



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
THIRD NATIONAL URBAN WATER SECTOR REFORM PROJECT
APPROVED ON APRIL 18, 2014
TO
FEDERAL REPUBLIC OF NIGERIA

WATER

AFRICA

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Shubham Chaudhuri
Regional Director:	Simeon Kacou Ehui
Practice Manager/Manager:	Maria Angelica Sotomayor Araujo
Task Team Leader(s):	Gerhardus Nicolaas Albertus Soppe



I. BASIC DATA

Product Information

Project ID P123513	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 18-Apr-2014	Current Closing Date 30-Jun-2020

Organizations

Borrower Federal Republic of Nigeria	Responsible Agency Federal Ministry of Water Resources
---	---

Project Development Objective (PDO)

Original PDO

The Project Development Objectives (PDO) are: a) to increase access to improved water supply service in selected States of Nigeria and improve the financial viability of existing water utilities in those States, and b) to increase the investment planning capacity of participating States.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-54160	18-Apr-2014	07-Nov-2014	12-Feb-2015	30-Jun-2020	205.83	124.04	57.18

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES



Status:

Under Component 1, after a long ramp up phase to conduct feasibility studies, designs and procurement of works, the Project has stepped up progress towards achieving its Project Development Objective (PDO), with considerable acceleration in the last year. In Bauchi, seven (7) of the eight (8) works contracts are well advanced except for one critical contract (transmission mains linking the water treatment plant to the city networks) which is lagging in implementation and will not be completed by the current June 30, 2020 closing date. In Ekiti, all major works contracts (five) are at advanced state of implementation and will achieve physical completion by June 30, 2020. In Rivers State, works have not yet started due to continued procurement delays, and their completion at this stage would require eighteen (18) months at best. Under Component 2, after a slow ramp-up, technical assistance and minor investment activities have mostly been proceeding well towards supporting Tier 2 States in becoming investment-ready. Under Component 3, several activities towards the implementation of the National Action Plan are however still being procured and can no longer be completed ahead of the current closing date. These activities include the scoping and design of a national WASH Fund and various studies and activities to inform sector-wide policy making and investment planning in support of the National Action Plan. Under the circumstances, the Project progress towards achievement of PDO was downgraded to moderately unsatisfactory (MU) in November 2019, and an agreement was reached with the government on the restructuring needs.

Proposed Changes:

The Client had requested an 18-month extension in August 2019 following the ISM in May 2019 to enhance the achievement of the PDO and to regain time lost at the start of the project. In February, a revised request was made for a six-month extension. The team considered that with an extension of six months, all works can be completed; enough time is allowed for testing and commissioning on the newly installed facilities and the PDO can be achieved in Bauchi and Ekiti States although the current lockdown due to COVID-19 may have an impact on implementation. Rivers State requires a much longer extension and will not be able to complete the works within a reasonable extension. There is also the risk of the current weak capacity of the utility five years into the project in Rivers State to manage the investments in the infrastructure should the project go ahead in the State. As a result, the funds canceled during the previous restructuring represented most of the investments planned in Rivers State, as well as some capacity building costs.

Rationale for extension of closing date of the loan:

The client is implementing works and under the current program some critical activities in Bauchi will only be completed beyond June 2020. Without the full completion of these critical activities access to improved water will not be achieved. The implication of this is that all the amounts invested so far would have been in vain if the critical infrastructure that would unlock the full potential of the project remains uncompleted and subsequently abandoned due to paucity of funds in the States. The executive Governors in Bauchi and Ekiti states who took over leadership of the states following the last elections have shown strong commitment to the project through their direct supervision of the key activities and prompt resolution of issues that require their attention. They have consistently made counterpart fund contributions as required by the Financing Agreement. This has led to the significant progress made by the project in the last year.

II. DETAILED CHANGES

LOAN CLOSING DATE(S)



The World Bank

Third National Urban Water Sector Reform Project (P123513)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-54160	Effective	30-Jun-2020		30-Dec-2020	30-Apr-2021