

**INTEGRATED SAFEGUARDS DATASHEET  
APPRAISAL STAGE**

**I. Basic Information**

Date prepared/updated: 12/13/2005

Report No.: AC1998

**1. Basic Project Data**

Country: Nigeria	Project ID: P071075	
Project Name: National Urban Water Sector Reform Project 1		
Task Team Leader: Alexander A. McPhail		
Estimated Appraisal Date: March 15, 2004	Estimated Board Date: June 15, 2004	
Managing Unit: AFTU2	Lending Instrument: Specific Investment Loan	
Sector: Water supply (93%);Central government administration (5%);Sub-national government administration (2%)		
Theme: Access to urban services and housing (P);Infrastructure services for private sector development (P);Other urban development (S);Regulation and competition policy (S)		
IBRD Amount (US\$m.):	0.00	
IDA Amount (US\$m.):	120.00	
GEF Amount (US\$m.):	0.00	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
<u>BORROWER/RECIPIENT</u>		20.00
		20.00
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

**2. Project Objectives**

The Project's principal development objectives are: (i) improved 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) increase in water delivered through existing and extended networks; (ii) improvements in cost recovery; and (iii) increase in the number of household connections to the piped water network.

**3. Project Description**

The Project has four components and an unallocated amount.

Component 1: Rehabilitation and Network Expansion (US\$112 million) States will be access funds under this component at two distinct times during implementation. Initially, States will use Component 1 funds to restore and rehabilitate existing infrastructure, with the overall objectives to have their water systems operating at installed capacity. Support for purchase of essential vehicles and specialized rolling stock for the SWAs would also

be included, as would production and zonal meters to provide vital operational information.

For Kano State the Project will primarily focus on Kano City but will also impact on the few smaller centers in the state. Kano City, with a population approaching three million people is estimated to need about 400ML/day but currently has a supply of only about 104ML/day. The design capacity of existing production facilities is 241ML/day however production is limited by the poor condition of pumping and power generating equipment, and the transmission pipeline to the city (and related system storage).

For Kaduna State, the Project will support primarily Kaduna City with the current institutional and operational arrangements continuing for the remaining seven smaller systems for which the Kaduna State Water Board is responsible. Kaduna City, with a population of about one and a half million people currently has a supply of only about 56ML/day. The design capacity of existing production facilities is 97.5ML/day, close to the estimated current demand, however production is limited by the poor condition of pumping and water treatment equipment.

For Ogun State the primary focus of the Project will be the capital city, Abeokuta, and five major centers, with smaller amounts of support flowing to smaller schemes, of which there are 57 in the state under the responsibility of Ogun State Water Board. Abeokuta, has a population of about 600,000 people; its main supply facility has a design capacity of 163ML/day however production is limited by the poor condition of pumping and power generating equipment, and the transmission pipeline to the city (and related system storage) to 56ML/day.

Once the anticipated Public-Private Partnership (PPP) contracts are in place (or when the relevant State Water Agency demonstrates a high degree of operational capacity and efficiency as well as financial autonomy), then Component 1 will provide funds for system expansion. This will entail infill and improvement of the distribution systems in each State, including the cities as well as semi-urban areas. New service connections and customer meters would be included.

Component 1 also includes about US\$2 million to prepare a follow-on Project and begin the engineering for this operation.

#### Component 2: Public-Private Partnerships (US\$16.5 million)

It is anticipated that each of these three states will also enter into a public-private partnership for management of the State Water Authority to rebuild technical and commercial capacity and assure adequate operation and maintenance arrangements. The private sector operator contracts are expected to cost about \$16.5 million (about 12 percent of the total proposed Project cost of US\$140 million) to design, tender and pay the operator's fees.

#### Component 3: Capacity Building & Project Management (US\$8.0 million)

The Project would also support Capacity Building and Project Management in the Federal Ministry of Water Resources (FMWR) and the State Water Agencies. This will include project management costs, stakeholder communication programs, training and office equipment. Support would also be given to the FMWR for its ongoing work in sector coordination and reform and capacity building, particularly to help in raising the performance of non-participating states to be able to participate in the continuing national reform program in future. In this context, further studies to prepare additional states for PPP contracts in a future project would be included.

**Component 4: Policy Reform & Institutional Development (US\$0.7 million)**

Under this component, support would be given to: (i) the FMWR in order to develop a national low income household service strategy; (ii) assist in the establishment of State Water Regulatory Agencies; and (iii) complete and implement a National Water Policy.

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

The Project is expected to take place in already built up urban areas of Kano, Kaduna and Ogun states. For the initial two years of the proposed Project, no new facilities are expected to be built, there will be no extension of water networks, and water abstraction and treatment capacity will not be expanded. Thus, the civil works to be carried out in the first two years will be limited to the rehabilitation of existing infrastructure.

After rehabilitation is complete, then there is the possibility for expanded distribution networks and increased water extraction and treatment. These civil works will take place in built-up urban areas in the three states mentioned above. The exact locations are not known at present.

**5. Environmental and Social Safeguards Specialists**

Mr John A. Boyle (AFTS1)

<b>6. Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>	
<b>Natural Habitats (OP/BP 4.04)</b>		<b>X</b>
<b>Forests (OP/BP 4.36)</b>		<b>X</b>
<b>Pest Management (OP 4.09)</b>		<b>X</b>
<b>Cultural Property (OPN 11.03)</b>		<b>X</b>
<b>Indigenous Peoples (OD 4.20)</b>		<b>X</b>
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>	
<b>Safety of Dams (OP/BP 4.37)</b>	<b>X</b>	
<b>Projects on International Waterways (OP/BP 7.50)</b>	<b>X</b>	
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>

## **II. Key Safeguard Policy Issues and Their Management**

### ***A. Summary of Key Safeguard Issues***

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts: The Environmental and Social Management Framework report (January 2004) identified typical possible environmental impacts from an urban water project. These included: (i) adverse environmental effects of construction activities; (ii) water contamination from incorrect facility operation and sludge disposal; (iii) reduction of raw water levels in rivers; (iv) siltation; and (v) increase in wastewater. The report concluded that adequate mitigation measures are available for these impacts.

The ESMF report also identified dam safety as potential large impact in the context of the proposed Project. The proposed Project will not construct any new dams or weirs, but the urban areas in the Project area sometimes take raw water from existing reservoirs. Thus, the report recommends as mitigation measure the "Implementation of measures in Dam Safety report, especially ensuring that maintenance budget available to owners/operators to undertake preventative and corrective maintenance and early warning/response for emergency situations."

As a result of the above recommendation, the World Bank project appraisal team included a dam safety expert. Based on information gathered at appraisal, including the physical inspection of several large dams in each of the project states, a Dam Safety Report was prepared during March 2004 and disclosed in the World Bank InfoShop and in Nigeria on April 19, 2004.

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. No long term adverse impacts were identified in the Environmental and Social Management Framework report.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

The Environmental and Social Management Framework report contains an "Analysis of Alternatives" section, and concludes that the Project as designed adequately addresses the Project's development objectives while not placing irreversible adverse impacts on the bio-physical and social environment. The report further states that the "do nothing" scenario would worsen the present situation in the proposed Project areas and worsen poverty.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. Each state participating in the proposed Project will be required to an Environmental and Social Impact Assessment and, if the World Bank policy on Involuntary Resettlement OP 4.12 is triggered, Resettlement Plans, for Project activities to be executed in that state. States will incorporate mitigation measures and resettlement plans into the design of civil

works and implementation programs before these works are approved and cleared by the Federal Ministry of the Environment and World Bank.

In the Federal Ministry of Water Resources, the Federal Ministry of Environment and the State Environmental Protection Agencies, adequate capacity exists to implement the measures described above. Capacity in the State Water Authorities will be strengthened under the proposed Project with the addition of a new position titled "Environment and Social Specialist". Specialized environmental training will be included in the proposed Project. The Environmental and Social Management Framework report recommends that over US\$100,000 be allocated for this training.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. Key governmental stakeholders are: Federal Ministry of Water Resources, Federal Ministry of the Environment, State Water Agencies, and State Environmental Protection Agencies. Key non-governmental stakeholders are residents of the urban and peri-urban areas served by the State Water Agencies. The Environmental and Social Management Framework report contains a detailed consultation plan including guidelines on public disclosure of the Environmental and Social Impact Assessments. It also outlines that consultation will take place during the preparation of Resettlement and Compensation Plans, through tariff studies and poverty assessment and during discussion of PSP options studies. Consultation is expected to take place through workshops, seminars, symposia, meetings, radio programs, and related efforts.

Over 1500 households have already been surveyed during Project preparation about water issues in the context of the proposed Project and its development objectives.

The Environmental and Social Management Framework Report and Resettlement Policy Framework Report are currently available for public inspection in the Project Coordinating Unit of the Federal Ministry of Water Resources in Abuja, the offices of the General Managers of the State Water Agencies of Kaduna, Kano, Plateau, Ogun, Gombe and Enugu States, in public libraries in the these six states, and also disclosed in the World Bank Info Shop. A Dam Safety Report was also disclosed in the country as well as the World Bank Info Shop on April 19, 2004.

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### ***B. Disclosure Requirements Date***

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#### **Environmental Assessment/Audit/Management Plan/Other:**

Date of receipt by the Bank	01/14/2004
Date of "in-country" disclosure	01/15/2004
Date of submission to InfoShop	01/29/2004
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

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#### **Resettlement Action Plan/Framework/Policy Process:**

Date of receipt by the Bank	01/14/2004
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Date of "in-country" disclosure	01/15/2004
Date of submission to InfoShop	01/29/2004
<b>Safety of Dams:</b>	
Date of receipt by the Bank	04/15/2004
Date of "in-country" disclosure	04/19/2004
Date of submission to InfoShop	04/19/2004
<b>* If the project triggers the Pest Management, Cultural Property and/or the Safety of Dams policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>	
N/A	

*C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)*

<b>OP/BP/GP 4.01 - Environment Assessment</b>	
Does the project require a stand-alone EA (including EMP) report?	Yes
If yes, then did the Regional Environment Unit review and approve the EA report?	Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes
<b>OP/BP 4.12 - Involuntary Resettlement</b>	
Has a resettlement plan, abbreviated plan, or process framework (as appropriate) been prepared?	Yes
If yes, then did the Regional Social Development Unit review and approve the plan / policy framework / policy process?	Yes
<b>OP/BP 4.37 - Safety of Dams</b>	
Have dam safety plans been prepared?	Yes
Have the TORs as well as composition for the independent Panel of Experts (POE) been reviewed and approved by the Bank?	N/A
Has an Emergency Preparedness Plan (EPP) been prepared and arrangements been made for public awareness and training?	N/A
<b>OP 7.50 - Projects on International Waterways</b>	
Have the other riparians been notified of the project?	Yes
If the project falls under one of the exceptions to the notification requirement, 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? Please explain:	N/A
Has the RVP approved such an exception?	N/A
<b>BP 17.50 - Public Disclosure</b>	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected	Yes

groups and local NGOs?

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**All Safeguard Policies**

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? Yes

Have costs related to safeguard policy measures been included in the project cost? Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? Yes

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***D. Approvals***

<b><i>Signed and submitted by:</i></b>	<b><i>Name</i></b>	<b><i>Date</i></b>
Task Team Leader:	Mr Alexander A. McPhail	04/19/2004
Environmental Specialist:	Mr John A. Boyle	04/19/2004
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):		
<b><i>Approved by:</i></b>		
Regional Safeguards Coordinator:	Mr Thomas E. Walton	04/20/2004
Comments:		
Sector Manager:	Ms Inger Andersen	04/20/2004
Comments:		