

ROM report

Type of ROM review		Projects and Programmes
<i>Project title</i>	Water Supply and Sanitation Sector Reform Programme, Phase II (WSSSRP II)	
<i>Project reference</i>	D-22740	
<i>Delegation in charge</i>	Nigeria	
<i>Status</i>	Draft	
<i>Report date</i>	21/03/2016	

Project - Key Information	
Domain (instrument)	FED - European Development Fund
DAC Sector	14010 - Water sector policy and administrative management
Zone Benefitting from the Action	Nigeria
Type of Project/Programme	Geographic
Geographic Implementation	Single-country
Entity in Charge	DEVCO E
OM in Charge	KANEBI KATE ANWULI

Project - Financial data on 20/02/2016	
Total budget	94,000,000 €
EU contribution	80,000,000 €
Contracted Amount	50,349,370 €
Paid Amount	27,159,014 €

Project - Dates	
Signature Date of Financing Agreement by Beneficiary Country (FA date)	27/06/2012
Final Date for Contracting (FDC ILC)	26/06/2016
End Date of Operational Implementation Period (LMO/EOI)	27/06/2018

ROM review - Key information				
Reason for ROM review	Problematic			
ROM expert(s) name(s)	RALL Martin			
Field phase	Start Date	15/02/2016	End Date	24/02/2016

Project Synopsis

Context

The Water Supply and Sanitation Sector Reform Programme, Phase II (WSSSRP II) is a successor project of the 9th EDF Water Supply and Sanitation Reform Programme (WSSRP). It aims at consolidating the achievements of the predecessor project with a view to addressing the remaining fundamental weakness of the Nigerian water and sanitation sector: lack of or inadequate legal and institutional framework at both the federal and state levels. It intends to sustain the improvements on water governance made by WSSRP at the federal level and in six focal states (Cross River, Kano, Anambra, Jigawa, Osun and Yobe) through the provision of technical assistance and capacity development to ministries and agencies responsible for water resources and water and sanitation services (WASH) delivery at the federal level and in the focal states. A component of the project, implemented by UNICEF, supports capacity building of state and local governments' agencies responsible for WASH in rural communities.

WSSSRP II is implemented through a combination of partially decentralised management and joint management with UNICEF. The federal component is implemented in the Federal Ministry of Water Resources and in the focal states, in the State Ministry responsible for water resources in the state. The rural component is implemented by UNICEF in two Local Government Areas (LGAs) in each of the focal states. Final beneficiaries are 1.8 million people in urban and rural areas.

Description of the intervention Logic

It is expected that the programme would result in new laws at the federal and state levels and institutional strengthening at the three tiers of Government as well as water, sanitation and hygiene facilities and awareness at the State and LGA levels. These are expected to result in higher levels of institutional efficiency and improved water supply as well as improved sanitary and hygiene conditions leading to achieving the MDGs.

The following description of the intervention logic is as per the revised logframe, approved in December 2015.

Overall Objective

To contribute to poverty reduction, sustainable development and the achievement of water-related MDGs.

[OVI: 1) Proportion of target population without access to improved water, sanitation and hygiene services is halved by the end of the programme. 2) At least 30% reduction in reported cases of water-related diseases in benefiting LGAs.]

Specific Objective

To increase access to safe, adequate and sustainable water, sanitation and hygiene services delivery in six focal states.
[OVI: At least 1.8 million direct beneficiaries have access to improved water supply and 1million to adequate sanitation.]

Project Objective 1: To improve water policy and institutional framework at federal level.

Result 1a: National Water Resources Bill enacted and implemented;

Result 1b: FMWR adopts IWRM (integrated water resource management) principles in water resources management;

Results 1c: A national M&E system, integrated with the EU focal states' M&E system, is established in the FMWR.

Project Objective 2: To improve water policy and institutional framework in the EU focal states

Result 2a: State water law is enacted and implemented;

Result 2b: Sector Institutions are structured in accordance with the state water law;

Result 2c: Budget for sector institutions to fulfill their mandate is secured;

Result 2d: States adopt IWRM principles in water resources management;

Result 2e: Strategy for private sector participation (PSP) in the water supply and sanitation services delivery is developed and implemented;

Result 2f: Regular sector monitoring and review is institutionalised.

Project Objective 3: Urban and small towns' sector institutions are supported to deliver sustainable water supply service.

Result 3a: Management and Financial viability of Urban Water Institutions is improved;

Result 3b: Urban Water Works are rehabilitated and improved;

Result 3c: Existing but non-functional water supply schemes in small towns rehabilitated and new water supply schemes constructed;

Result 3d: Strategy for community-ownership and-management of water supply facilities in small towns is developed and implemented.

Result 3e: Community Led Total Sanitation (CLTS) piloted and implemented in Small Towns and Urban Areas

Project Objective 4: Rural water sector institutions are supported to deliver sustainable water and sanitation services

Result 4a: Local Government Areas' (LGAs) Water, Sanitation and Hygiene (WASH) Units are upgraded to Departments and strengthened to implement rural water supply and sanitation programmes;

Result 4b: Existing but non functional water schemes are rehabilitated and new ones constructed in rural communities;

Result 4c: Community-led total sanitation implemented in rural communities;

Result 4d: State level M&E system, integrated with the federal level system is established in the focal states.

The main innovation of WSSSRP II with respect to its forerunner relates to the operational set-up: embedment of the TA and UNICEF consultants within the ministry/agency receiving the support instead of operating through parallel structures (programme implementation units) in order to increase ownership and sustainability.

Findings

1. Relevance

(Problems)

The Programme remains highly relevant in terms of the needs of the final beneficiaries for improved access to WASH services, and of the need for reform in the sector. It is also generally well designed, with a number of very positive features and is summarised well in the logframe, but nearly all the indicators lack some precision.

Whether the Programme is a priority for the national and state governments is somewhat doubtful, however. Political commitment is not strong in most states and at national level, judging by indicators such as the time taken to approve laws and provide counterpart funding, the insignificant increase in funding for WASH beyond the target LGAs and incorporating into government's ways of doing business the good practices of the Programme. As anticipated when the Programme was designed, it is being implemented in a political and institutional environment that is highly risky and unpredictable. This is clearly noted in the logframe where 75% of the assumptions relate to political will, approval of funding, willingness to reform, etc. External factors have also aggravated this already risky environment, e.g. elections and change of government at national level and in three states, and the drop in oil prices and consequent budget cuts.

In addition, there are a number of provisions in the FA, which is part of the design of the Programme, which negatively affected the willingness of some states to cooperate fully. The EU displayed commendable flexibility in renegotiating these terms, but time was lost both with payment of counterpart funding and with implementation of activities. The EU has also been flexible in agreeing to a derogation of the D+3 rule, and may have to do so again for the second time, this year.

Effective demand for the Programme is of course clearer in relation to the service delivery components. The bulk of the Programme's funding is allocated to service delivery in 12 LGAs where the level of water supply and sanitation coverage is low, this factor having been one of the factors taken into account in selecting the LGAs. Clearly, therefore, the Programme remains very relevant to the target communities in these LGAs.

However, the service delivery component is essentially a means to an end, namely sector reform, which is the main focus of the Programme. In this regard it is not so clear whether the Programme responds to the needs of the primary target group, the state institutions of the sector. Very little genuine reform has been achieved in practice (after almost 10 years, if Phase I of the WSSSRP is included) in most of the focal states. This calls into question whether a sector-specific programme such as this can realistically be expected to bring about reform when this depends on reforming the whole governance system in the country at the political level.

Regarding implementation capacity, the key institutions involved in the programme are the Ministry of Budget and National Planning (MBNP), the Federal Ministry of Water Resources (FMWR) which is the Project Implementation Agency (PIA) at national level, and the six State Ministries of Water Resources (or their equivalents) which are the PIAs in the focal states. Project activities are implemented within the project recipient agencies (PRAs) in each focal state, which include the Urban Water Board or Corporation, the Small Towns Water Supply and Sanitation Agency, the Rural Water Supply and Sanitation Agency (RUWASA), and the LGA WASH units. The capacity of government to implement the Programme is less than adequate in most LGAs and states and at national level, and would not be possible without TA support. While all states will be better able by the end of the programme to scale it up without external support, in some this enhanced capacity is unlikely to be sustainable, due to lack of political support and thus budgets.

Due to the capacity gaps which exist, the Programme includes a significant component of capacity building at all levels. A Technical Assistance Team (TAT) supports the implementation of Project Objectives (components) 1, 2 and 3, while component 4 is supported by UNICEF through a contribution agreement. Besides all these institutions, an important role is of course played by the Delegation of the EU, which controls all procurement and payment procedures and effectively manages the small towns work contracts. The Delegation appears to be understaffed, judging by the time it takes to process approvals.

At community level very effective capacity building is taking place and in the short term the services provided are likely to be well managed in all states, and sustainably in some.



At a macro level, i.e. in terms of key activities being undertaken according to the original deadlines, the Programme has not been efficient, the main reason for delays being the slow rate of payment of counterpart funding (CPF) by most states. While the rural component has made good progress in sanitation and has delivered relatively well in water supply (except in those states that have not made significant CPF contributions, i.e. Kano and Cross River), the small towns component has only been able to make some progress in activities that do not depend on CPF being paid. No works contracts have been signed yet, two years after the planned dates.

However, during the latter part of 2015 there has been a significant improvement. As at mid February 2016 the situation in the small towns component was as follows: 100% of CPF has been paid by Anambra (fully paid in 2013), Cross River, Jigawa and Osun, while Kano and Yobe have yet to pay any amount. For the rural component, Anambra, Jigawa and Osun have paid 100%, Yobe 71%, Kano 27.5% and Cross River only 3.5%. The total amount paid for both components represents 65% of the total agreed. Although it has caused severe delays, CPF is a vital element for testing/demonstrating political commitment and genuine demand, including at community level. The EU is to be commended for insisting on this element and having the patience to wait and extend the D+3 deadline. The PIAs, TAT, UNICEF and the EU have done what they can to lobby State Governors and the Minister of the FMWR for payment, but they have limited access and influence. The MBNP would have much more influence but has not been active, as far as can be ascertained.

Due to the delays in starting the works contracts, expenditure to date is inferior to that originally planned for this stage of time elapsed (61%). Of the total EU budget of €80m, just over €50m (63%) has been contracted. This includes the €30m of the contribution agreement with UNICEF, the shortfall being mainly for the works contracts of the small towns component. However, so far only €27m (34%) has been paid by the EU. In relation to the counterpart funding (CPF) component of the budget (€13m in total), only a small amount (part of the rural component's share) has been contracted and spent so far. However, these delays do not mean necessarily that the Programme will not be completed, provided that those states that have not paid their CPF do so within the next six months.

Within the constraints of the political and governance environment, which has been a severe constraint at all levels, the institutional design and implementation modalities of the Programme are appropriate and as conducive as reasonably possible to its successful implementation. The Programme, and its TA for all components as well, are fully embedded in the PIAs. The contribution agreement with UNICEF allows greater flexibility and effectiveness in the rural component, although the MBNP believes that government should have oversight in this component as well, since the funds are part of the FA signed by government. The office of the NAO is supported by embedded national consultants, contracted individually by the EU.

Programme Estimates (PEs) are used to provide funds to PIAs and PRAs at national and state levels to pay travel costs and subsistence allowances for Programme activities. Although the PE system is not inherently inefficient, without adequate training and TA support to Imprest Accountants and Administrators, as in this Programme, it does not work well and there have been delays in providing funding. For PE1 only 50% was provided, the remainder not being released due to non adherence by the PIAs to EU procedures. For PE2 only 15% was advanced, as a risk mitigation measure by the EU, but the same anomalies occurred and no further funds were provided for 2015/16.

One of the key activities of both components of the Programme is to improve sector planning, M&E and reporting. As with most aspects of the programme, progress made in this endeavour is very variable from one state to another, and it is not possible to quantify it. According to the TAT and UNICEF reports, good progress has been made in most states, and in several the Programme's plans are integrated into the overall State and LGA plans. A particular weakness is the infrequency of the Programme Steering Committee meetings, the last national one having taken place in 2014, and few having taken place in most states.

The TAT has also encountered constraints in undertaking its activities as planned, due to long delays in obtaining approval from the EU/NAO for contracting of short term experts. In regard to the rural programme, due to the modality of the contribution agreement with UNICEF (effectively an imprest system with annual advances), there have not been any delays.



Due to the delays in implementation of some key activities, notably approval of the National Water Resources Law and state laws, and contracting of water supply works, as well as inadequate priority being given to WASH by most states (as reflected in delays in making political decisions, including approving more funding), progress in achieving the expected outputs (referred to as Results in the logframe) and outcomes (referred to as Project Objectives in the logframe) has been less than planned in most cases. The targets for components 1 and 2 are unlikely to be achieved in most states.

However, in spite of the delay, there are reasonable prospects for achieving the targets for components 3 and 4. In the small towns water supply and sanitation component, all except Yobe, which has yet to pay any CPF (Kano intends paying this month), could complete the planned works on time. The first works contracts are likely to be signed before June and the bulk are likely to be shortly after. Most contracts are relatively small and uncomplicated. Much of the institutional development work (setting up and training WCAs) has already been done. Considerable effort is required to catch up delays in implementing CLTS (community led total sanitation) in the small towns.

The rural component (4), due to having started on time in 2012, has made good progress, particularly in activities not dependent on CPF, notably CLTS. The original targets for sanitation are likely to be achieved in all states. In regard to water supply, the targets are also likely to be achieved, except in Cross River (unless this state's CPF is paid soon). All the institutional development targets are likely to be met, especially at community level.

Taking as "outcomes" the Project Objectives defined in the logframe, and the Specific Objective, the following was concluded:

Project Objective (PO) 1: To improve water policy and institutional framework at federal level.

It is difficult to predict whether the NWR Law will be passed in the two years remaining. There is a general optimism that the new government's reform agenda will have a positive impact on this Programme's own reform objectives. The Law will have to be passed during the course of this year for there to be enough time afterwards to implement its provisions, and to access the budget for this. In regard to the latter, the current drop in state revenues does not augur well.

PO 2: To improve water policy and institutional framework in six focal states.

Similar observations as made for PO1 are pertinent here. Three states have effectively passed their laws, and are making some progress in reforming the sector. Even in those that do not have a law yet (e.g. Jigawa), some progress has been made, as all except Kano have approved water policies. However, without additional funding for this endeavour, and for the sector in general, the original objectives of the Programme are unlikely to be achieved. Jigawa seems to be a particular exception as funding has been reasonable for some years already.

PO 3: To support urban and small towns water institutions to deliver sustainable water supply.

Except in Yobe, which has yet to pay any CPF (Kano intends paying this month), this PO is likely to be achieved. The first works contracts are likely to be signed before June and the bulk are likely to be shortly after. Most contracts are relatively small and uncomplicated. Much of the institutional development work (setting up and training WCAs) has already been done. CLTS delivery is delayed.

PO 4: To support rural water and sanitation institutions to deliver sustainable water supply and sanitation services.

Due to this component having started on time in 2012, it has made good progress, particularly in activities not dependent on CPF, notably CLTS. The original targets for sanitation are likely to be achieved in all states. In regard to water supply, the targets are also likely to be achieved, except in Cross River (unless this state's CPF is paid soon). All the institutional development targets are likely to be met, especially at community level.

The Specific Objective (to increase access to WASH) is likely to be substantially achieved in 5 of the 6 states, if not in all.

Due to lack of precision in OVs and to reporting being largely activity-oriented, it is not possible to comment on the quality of all outputs in all states and LGAs. In general, however, based on documents produced and reviewed and on feedback from stakeholders interviewed, it is concluded that the quality of outputs is good. Beneficiaries of training and capacity building, both from UNICEF and the TAT, report high levels of satisfaction. The level of mobilisation and awareness of communities visited (small town and rural) is very high. The quality of the legislation drafted is good, as are the training and O&M manuals. The quality of CLTS facilitation, judging from the results and the limited sample of communities visited, is excellent.



The sustainability of the Programme is likely to be very variable at the different levels of government, from one state to another and in terms of the institutional development component on the one hand, and the service delivery one, on the other. In general, the main risk is inadequate funding at national level and in most states, which translates also to inadequate funding to LGAs.

At community level, the capacity of WASHCOMs and WCAs is being developed effectively and together with the requirement for CPF, which enhances ownership and commitment, are likely to be as self sufficient as can be expected. However, community management can never be fully autonomous without some support from LGAs, which is somewhat doubtful in most states.

The sustainability of the restructured and new institutions will depend on funding, which in some states does not appear to be secure. Without a significant improvement in political and financial support for the sector, and in the general approach to governance and transparent state administration in the country, the sustainability of the Programme as a whole cannot be assured.

The project is fully embedded in Nigerian institutions (the PIAs and PRAs) and has a major component of capacity building, linked to the institutional reform and strengthening which is its underlying purpose. However, it is difficult to assess whether there will be sufficient capacity to ensure sustainability, firstly because of the high risk and challenging political and governance environment already discussed, and secondly because the Programme has not defined any measurable or quantifiable indicators for capacity building.

In addition, the effectiveness of the capacity building and prospects for it being sustained need to be analysed separately for different levels of government, and state by state. However, it is not possible within the constraints of this review to do so in much detail. Based on what can be deduced from TAT and UNICEF reports and on what progress has been made in achieving the objectives of the Programme in each state and LGA, it can be concluded that the institutional and human capacity exists in several states (e.g. Jigawa and Osun), or will be in place by the end of the Programme, to ensure that institutions continue to function as intended, although this will depend on increases in funding. New institutions created, and key existing ones such as RUWASAs and Urban Water Boards, will not be able to fulfil their mandates without adequate funding and political support, which is lacking in several states.

At Federal level the prospects also do not appear to be as good as intended, due to the lack of priority currently being given to WASH. It does not seem very likely that an adequate level of resources will be allocated to approving and implementing the NWR Law, or maintaining the WASHIMS system, or mainstreaming IWRM principles (e.g. regulating groundwater extraction more effectively), or providing proactive oversight and guidance to States. No funding is being provided for sanitation either.

However, it is LGA level which seems to be the weakest link. Support for O&M of water facilities, for maintaining ODF status in sanitation, and for scaling up delivery, all depend on LGAs receiving their budgeted funding, but this happens in very few states. Lack of support for LGAs is a country-wide problem, and this is a key weakness of the community management arrangements being put in place. Capacity at community level, which the Programme is developing very effectively, cannot be expected to be sustained forever without support from WASH Departments with adequate funding to do so.

In terms of the final beneficiaries, the cost of services appears to be affordable. With the CLTS approach the first stage in constructing latrines is based on the use of local materials, such as are used for house construction, and are thus affordable. The water supply facilities also employ appropriate and affordable technologies (mainly hand pumps in rural areas and solar pumps where affordable in small towns) and the cost of water will anyway be much less than having to buy from private vendors.

The involvement of the private sector (understood as profit-oriented non-state actors, not community structures) to enhance sustainability would need to be in the role of managing water supply schemes. While some work has been done to have this issue discussed and to develop state policies, no concrete action has been taken. Very little has been done so far to involve the small scale artisanal private sector in supporting latrine construction, i.e. the so-called "sanitation marketing" approach, although UNICEF intends to focus more on this during the remainder of the Programme.

Conclusions

N°	Conclusion
C1	The Programme remains highly relevant in terms of the needs of the final beneficiaries for improved access to WASH services, and of the need for reform in the sector. It does not appear to be a high priority for the national and most state governments, however, judging by indicators such as the time taken to approve laws and provide counterpart funding, and the insignificant increase in funding for WASH beyond the target LGAs and in reforming government's way of doing business.
C2	The Programme is being implemented in a political and institutional environment that is highly risky and untransparent. This is clearly noted in the logframe where 75% of the assumptions relate to political will, approval of funding, willingness to reform, etc. External factors have also aggravated this already risky environment, e.g. elections and change of government at national level and in three states, and the drop in oil prices and consequent budget cuts.
C3	Very little genuine reform has been achieved in practice (after almost 10 years, if Phase I of the WSSSRP is included) in most of the focal states. This calls into question whether a sector-specific programme such as this can realistically be expected to bring about reform when this depends on reforming the whole governance system in the country at the political level. However, there seem to be reasonable prospects of reform being more strongly supported from the new national government.
C4	The programme is generally well designed, with a number of very positive features, such as its full insertion in governments structures, the embedding of TA in the PIAs and PRAs, the requirements for counterpart funding from government and communities, and focus on community management. The design is summarised well in the logframe, but nearly all the indicators lack some precision and it is difficult to assess outcomes.
C5	There are a number of provisions in the FA which negatively affected the willingness of some states to cooperate fully. The EU displayed commendable flexibility in renegotiating these terms, but time was lost both with payment of counterpart funding and with implementation of activities. The EU has also been flexible in agreeing to a derogation of the D+3 rule, and may have to do so again for the second time, this year.
C6	Programme implementation has a number of positive aspects. Planning, M&E and reporting have improved. The rural component is well managed, is catching up lost time and is likely to be completed in all but one state. Implementation of CLTS has shown adaptability to conditions and good effectiveness. Good quality school toilets were observed. Good quality products have been produced, e.g. manuals, procedures, draft laws, training courses, facility designs, tender dossiers, etc.
C7	However, due mainly to delays in payments of counterpart funding (until recently), the Programme is seriously behind schedule, with less than the planned numbers of rural works contracts signed, and none in the small towns component. These delays do not mean necessarily that the Programme will not be completed, provided that those states that have not paid their counterpart funding do so within the next six months.
C8	The PIAs, TAT, UNICEF and the EU have done what they can to lobby State Governors and the Minister of the FMWR for payment of counterpart funding, but they have limited access and influence. The MBNP would have much more influence but has not been active, as far as can be ascertained.
C9	Funding through PEs for PIAs and PRAs at national and state levels to pay travel costs and subsistence allowances for Programme activities has been inadequate. For PE1 only 50% was provided, the remainder not being released due to non adherence by the PIAs to EU procedures. For PE2 only 15% was advanced, as a risk mitigation measure by the EU, but the same anomalies occurred and no further funds were provided for 2015/16. Training and TA support for imprest staff has been inadequate.
C10	The sustainability of the Programme is likely to be very variable at the different levels of government, from one state to another and in terms of the institutional development component on the one hand, and the service delivery one, on the other. In general, the main risk is inadequate funding at national level and in most states, mainly due to lack of political prioritisation of WASH, which translates also to inadequate funding to LGAs.

Recommendations

N°	Recommendation
R1	MBNP: Engage directly with State Governors to ensure urgent payment of outstanding counterpart funding and to raise the priority of WASH, of sector reform and of funding to urban WASH institutions and LGA WASH Departments. Provide more high profile support to Programme stakeholders in their advocacy and lobbying efforts in this regard.
R2	EUDEL: Engage with Ministers of MNBP and FMWF regarding counterpart funding and prioritisation of WASH, both for funding in general and reform, e.g. National Water Resources Law.
R3	EUDEL: Ensure adequate training of imprest staff to manage PE3, and TAT support for adherence to procedures and regulations. Ensure fast turnaround time for approving replenishments.
R4	EUDEL and TAT: Resolve ambiguities in TAT contract to enable more efficient implementation, including urgent decision on TA to supervise works contracts.
R5	EUDEL and TAT: Agree on priorities for remaining contract period to focus on areas of more likely success, and formalise with budget reallocations, e.g. high priority to: i) civil works and consolidation of WCAs; ii) reform in states that show commitment; iii) CLTS in small towns; iv) WASHIMS only in states providing resources. Less priority to i) work on IWRM; ii) private sector involvement; iii) reform at national level, except NWR Law; iv) reform in states showing little commitment/funding.
R6	UNICEF: Place more emphasis on sanitation marketing, especially in peri-urban settlements, in order to improve affordability of more solid and durable toilets, including pour flush units.
R7	UNICEF: Improve operational coordination with small towns teams at state and LGA levels.
R8	EU: Approve second derogation of D+3 rule.
R9	EUDEL + TAT + UNICEF: Improve all indicators in the logframe, for Project Objectives and Results, making them measurable and SMART, and report on them in regular reports. Agree on responsibilities for improving and reporting on indicators for Specific Objective and Overall Objective.