluate the current situation to ascertain the nature of support required by the CRSWB to further improve the implementation of the PPP. At Appraisal, the current management contract which serves as the legal framework for implementing the PPP will be examined in more detail with a view to fashion out implementation arrangements that will ensure sustained and improved delivery of the services. The Bank notes that aspects such as strengthening supervision of the

management contract, monitoring and auditing of performance and introducing pro-poor provisions are important.

c) *Service Sustainability and Project Management (US\$ 12.7 million):* This component will assist the LSWC and CRSWB through: (i) expert technical assistance in various areas, from institutional organization to financial management and R&D; (ii) financing critical operating costs; (iii) the design and implementation of a communication and stakeholder outreach programs; (iv) the purchase of office equipment and light vehicles; and (v) financing PIU running costs.

d) *Institutional Development and Policy Reform(US\$ 12.3 million):* As a contribution to developing and implementing the sector's long-term reform and sustainability, this component will finance: (i) expert technical assistance; (ii) expert commercial and management assistance; (iii) studies to underpin reforming the regulatory framework for water supply and distribution; (iv) regulator training (v) training and workshops and (vi) River Basin Initiatives and MDG tracking.

A.4. Project Location and salient physical characteristics relevant to the safeguard analysis:

The Project will be implemented in established urban areas in three states in Nigeria: Lagos, Cross River and a third state that will be identified early in implementation. In Lagos, the project will focus on the distribution networks in Ikeja, Ikoyi, and Lagos Island. It will also support works at the Adiyari and Akute Iju intakes and treatment works. In Cross River, the four urban areas to be included are Calabar, Obudu, Ogoja, and Ikom. In all cases, water is sourced from nearby rivers, some of which are regulated by upstream dams.

B. Check Environmental Category A [], B [X], C [], FI []

Given that this is a Category B project, AFTU2 wishes to request transfer of safeguards review and clearance responsibility once the Final ISDS has been cleared by ASPEN.

C. Safeguard Policies Triggered

	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cultural Property (draft OP 4.11 - OPN 11.03 -)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Indigenous Peoples (OD 4.20)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Section II – Key Safeguard Issues and Their Management

D. Summary of Key Safeguard Issues.

D.1. Safeguard issues and impacts associated with the proposed project. Potential large scale, significant and/or irreversible impacts.

No large scale, significant and/or irreversible impacts are anticipated.

Environmental Assessment: In Lagos State, civil works will be entirely rehabilitation of existing infrastructure involving only temporary inconvenience to adjacent properties and commercial activities, plus network extensions into an area east of Ikoyi beside existing and planned roads, the latter on unused land reclaimed from the lagoon. A minor existing environmental issue is the disposal of treatment plant sludge at Iju and Adiyani. Currently, the clarifiers do not work, and the slightly acidic sludge is discharged into small nearby rivers. River ecology and hydrology appears to be affected and, at Adiyani, the sediments are contributing to periodic flooding of a community road. An action plan is being prepared to address these issues.

In Cross River State, the environmental and resettlement consequences of anticipated civil works are likely to be very minor to none, given normally responsible construction planning and management. Nonetheless, uncertainties about the nature and scope of civil works in Obudu, Ogoja and Ikom lead to the determination that an Environmental and Social Management Framework (ESMF) would be prepared for the project.

Resettlement: Land acquisition is expected to be minimal to none since civil works will largely be rehabilitation of existing infrastructure, and some extensions of treatment facilities within current plant boundaries, and of distribution networks alongside existing roads.

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

Nonetheless, uncertainties about the nature and scope of civil works in Obudu, Ogoja and Ikom lead to the determination that a Resettlement Policy Framework (RPF) prepared for the project.

Dam Safety: The dam safety report (DSR) prepared for the ongoing Nigeria National Urban Water Sector Reform Project (Cr. 3924) (NUWSRP1) covered the dam regulating water supply to Lagos, but not dams in Cross River State. The Owelobudu Dam regulating water supply for Obudu in Cross River State does need remedial work on the spillway. Thus, it was determined that the NUWSRP1 DSR would be extended to include Cross River State.

International Waterways: The City of Ikom draws its water from the Cross River which has its source in Cameroon, thus triggering the Bank's International Waterways policy (OP 7.50). Nigeria does have a general agreement with Cameroon on the use of the river, but notification under OP 7.50 is still required under World Bank guidelines and will be done in mid-February 2005.

D.2 Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area.

No adverse long-term impacts are anticipated.

With water supply projects, there is the concern that improving accessibility will lead to increased sewage and wastewater, and consequent surface/groundwater quality and health impacts. In this context, the Project will provide technical assistance at least in Lagos to characterize the nature and extent of any current surface or groundwater quality problems in urban areas with a view to supporting of future sewage, wastewater and groundwater management programs

D.3. Treatment of alternatives (if relevant)

Not relevant

D.4. Measures taken by the borrower to address safeguard issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The borrower prepared an ESMF, RPF and DSR for the first NUWSRP, in collaboration with the relevant state water and environmental agencies, and has the capacity to do so for this project. The state environmental agencies have adequate capacity for specifying, reviewing and supervising any EA or EMP requirements as the project is implemented. As in the first NUWSRP project, the Bank will include provisions for technical assistance to the Lagos and Cross River water authorities so they can adequately manage the safeguards aspects of project implementation.

D.5. Key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

A stakeholder specialist and a strategic communication team were part of the preparation team to ensure the involvement of key local stakeholders in all Project phases through a comprehensive Communication and Stakeholder Outreach Program.

All decisions related to the Project's components and implementation arrangements have been taken in consultation with community representatives, State Governments, Local Governments and Federal agencies. Consumer and stakeholder consultations included a comprehensive communication audit which assessed perceptions, attitudes, and beliefs of stakeholders vis-à-vis PSP in Lagos water provision. The communication audit also served as a baseline for the design and implementation of a comprehensive strategic communication program to support the LSWC's PSP policy and consumers' concerns regarding the PSP.

A Social Assessment to be conducted in the three states will examine the range of stakeholders' interests, and address potential social risks to the Project and Project social impacts on local consumers, the water boards, and informal providers. The Project's social impact will be monitored through a stakeholder survey at the Mid-Term Review and Project's completion.

All Project's public documents will be made available at the federal, state and local levels at suitable locations.

F. Disclosure Requirements Date

Environmental Assessment/Audit/Management Plan/Other:

Date of receipt by the Bank	3/12/2005 (anticipated)
Date of "in-country" disclosure	3/17/2005 (anticipated)
Date of submission to InfoShop	3/17/2005 (anticipated)
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	Not Applicable

Resettlement Action Plan/Framework/Policy Process:

Date of receipt by the Bank	03/12/2005 (anticipated)
Date of "in-country" disclosure	03/17/2005 (anticipated)
Date of submission to InfoShop	03/17/2005 (anticipated)

Indigenous Peoples Development Plan/Framework:

Date of receipt by the Bank	Not Applicable
Date of "in-country" disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable

Pest Management Plan:

Date of receipt by the Bank	Not Applicable
Date of "in-country" disclosure	Not Applicable
Date of submission to InfoShop	Not Applicable

Dam Safety Management Plan:

Date of receipt by the Bank	03/12/2005 (anticipated)
Date of "in-country" disclosure	03/17/2005 (anticipated)
Date of submission to InfoShop	03/17/2005 (anticipated)

If in-country disclosure of any of the above documents is not expected, please explain why.

N/A

**Section III – Compliance Monitoring Indicators at the Corporate Level
(To be filled in when the ISDS is finalized by the project decision meeting)**

<i>OP/BP 4.01 - Environment Assessment:</i>	<u>Yes</u>	<u>No</u>
Does the project require a stand-alone EA (including EMP) report?	X	

If yes, then did the Regional Environment Unit review and approve the EA report?	In process	
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	X	
<i>OP/BP 4.04 - Natural Habitats:</i>	<u>Yes</u>	<u>No</u>
Would the project result in any significant conversion or degradation of critical natural habitats?		X
If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?		N/A
<i>OP 4.09 - Pest Management:</i>	<u>Yes</u>	<u>No</u>
Does the EA adequately address the pest management issues?		N/A
Is a separate PMP required?		X
If yes, are PMP requirements included in project design?		N/A
<i>Draft OP 4.11 (OPN 11.03) - Cultural Property:</i>	<u>Yes</u>	<u>No</u>
Does the EA include adequate measures?		N/A
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on physical cultural resources?		N/A
<i>OD 4.20 - Indigenous Peoples:</i>	<u>Yes</u>	<u>No</u>
Has a separate indigenous people development plan been prepared in consultation with the Indigenous People?		N/A
If yes, then did the Regional Social Development Unit review and approve the plan?		N/A
If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit?		N/A
<i>OP/BP 4.12 - Involuntary Resettlement:</i>	<u>Yes</u>	<u>No</u>
Has a resettlement action plan, policy framework or policy process been prepared?	In process	
If yes, then did the Regional Social Development Unit review and approve the plan / policy framework / policy process?	In process	
<i>OP/BP 4.36 – Forests:</i>	<u>Yes</u>	<u>No</u>
Has the sector-wide analysis of policy and institutional issues and constraints been carried out?		N/A
Does the project design include satisfactory measures to overcome these constraints?		N/A
Does the project finance commercial harvesting, and if so, does it include provisions for certification system?		N/A
<i>OP/BP 4.37 - Safety of Dams:</i>	<u>Yes</u>	<u>No</u>
Have dam safety plans been prepared?	In process	
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?		
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?		
<i>OP 7.50 - Projects on International Waterways:</i>	<u>Yes</u>	<u>No</u>
Have the other riparians been notified of the project?	In process	
If the project falls under one of the exceptions to the notification requirement, then has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?		N/A
What are the reasons for the exception?		N/A
Please explain:		N/A

Has the RVP approved such an exception?		N/A
<i>OP 7.60 - Projects in Disputed Areas:</i>	<u>Yes</u>	<u>No</u>
Has the memo conveying all pertinent information on the international aspects of the project, including the procedures to be followed, and the recommendations for dealing with the issue, been prepared, cleared with the Legal Department and sent to the RVP?		N/A
Does the PAD/MOP include the standard disclaimer referred to in the OP?		N/A
<i>BP 17.50 - Public Disclosure:</i>	<u>Yes</u>	<u>No</u>
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	In process	
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	In process	
<i>All Safeguard Policies:</i>	<u>Yes</u>	<u>No</u>
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of the safeguard measures?	X	
Have safeguard measures costs been included in project cost?	X	
Will the safeguard measures costs be funded as part of project implementation?	X	
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures?	X	
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	In process	
<i>Signed and submitted by:</i>	<u>Name</u>	<u>Date</u>
Task Team Leader:	Alexander McPhail	February 16, 2005
Project Safeguards Specialist 1:	John Boyle	
Project Safeguards Specialist 2:		
Project Safeguards Specialist 3:		
<i>Approved by:</i>	<u>Name</u>	<u>Date</u>
Regional Safeguards Coordinator:	Thomas Walton	
Comments:		
Sector Manager:	Eustache Ouayoro, Sector Manager	February 16, 2005
Comments:		