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SUSTAINABLE WATER AND SANITATION IN AFRICA (SUWASA)

REFORM WORK PLAN - RIVERS STATE, NIGERIA

FEBRUARY 2013

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ACRONYMS

ACP	Asbestos Cement Pipes
AfDB	African Development Bank
BOD	Board of Directors
ESA	External Support Agencies
EU	European Union
FMWR	Federal Ministry of Water Resources
GM	General Manager
IBNET	International Benchmarking Network
JMP	Joint Monitoring Program
M&E	Monitoring and Evaluation
MWRRD	Ministry of Water Resources and Rural Development
NGO	Non-Governmental Organization
NRW	Non Revenue Water
O&M	Operation and Maintenance
PH	Port Harcourt
PHWC	Port Harcourt Water Corporation
PSP	Private Sector Participation
PPP	Public Private Partnership
RSGN	Rivers State Government of Nigeria
RSSTOWA	Rivers State Small Towns Water Agency
RSWB	Rivers State Water Board
RSWP	Rivers State Water Policy
RSWP	Rivers State Water Program
RSWSRC	Rivers State Water Services Regulatory Commission
RUWASSA	Rural Water Supply and Sanitation
RFW	Reform Work Plan
SOW	Statement of Work

STTA	Short Term Technical Assistance
SUWASA	Sustainable Water and Sanitation in Africa
USAID	United States Agency for International Development
WIMAG	Water Investment Mobilization Application Guidelines
WASH	Water, Sanitation and Hygiene
WATSAN	Water and Sanitation
WOP	Water Utility Partnership
WSDP	Water Sector Development Plan
WSSRL	Water Supply Services Regulatory Law
WSP	Water & Sanitation Program
WSSSRP	Water Supply and Sanitation Sector Reform

PROJECT SUMMARY SHEET

Project Title	Water Sector Reforms in Rivers State
Country	Nigeria
Specific Location	Rivers State
Goal/Overall Objective	To strengthen the regulatory environment and improve the performance of the Port Harcourt Water Corporation and the Rivers State Small Towns Water Agency
Specific Objectives	<p>Legal and Institutional Framework Reforms This will be implemented through five sub-components as follows:</p> <ul style="list-style-type: none"> • Carry out a State Sector Overview Study of the water sector in Rivers State • Support in the development of a Sector Wide Development Plan for the State with focus on the 21 small towns • Support in the implementation of the Rivers State new water legislation • Support the development of the regulatory framework leading to the establishment of a Regulatory Commission • Design and implement a public awareness campaign on the reforms • Review of the 2010 Baseline Survey <p>Utility Level Reforms. This will be implemented through two sub-components as follows:</p> <ul style="list-style-type: none"> • Support the Ministry with the actualization of a town water agency to manage town water schemes • Develop and strengthen capacity for both utilities, i.e. PHWC & RSSTOWA • Assist PHWC and RSSTOWA in developing the: 1) Performance Improvement Plan and 2.) support minor investments
Project Duration	27 months (April 2013 to June 30, 2015)
Total Budget	\$2,500,000
Approximate Commencement Date	April 15, 2013
Prime Implementing Organization	SUWASA

Implementing Partners	<ul style="list-style-type: none"> • Ministry of Water Resources & Rural Development • Port Harcourt Water Corporation
Development Partners	<ul style="list-style-type: none"> • WSP, World Bank • EU, FMWR • AfDB, UNICEF
Key Project Implementation Staff	<ul style="list-style-type: none"> • Team Leader (TBD) • Regulatory Specialist (TBD) • Utility Reform Specialist (TBD) • Institutional Development & Legal Specialist (TBD) • Finance and Office Administrator (TBD)
Reporting Requirements	<ul style="list-style-type: none"> • Monthly, quarterly and midterm (18 months) and at the end of the project (28 months)
Project Partner Contribution	<ul style="list-style-type: none"> • Office Space (to be confirmed) • Counterpart Staff (to be confirmed) <ul style="list-style-type: none"> - Engineer and/or Reform Specialist (to be confirmed)

1. INTRODUCTION

Sustainable Water and Sanitation in Africa (SUWASA) is a six-year USAID initiative to assist countries of sub-Saharan Africa in progressing toward the Millennium Development Goals for water supply and sanitation. SUWASA focuses on catalyzing change among African decision makers in how they address water supply and sanitation sector challenges, by promoting reforms based on market-based principles.

The United States Agency for International Development (USAID) Sustainable Water and Sanitation for Africa (SUWASA) program is assisting the Government of Nigeria to implement critical reforms in the water and sanitation sector to improve urban water services and delivery. Initial activities in Bauchi State are yielding positive results and resulted in further discussions regarding expanding sector reform activities to additional states. As a result of the relative success in the SUWASA project in the state of Bauchi, USAID-Nigeria has committed to replicate the model in two other states. The Federal Ministry of Water Resources (FMWR) selected five candidate states for possible reform interventions. The states, selected on the basis of FMWR's assessment of readiness for reform, included Ebonyi, Ekiti, Rivers, Katsina and Borno. In September 2012, SUWASA conducted rapid scoping assessments at each of the candidate states to understand the conditions promoting reform and to evaluate the options for a potential reform agenda based on the conditions on the ground. To assist in selecting among the candidate states, individual state assessments were subjected to evaluation against structured SUWASA criterion for reform projects. While all States exhibited aspects of readiness for and commitment to reform, the evaluation process shortlisted Rivers State and Ebonyi State as the two states to undergo the second phase of the SUWASA-Nigeria intervention. These two states were approved by SUWASA and this Reform Work Plan (RFW) describes the activities that SUWASA intends to do in Rivers State.

Rivers State, demonstrates a supportive enabling environment with the recent promulgation of a Water Development Law and Policy that, combined with significant investment planning and feasibility studies and launching its own reform initiatives, provides a solid framework for a successful reform process. Sector reform opportunities are further enhanced through the State's initiative to attract private participation and the potential leverage of donor support in the water sector. Sector reforms targeting the large urban center of Port Harcourt reach significant number of urban beneficiaries while providing potential model for large urban centers.

SUWASA will support the Ministry of Water Resources and Rural Development (MWRRD) to establish a regulatory commission by further developing the Rivers State New Water Legislation and Regulations framework and the actualization of the commission. Further to that, it will support the ministry in actualizing the establishment of Port Harcourt Water Corporation (PHWC) and a Water agency that will oversee the affairs of service delivery within the other towns in Rivers State that are outside the jurisdiction of PHWC.

2. CONTEXT OF THE PROJECT

2.1 OVERVIEW OF SECTOR

Rivers State, named after the many rivers that border its territory, was formed in 1967 with the split of the Eastern Region of Nigeria. The southern coastal state is bounded to the north by Imo, Abia and Anambra States, to the east by Akwalbom State and to the West by Bayelsa and Delta states. Rivers State is home to three main ethnic groups; Igbo, Ijaw, and Ogoni. Rivers is the sixth most populated state with a population of approximately 5.2 million with its capital Port Harcourt, the most populated urban center.



2.1.1 POLICY, LEGISLATIVE AND REGULATORY FRAMEWORK

The Rivers State Water Board (RSWB) was established under an edict in 1995 to develop and manage water supply facilities within the state and to meet sound financial objectives. Despite having enacted laws relevant to the sector, such as the Rivers State Water Policy January, 2012 and the Rivers State Water Sector Development Law No.7 of 2012, the Rivers State Government has yet to meet the requirements of the National Water Investment Mobilization and Applications Guidelines (WIMAG) and the National Model State Water Supply Services Regulatory Law (WSSRL). These standards require that each state of the federation owning a Water Board or related institution establish a regulatory commission that is empowered to issue licenses for the provision of water supply services by both government and private sector entities, define minimum service requirement, set tariffs, define rights and obligations of the water service providers, and define performance standards.

Further to that, the RSWB, however, is now defunct (owing to changes in the law) and has been replaced by Port Harcourt Water Corporation (PHWC) and smaller agencies which manage water service in the greater River State area. These exciting changes are largely on paper, but are yet to be fully implemented; in the meanwhile, services have continued to erode due to the need for these changes to be actualized.

2.1.2 INSTITUTIONAL SET UP

The Rivers State of Nigeria Commissioner for Water Resources and Rural Development is the head of the Ministry of Water Resources and Rural Development (MWRRD) with supervisory and oversight responsibility for PHWC as well as RUWASA and the Small Towns Water Supply

Agencies. The General Manager (GM) of PHWC is the Chief Executive Officer, responsible for its day to day operations and reports directly to MWRRD. PHWC management operates nine (9) technical and administrative departments with each of the Department Heads reporting directly to GM. The staff capacity and expertise available in the utility is limited with more than 60% of 200 PHWC employees serving in administrative roles. Only 10% (approximately 20) of the staff have university degrees, largely concentrated in the department heads and lead engineering functions. While academic credentials may be lacking, employees have an average 25 years of service with the water utility. Also, at present, PHWC does not yet have a Board of Directors to act as a buffer and a bridge between its management and state interference in PHWC operations.

2.1.3 UTILITY PERFORMANCE AND CAPACITY

The PHWC assets include 12 water schemes in Port Harcourt City including a monitoring well at Borokiri and a water treatment plant at Rumuola, all of which are groundwater dependent with overhead storage tanks in distribution centers (e.g. Diobu station). Currently, an estimated 15% of the state population is serviced by the PHWC in the Port Harcourt area, and regional water agencies in the small towns in the state. The principal scheme at Rumuola, which serves Port Harcourt City, has a total of 11 boreholes, each supplying 300 m³/hour or a maximum daily combined potential output of 79,200 m³/day. Information on utility performance and output is based on estimates as the PHWC is unable to provide verifiable statistics because it lacks reliable information and metering systems. Nevertheless, the PHWC acknowledges that the output, coverage and level of service are unacceptably low. The FMWR estimates water demand for the whole State population of 5.17 million (in 2008) was 326,676 m³/day, with 50% of this estimate covering Port Harcourt. However, the total installed capacity of all the water facilities provided by the Federal, State and Local Governments, as well as donors and communities was estimated at 166,246 m³/d (50% of the demand) while the current corresponding actual production output is only 16,912.60 m³/day which is estimated at 19% of the demand. High electricity and diesel demand to run the schemes further reduce capacity output. Non Revenue Water (NRW) is very high, with estimates placing water losses at up to 85% further contributing to low capacity. The State government subsidizes 100% of water services. Currently the PHWC does not engage in tariff setting or bill collection within the Port Harcourt area or any other part of the city. Water use is not metered or billed, leaving the water utility with limited information on actual delivery and no source for internal revenue generation. The ubiquitous presence of water kiosks and vendors in Port Harcourt City further undermines the service and revenue potential of the municipal water service providers. An estimated 77% of households use small non-state water providers or traditional sources such as boreholes.

The challenges facing the PHWC are characterized by the following issues:

- Need of clearly defined structure between the MWRRDPHWC and Small Town Agency
- No tariff setting and bill collection - insufficient internally generated revenue from tariffs
- Need for more highly qualified and motivated technical staff
- Need for PHWC to be more customer oriented.
- Under maintained infrastructure with limited rehabilitation funding

- Insufficient production capacity and pipe network to meet current demand and population growth and expansion of Port Harcourt City.

MWRRD is fully aware of these gaps and challenges, and has already taken the initiative to commission a series of feasibility studies to address these issues. The studies include:

- Feasibility Studies and Detailed Engineering Design for the Upgrading and Extension of Water Supply Schemes for Port Harcourt and Obio /Akpor (June 2011)
- Port Harcourt and Obio /Akpor Waste Water Master Plan (March 2012)
- Port Harcourt Tariff Study (June 2011)
- Feasibility Studies and Detailed Engineering Design for the Upgrading and Extension of Water Supply Schemes in Port Harcourt and Obi/Akpor (June 2011).

2.2 CURRENT SECTOR CHALLENGES

Utilities dissolution, RSWB depended wholly on the state government which subsidized 100% of its services. Though by virtue its various sector relevant laws such as the Rivers State Water Policy 2012 and the Rivers State Water Sector Development Law No.7 of 2012, the Rivers State Government is to set up a regulatory commission in pursuit of meeting the objectives of the National WIMAG and the National model state WSSRL. In combination, these requirements mandate that each state of the federation owning a water board or related institution should establish a regulatory commission that is empowered to issue licenses for the provision of water supply services by both government and private sector entities; define minimum service requirement; set tariffs; define rights and obligations of the water service providers; and define performance standards.

The Rivers State Regulatory Commission is yet to be established. Currently, the Ministry still subsidizes the newly formed PHWC and has yet to fully launch the agency which will provide services to areas outside Port Harcourt. It is clear that the ministry is overwhelmed and cannot regulate itself, hence water is provided basically for free in the city and hardly any revenue is collected. It is also a challenge for the ministry through PHWC to maintain its infrastructure and provide potable water.

The state has a very clear vision for its water service delivery and many of the steps they have taken in institutional and legislative change are indicative of the state's commitment to improve the quality of its delivery. The international donor community has challenged MWRRD to undertake the necessary institutional reforms leading to the establishment of the regulatory commission and the commercialization of PHWC. With structural improvements to the legislative and regulatory environment, the international and donor community has indicated its willingness to step in and support capital work improvements. SUWASA sees an opportunity here to support the Ministry in finalizing its reform agenda to capitalize on this opportunity to leverage international and national funding to support the necessary investments in the sector.

3. DETAILED PROJECT DESCRIPTION

3.1 GOAL

The overall objective of the project is to strengthen the regulatory environment and establish a regulatory commission and to enhance and strengthen the roles of the PHWC and RSSTOWA and build institutional capacity leading to self-sustaining water corporation and delivery services. This is expected to lead to increased accessibility of water by the residents of the urban areas in Rivers State.

3.2 SPECIFIC OBJECTIVES

1. Legal and Institutional Framework Reforms This will be implemented through five sub-components as follows:
 - Carry out a State Sector Overview Study of the water sector in Rivers State.
 - Review the 2010 Baseline Survey
 - Support in the development of a Sector Wide Development Plan for the State (with specific focus on the 21 small towns)
 - Support in the implementation of the Rivers State new water legislation.
 - Support the development of the regulatory framework leading to the establishment of a regulatory commission.
 - Design and implement a public awareness campaign on the reforms.
2. Utility Level Reforms. This will be implemented through two sub-components as follows:
 - Support the Ministry with the actualization of a town water agency to manage small water schemes.
 - Identify and develop capacity for both utilities, i.e. PHWC & RSSTOWA
 - Assist PHWC and RSSTOWA in developing the following activities to assist in attracting financing for capital investments: 1) Performance Improvement Plan and 2.) Support minor investments

3.3 ACTIVITIES

3.3.1 INCEPTION PERIOD

The Inception Period will commence with a coordinate step with the Rivers State Water authorities and include development of a detailed schedule of activities with sub-activities under each of the three objectives. With the participations of the Reform Unit of FMWR, the SUWASA will convene a meeting with representatives of the Rivers State authorities (MWRRD and Governor's Office) and PHWC to discuss and review the scope and budget of the proposed

RWP.USAID/Nigeria is encouraged to participate. Additionally, in consultation with MWRRD, PHWC, and other stakeholders, the implementation team will assess any new developments in the sector that may have an impact on the project and prepare an inception report with details on:

- Adjust the RWP work scope and budget, as necessary.
- Updated information relevant to the project since the due diligence assessment;
- Working procedures with key partners, particularly including preparation of MOUs as may be required;
- Detailed schedule of activities and sub-activities as well as detailed implementation budget;
- A monitoring and evaluation plan, including final project targets.

This period will be particularly useful in establishing important working relationships among the core project partners, collaborating partners, and project beneficiaries. Since planning for complementary activities are currently underway, SUWASA will develop more detailed definitions of sub-activities and make adjustments to the RWP schedule to adapt to the plans of partners. To ensure complementarity with the efforts of others, SUWASA will consult with relevant stakeholders' during this period.

3.3.2 PROJECT IMPLEMENTATION

SUWASA will structure and manage the project under two specific project objectives:

Specific Objective 1: Legal and institutional framework reforms

Despite having enacted various sectors relevant laws such as the Rivers State Water Policy January, 2012 and the Rivers State Water Sector Development Law No.7 of 2012, the Rivers State Government is yet to meet the requirements of the National WIMAG and the National Model State WSSRL. These standards require that each state of the federation owning a Water Board or related institution should establish a regulatory commission that is empowered to issue licenses for the provision of water supply services by both government and private sector entities; define minimum service requirement; set tariffs; define rights and obligations of the water service providers; and define performance standards. One key step in addressing this is to follow through with a state sector overview followed by a sector wide development plan to help clearly define the future of the sector. This would lead to the implementation of the new legislation in full, leading to the establishment of the regulatory commission. These activities are outlined in more detail below:

Activity 1.1 Carry out state sector overview study: One significant challenge facing the WASH sector in Rivers State is the lack of reliable data. Monitoring and evaluation of the existing water supply and sanitation infrastructure which is required to provide planning data is infrequent and hence there is no systematic upgrade of depreciating equipment and other facilities. However MWRRD in collaboration with UNICEF in 2010 conducted a baseline survey of 21 of the 23 Local Government Areas of Rivers State and we have set up a GIS database with GPS locations and pictures of all the water schemes in the state indicating the status and capacity. All schemes have been mapped and a summary of finding presented. Additional updated information is also

available in the (draft) Rapid Assessment report prepared by SUWASA in September 2012. SUWASA will support the MWRRD in developing a status overview which will be an updated data base which will assist the ministry to hash its vision for the future and also have a basis for strengthening the regulatory environment. SUWASA will also review and update the 2010 baseline survey.

Activity 1.2 Support the development of sector-wide development plan for the state:The Ministry desires to develop a master plan for the water sector to map out a clear vision for the next 30 years, including activities that need to be done in order to improve service delivery. The Ministry regards this tool as a key asset that will attract donor support (which is not as prevalent at the moment) as the ministry carries out its agenda. SUWASA realizes that the Development Plan is a major activity which is cross cutting in nature, but see's the potential in that a Sector Development Plan is instrumental in SUWASA's project achieving its own objectives. SUWASA will assist in the process of procurement of services needed to carry out the Development Plan development.

Activity 1.3 Support the implementation of new water legislature:Rivers State Government of Nigeria (RSGN) has robust policies and laws guiding its actions in the water, sanitation and hygiene sub-sectors of its economy. As part of its commitment to drive sector reform, the government has enactment the Rivers State Water Sector Development Law No 7 which was signed on the 31st May, 2012. In addition to defining roles and responsibilities of the new agencies (such as PHWC), the law specifies offices for management and board as well as recognizing potential sources of revenues for these agencies in addition to their relationships to its owners, their customers including the urban poor. Also, a new sector multi-stakeholder driven policy; the Rivers State Water Policy (RSWP); was deliberated and adopted in January, 2012. The laws that resulted from the adoption of the Policy were passed by the State House of Assembly on May 31st 2012. Both documents provides composite legal framework for all activities in the sector, defining roles, duties and responsibilities for all stakeholders and government. However, The RSWP provides the framework for the development, conservation, sustainable use and management of the water resources of Rivers State. SUWASA's intervention in this process is to support the MWRRD to actually roll out and implement these policies. For example, the PHWC is formed, but this is only on paper with the need now to restructure the utility, develop SOW's and separate its functions from that of the ministry. SUWASA will support the ministry in implementing the critical components of the legislature.

Activity 1.4 Support the development of the regulatory framework leading to the establishment of a regulatory commission:The Rivers State Government's intent is for government to gradually discontinue being a service provider by restructuring government owned utilities to operate on commercial principles for cost recovery. The RSWP proposes that utilities within the water sector under the supervision of the Ministry of Water Resources and Rural Development will eventually become autonomous and self -accounting as a target. The policy also recognizes that due to the capital intensive requirements of the sector that government will continue to make capital investment in water supply infrastructure in the short and medium term. In this new arrangement, a regulatory unit is essential to provide necessary oversight and regulatory support. SUWASA will help MWRRD to establish this unit including the development of SOW's, functions, institutional arrangements and other related matters.

Activity 1.5 Design and implement a public awareness campaign on the reforms: SUWASA will support MWRRD in disseminating key information to the residents of River State and employees in the various agencies on the reforms to keep them aware of changes expected. SUWASA will carry this out by:

- Conducting workshops with key stakeholders to generate awareness and solicit buy-in on the reforms.
- Developing a Communications Strategy defining key messages, audiences and approach for delivering communications campaigns.
- Using the media and social networks to communicate on the various stages of the reforms.
- Conducting workshops with employees to generate awareness on the reforms.

Specific Objective 2: Utility Level reforms

Activity 2.1 Support MWRRD with the actualization of a Town Water Agency to manage small water schemes: The Ministry however has the mandate to provide water in the entire state. An agency is being developed to manage the affairs in the town centers and another already exists (RUWASSA) which handles the affairs in the rural areas. SUWASA will focus on assisting the ministry to establishing and actualizing the town water agency. Activities will include:

- Developing of the operating plan, business plan and business model for the agency
- Developing SOW's for various positions in the institutions
- Procurement of key services
- Through the institution IP3, develop training needs for PHWC and go through a detailed capacity building program to enable staff to develop the required skill and expertise to run the corporation

Activity 2.2 Support MWRRD in the development of PHWC: SUWASA will support the ministry as it continues to devolve its functions. With the formulation of the PHWC, as the name suggest, the utility's service focus will be on the city of Port Harcourt. SUWASA will provide technical support to MWRRD in developing key documents to help the utility define its vision and mission within the city. SUWASA will help in developing

- A Performance Improvement Plan which will provide detailed technical assessment of the utility. This will be done through a Water Utility Partnership (WOP) with a utility within the continent. The focus will be on commercial activities such as identification and cost recovery for non-revenue water, customer data, cost of water, billing and revenue collection, asset management, network extensions, human resource and manpower planning.
- Investment Plan
- This will assist the utility in developing strategic focus and a business agenda which will attract financial resources from development partners to carry out capital investments.
- Through the institution IP3, develop training needs for PHWC and go through a detailed capacity building program to enable staff to develop the required skill and expertise to run the corporation.

Activity 2.3 Carry out a Small Investment Program: SUWASA will support PHWC in addressing some of the operational requirements if indeed the company can turn around and become a well-rounded commercial utility. Implementation of the performance improvement plan (mentioned above) would also require some small investment support. This will be in the form of:

- Improving on the metering situation of the customers in Port Harcourt,
- Procuring a billing system, and
- Minor repairs to the treatment plant and distribution network.

While the assessment could be undertaken in parallel with the implementation of the reform activities, actual timing of the implementation will depend on the timing for the of the other reform tasks.

3.4 EXPECTED RESULTS

The ultimate result of the project is to ensure increased access to improved and sustainable water services in Rivers State through the implementation of reforms in the sector. This will be achieved by creating an improved operating environment for water service provision and improved performance of PHWC and the town water agency. Specific results include

- Clarified overall institutional arrangements and roles and responsibilities for water service provision,
- Improved regulatory framework
- Increased planning and budgeting capacity to address growing water demand
- Established Regulatory Commission
- Established and operational Port Harcourt Water Corporation
- Established and operational Town Water Agency

Full details of the expected project results are included in the results framework.

3.4.1 INDICATORS FOR MEASURING PERFORMANCE

During preparation of the Inception Report (Task 1), SUWASA will work closely with project partners (particularly USAID/Nigeria, MWRRD, and PHWC) in finalizing indicators and targets for the project, to be included in the Monitoring and Evaluation (M&E) plan as part of the report. Illustrative indicators to be considered will include the following:

- Number of new policies, laws, agreements, regulations or investment agreements (public or private) implemented that promote access to improved water supply and sanitation (USAID F-indicator)
- Number of people gaining access to improved drinking water source (USAID F-indicator)
- Number of people receiving improved service quality from existing improved drinking water sources (USAID F-indicator)
- Number of good practices identified, promoted and adopted.

3.4.2 RESULTS FRAMEWORK

Objective	Activities	Expected Results	Indicators
1. Legal and Institutional Framework Reforms	<ol style="list-style-type: none"> 1. Carry out a status overview of the water sector in Rivers State. 2. Support in the development of a sector development plan for the State 3. Support in the implementation of the new water legislation. 4. Support the establishment of a Regulatory Commission. 5. Design and implement a public awareness campaign on the reforms. 	<ol style="list-style-type: none"> 1. SSO prepared and accepted by RSGN 2. Sector Plan developed and adopted 3. New Water legislation rolled out and implemented. 4. Regulatory commission established and rolled out 5. Public fully aware of reforms and buy-in from key stakeholders. 	<ol style="list-style-type: none"> 1. SSO printed and circulated 2. Key strategic elements within Master Plan implemented 3. Reformed water sector delivering water services efficiently – increased coordination / cooperation between PHWC and the RSSTOWA 4. Key institutions in Water Sector have services regulated – Town Agency formed and operational 5. Public and key stakeholders respond to changes in sector 6. Increased visibility and attention from international and donor community for sector investments
2. Utility Level Reforms	<ol style="list-style-type: none"> 1. Support MWRRD with the actualization of a Town Water Agency to Manage Small Water Schemes 2. Support MWRRD in the development of Port Harcourt Water Corporation 	<ol style="list-style-type: none"> 1. <ol style="list-style-type: none"> a. Articulate and clear Business Plan prepared b. SOW's for various positions drafted and adopted c. Key positions in institution filled 2. <ol style="list-style-type: none"> a. WOP carried out b. Performance Improvement Plan Developed c. Investment Plan developed d. Meters installed, billing system installed and minor improvements to the treatment plant and distribution network carried 	<ol style="list-style-type: none"> 1. <ol style="list-style-type: none"> a. Business Plan written and in use b. Positions filled and agency functional 2. <ol style="list-style-type: none"> a. Significant improvements in performance registered – e.g., number of users, areas served reduction in NRW etc. b. Investment Plan circulated amongst development partners c. Utility able to collect revenue, and reduces on NRW on account of billing. e. g., number of billings/revenue collected, etc. d. Improvements and investments increasing the effectiveness of utility operations

3.5 ASSUMPTIONS AND RISKS

Risks to successful achievement of specific project objectives are related to uncertainties within the urban water and network sanitation sector, and related to broader uncertainties with regard to the political situation in Nigeria. There are interconnections between these two broad categories.

This RWP assumes that improving water and sanitation service provision will be an area of increasing focus for the RGSN, as it represents an important public service required for economic growth of vibrant state and the health and well-being of its people. Increased speed of promulgation of new policies related to water and sanitation sector over the past several years support this argument.

Risks with regard to the sector stem from a lack of clarity on the development of an overall institutional and regulatory framework. In order to be successful, SUWASA will require full commitment of key entities such as MWRRD and PHWC and RSSTOWA to achieve its goal. Without high level political will, reforms to be supported by SUWASA will face resistance and are unlikely to take hold. Also, limitations exist with regard to availability of technical and managerial staff to implement proposed reforms at the state level. In order to mitigate these risks, SUWASA will play a role in organizing the key sector players to develop a way forward with regard to regulatory and institutional reform, it will develop and promote cogent arguments on the need for reforms, and it will provide capacity building and staff development through working hand-in-hand with MWRRD counterparts as well as carrying out specific trainings and public awareness campaigns.

The assumption that key trained technicians remain in position during the implementation of the project is crucial for safeguarding the transfer of skills and knowledge and ensuring sustainability of interventions. The likelihood for this assumption not to occur is rated as high given the relatively higher salaries paid by non-governmental and private organizations (especially in the oil industry) looking for highly qualified experts. The risk of high attrition of trained operators can be reduced through proper incentive and recognition schemes that should be adopted by the relevant institutions upon proposal by the project.

Finally, the available 28 months to complete the reform scope presents a challenge and completion risk. While the activities have been arrayed and scheduled to accommodate the available time period, this will require both the cooperation and commitment of counterparts to successfully complete all aspects of the work scope. This is particularly the case for Objective 1 (Legal and Institutional Framework Reforms) where timing of activities will need to consider the legislative calendar and may, in fact, require special legislative sessions to debate and enact the enabling legislation considered in the RWP.

3.6 LINKAGE WITH OTHER USAID OPERATIONS

SUWASA is currently operating a similar reform project in Bauchi State with USAID/Nigeria support. In this project, the aim is to Support the state government in Bauchi in the creation of an enabling environment for the Bauchi State Water Board (BSWB) to have full operational and financial autonomy, accountability and efficiency in its operations. This is expected lead to increased accessibility of water by the residents of the urban areas in Bauchi State. The \$ 4,000,000 Bauchi State project covers a period of 36 months with a USAID-Nigeria Mission buy-in of \$ 3,000,000. The project is in its 2nd year of implementation and the successes of the project so far have generated significant of interest and attracted the attention of USAID to the extent that it has led to the mission deciding to replicate similar interventions in two other states, namely, Rivers and Ebonyi State. This work plan is a direct result of this outcome.

Apart from this, currently, the USAID mission does not support any programs in Rivers State that have a direct link with what this project intends to cover.

3.7 COMPLEMENTARITY WITH OTHER DEVELOPMENT PARTNERS

Donors have expressed an interest in working with the State and are encouraged by the steps that MWRRD has taken to develop quantified assessment and planning information and to start the reform process. MRWWD is actively engaged and working with donors to attract assistance. Current donor activity includes:

- Support from the EU on an urban water supply program directed at capacity building and minor rehabilitations of existing facilities
- Support from the World Bank (WSP) to develop a tariff scheme, and a billing system to help the PHWC to start to collect revenue
- Support an application for urban water project financing (in process) and assist development of a business case for PPP through the Private Infrastructure Advisory Facility (PPIAF). (Note: the status of the application and what form a PPP initiative would take is not defined at this time)
- Support from the African Development Bank (AfDB) to obtain urban water financing. General negotiations are proceeding; however it remains unclear as to the form and specific targets for potential financing.

According to the MWRRD, donors have signaled a willingness to expand support to the urban water and sanitation sector if the reforms are being implemented with evidence of the PHWC functioning independently of the ministry, and operating and collecting revenue from its customer base based on a cost reflective tariff. Development partners would be motivated to institute major capital investments to actualize some of the studies completed by MWRRD if the independence of the PHWC and the town water agencies is strengthened by the presence of an independent regulator and increased capacity. The project approach will include close coordination with the allied donor community and partners to ensure that projects activities are developed and implemented in a manner to support increased interest and confidence in the resulting reforms

and access to investments. We anticipate conducting or participating in routine meetings with the donor community to update on progress, discuss issues and identify opportunities for complementary action.

3.8 PROJECT PARTNERS' CONTRIBUTIONS

It is expected that the principal partner, who in this case is the MWRRD will contribute towards the project. Normally, the partner will contribute in kind and it would be expected that the contribution would be along the lines of office space, furniture and counterpart technical staff that would support SUWASA in implementing the project. Specifically, SUWASA anticipates the following:

- Office Space
- Counterpart Staff
 - Engineer
 - Reform Specialist
- Support with logistics and movements of the project team, as needed.

3.9 INSTITUTIONAL AND ORGANISATIONAL SET-UP OF THE PROJECT

The USAID/SUWASA Initiative Implementation Team is expected to include:

- Team Leader
- Regulatory Specialist
- Institutional Development and Legal Specialist
- Finance and Office Administrator.

The proposed organizational structure is presented in Figure 3.1.

The Team will be based in Port Harcourt, but will travel to work within the urban jurisdiction of Rivers State.

The Team Leader will hold overall in-country (state) responsibility for project implementation, represent the initiative in meetings with Initiative Partners, manage initiative staff and budget, coordinate and manage STTA and any subcontractor inputs and make regular where the project is operating as required. He / she is expected to have relevant expertise in overall project management, water sector policy, institutional reform, and utility commercialization. In addition to project management the Team Leader will lead implementation of activities under specific objectives at the national level and provide direct oversight and direction to the Project Team specialists (described below). The Team Leader will report to the Nairobi office for all technical and budgetary matters.

The Institutional Development and Legal Specialist should be an expert with experience in drafting legislation and regulation at national and regional level and fully conversant with the political developments, familiar with the water sector and able to mobilize support through decision making channels especially at the State level. The specialist should have a proven local

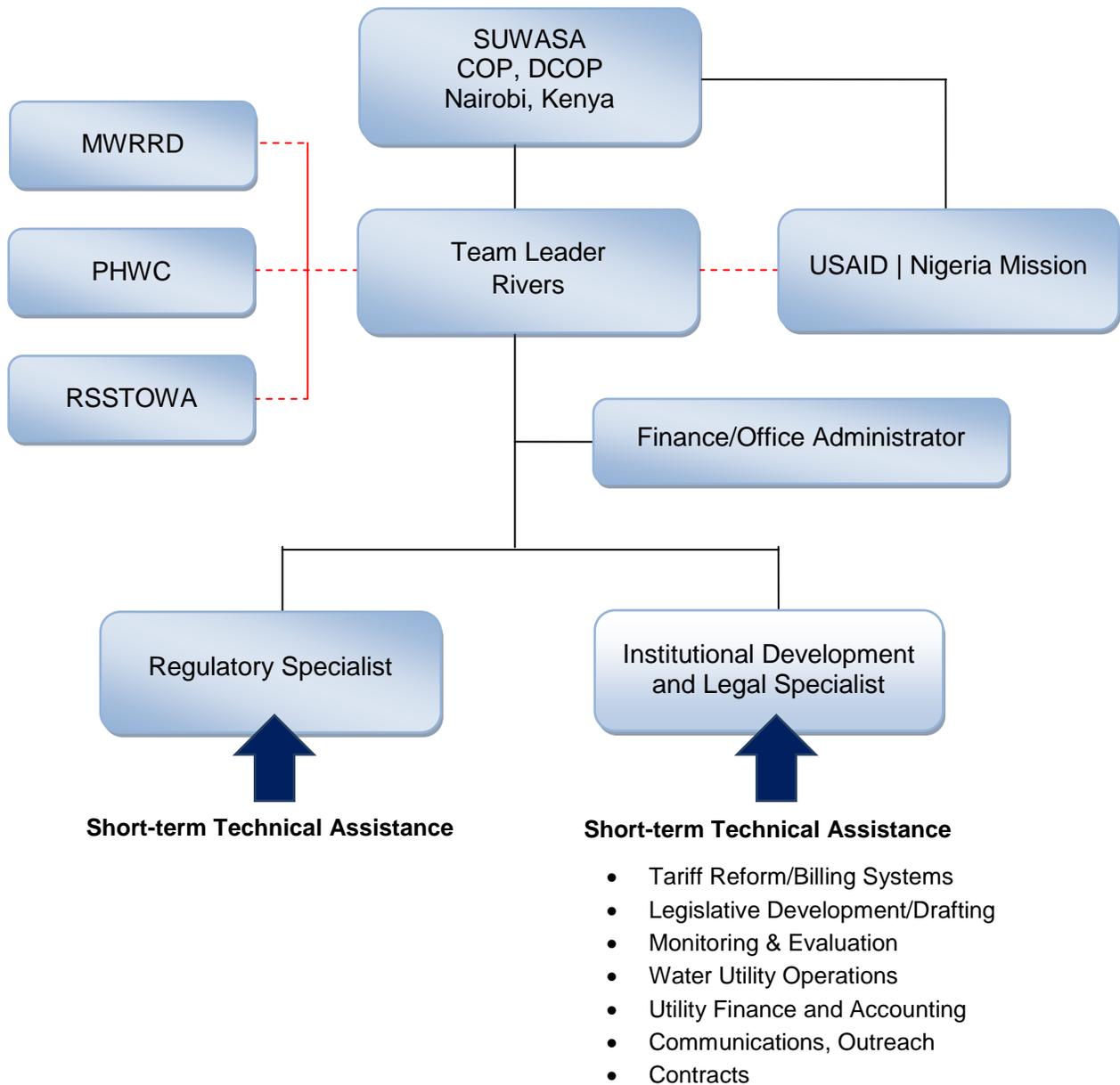
experience interacting with State government in the legislative arena – a law degree is considered a plus. The Institutional Development and Legal Specialist will support the Team Leader in implementation of activities under the specific objectives.

The Regulatory Specialist is expected to have a background in regulation of water services. This position will hold responsibility for all regulation related activities but will provide support and necessary feedback for other activities.

The Finance and Office Administrator will provide the required administrative and financial support the office will require.

The Rivers SUWASA team will be supported by the Nairobi-based SUWASA management team, SUWASA Home Office support team, and available STTA. STTA in various areas will be drawn upon as needed.

FIGURE 3.1: ORGANIZATIONAL CHART



4. MONITORING EVALUATION AND REPORTING

4.1 INTERNAL MONITORING AND QUALITY CONTROL

The Team Leader based in Rivers State will be responsible for reporting and documentation on project results, progress against the approved work plan, and routine coordination and liaison functions. The Deputy Chief of Party/Chief of Party will provide both technical project oversight and ensure achievement of expected results and will hold responsibility for programmatic oversight. Additional support for M&E, contract administration, and finance will be provided by other SUWASA Nairobi office staff as required. The DCOP or his appointee will participate in an Inception Workshop and track both technical and management progress and results. The Team Leader will liaise with the designated MWRRD and PHWC counterpart liaisons on a regular basis. The DCOP, Team Leader, and MWRRD liaison will conduct project coordination meetings by telephone or direct meetings at least once every month. All communications and reporting to USAID EGAT/NRM/W will be done by the SUWASA Nairobi Team, based upon results and communication with the Team Leader in Rivers State. The timing of all deliverables and outputs will be specified in the Inception Report, which will include the PMP, and the Team Leader will be responsible for reporting against these targets to the SUWASA DCOP.

Periodic project visits to review the progress in project implementation will be undertaken from the Regional Office and Tetra Tech Home office as one of the mechanisms for internal monitoring and quality control. Internal data quality assessments will also be conducted periodically to improve on data quality.

4.2 MONITORING AND EVALUATION PLAN

Based upon the initially proposed activities and targets and indicators, the Team Leader, with assistance from the SUWASA Regional Office, SUWASA DCOP and SUWASA Monitoring and Evaluation Specialist, will prepare a Performance Management Plan (PMP) as part of the Inception Report prepared during the first 60 days of the project. The PMP will specify expected SUWASA results-outputs, outcomes and impact; indicators for measuring results; proposed targets; and monitoring periods and documentation required for performance audits and evaluations. The PMP will become an integral part of the Life of Project Work Plan to be approved by SUWASA and USAID/NRM/W.

4.3 REPORTING ARRANGEMENTS

The Team Leader will provide the following reports to the SUWASA Regional office:

- Inception Report including key findings and recommendations regarding initial investigations into each of the five specific objectives, a summary of the results of the Stakeholder Action Planning / Inception Workshop, an updated Work Plan and PMP, and an MOU defining roles of Initiative Partners.

- Monthly and quarterly reports, including a narrative on the reporting period, discussing actual project progress vis-à-vis planned activities and agreed project schedules, project administration and management issues, challenges in project implementation, planned activities for the subsequent reporting period, and a financial resource utilization report;
- Subsequent annual year work plans, based upon the Life of Project Work Plan;
- Final Report, including all activities performed, results achieved and resources used. The Final Report will also include a thorough analysis of established performance indicators.

The project will undergo a mid-term review, conducted by Tetra Tech and USAID.

5. RESOURCE TABLE/BUDGET

SUMMARY OF PROJECT RESOURCES

Budget Line Item	Year 1	Year 2	Year 3	All Years
Long-Term U.S./TCN Employees (SUWASA Nairobi support)	12,413	8,787	9,164	30,364
Short-Term U.S. Tetra Tech Home Office Employees	1,398	1,471	1,545	4,414
Short-Term U.S./TCN Consultants	25,430	25,800	25,800	77,030
Long-Term (CCN) Professional Employees	103,986	123,429	59,818	287,233
Short-Term CCN Consultants	30,000	31,500	16,538	78,038
Long-Term (CCN) Support Staff	40,706	51,690	25,052	117,448
Fringe	14,492	13,316	13,483	41,291
Office Equipment	84,975	15,000	6,000	105,975
Subcontractor	50,000	650,000	100,000	800,000
Direct Costs	93,506	106,531	58,050	258,087
Travel(Local, Regional and International)	28,296	32,096	32,786	93,178
Allowances	4,143	3,863	4,032	12,038
Activity Costs	60,000	60,000	52,000	172,000
Indirect Costs	107,411	127,948	71,621	306,980
Fixed Fee	35,603	53,786	25,874	115,263
Total Project Cost	692,359	1,305,217	501,763	2,499,339

6. PROJECT IMPLEMENTATION PLAN

	ACTIVITY	MONTHS																											
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28
INCEPTION PERIOD																													
IP.1	Mobilize Team	■																											
IP.2	Document Review, Stakeholder Consultation, Analysis	■	■																										
IP.3	Stakeholder Action Planning/Inception Workshop			■																									
COMPONENT 1: LEGAL AND INSTITUTIONAL FRAMEWORK REFORMS																													
1.1.	Support multi-stakeholder consultation re: legal/institutional framework		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
1.2	Analyze urban Watsan laws, policies and guidelines	■	■	■	■																								
1.3	Carry out state sector overview study & review of baseline survey				■	■	■	■																					
1.4	Support the development of sector development plan for state								■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
1.5	Support the implementation of new water legislature		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
1.6	Support the development of regulatory framework		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
1.7	Support the establishment of regulatory commission																												
1.8	Design and implement a public awareness campaign																												
1.8.1	Conduct awareness workshops with key stakeholders																												
1.8.2	Conduct awareness workshops with employees																												
1.8.3	Communicate on various stages of reform through media																												
COMPONENT 2: UTILITY LEVEL REFORMS																													
2.1	Support MWRRD in the actualization of the Town Water Agency																												
2.1.1	Develop a business plan and business model for the agency																												
2.1.2	Draft SOW's for various positions																												
2.1.3	Assist in recruitment of key positions																												
2.2	Support MWRRD in the development of Port Hart Court Corporation																												
2.2.1	Carry out a WOP for PWC leading to a performance improvement plan																												
2.2.2	Support PWC in the development of an capital investment plan																												
2.2.3	Support PWC in capacity building through IP3																												
2.2.4	Small Investment Program																												
PROJECT MANAGEMENT																													
PM.1	Inception Report		■	■																									
PM.2	Monthly & Quarterly Progress Reports	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	
PM.3	Annual Work Plans																												
PM.4	Mid-term Review																												
PM.5	Draft & Final Report																												

7. ANNEXES

7.1 LETTER OF COMMITMENT FROM RWP PARTNERS

Attach a copy of letter of commitment from MWRRD



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