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SUSTAINABLE WATER AND SANITATION IN AFRICA (SUWASA)

REFORM WORK PLAN - EBONYI STATE, NIGERIA

FEBRUARY 2013

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ACRONYMS

AfDB	African Development Bank
AGM	Assistant General Manager
BoD	Board of Directors
CSO	Civil Society Organization
EBSEPA	Ebonyi State Sanitation and Environmental Protection Agency
EBSWC	Ebonyi State Water Corporation
EU	European Union
FMWR	Federal Ministry of Water Resources
GM	General Manager
JICA	Japan International Cooperation Agency
LGA	Local Government Area
MDG	Millennium Development Goals
MinPU	Ministry of Public Utilities
MWR	Ministry of Water Resources
O&M	Operations and Maintenance
PPP	Private-Public Partnership
RUWASA	Rural Water and Sanitation Agency
SSG	State Secretary to the Government
SUWASA	Sustainable Water and Sanitation in Africa
USAID	United States Agency for International Development
UN	United Nations
UNICEF	United Nations Children’s Education Fund
USAID	United States Agency for International Development
WB	World Bank
WHO	World Health Organization
WSRA	Water Supply Regulatory Agency
WTP	Water Treatment Plant

PROJECT SUMMARY SHEET

Project Title	Reform of the Urban Water Sector in Ebonyi State
Country	Nigeria
Specific Location	Ebonyi State
Goal/Overall Objective	Support Ebonyi State to implement critical reforms in the urban water sector. This will create an institutional framework that will help clarify the mandates of different state water sector institutions and create an enabling environment for the Ebonyi State Water Corporation (EBSWC) to exercise full financial and operational autonomy to ensure increased efficiency and accountability in its operations
Specific Objectives	<ul style="list-style-type: none"> • Develop a State Water and Sanitation Policy and Strategy to guide provision of water and water tariff / cost recovery for urban and peri-urban • Review the institutional and legal framework of the urban water services. • Design and support implementation of a Performance Improvement Plan for the EBSWC • Undertake a capacity building program for the EBSWC
Project Duration	27 months (April 2013 to June 30, 2015)
Total Budget	\$2,468,692
Approximate Commencement Date	April 15, 2013
Prime Implementing Organization	SUWASA
Implementing Partners	<ul style="list-style-type: none"> • Ebonyi State Ministry of Public Utilities • Ebonyi State Water Corporation (EBSWC) • Federal Ministry of Water Resources (FMWR)
Key Project Implementation Staff	<ul style="list-style-type: none"> • Team Leader (TBD) • Utility Technical Specialist (TBD) • Institutional Development Specialist (TBD) • Communication and outreach Specialist (TBD) • Finance and Office Administrator (TBD)
Reporting Requirements	Monthly, quarterly and midterm (15 months) and at the end of the project (27 months)
Project Partner Contribution	Office space and project funds of up to 5% of the total budget

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 urban water supply and sanitation. SUWASA focuses on catalyzing change among African decision makers in how they address urban water supply and sanitation sector challenges, by promoting reforms based on market-based principles.

This SUWASA project will be implemented in the Ebonyi State of Nigeria as part of the ongoing program to expand to two more states. Urban water supply is provided by the Ebonyi State Water Corporation. The provision of urban water services is guided by the Ebonyi State Water Corporation Law No. 003 of 2004 that also created the Ebonyi State Water Corporation (EBSWC). EBSWC has no role or current ambition in the sanitation arena. The law anticipated establishment of an autonomous water utility that is governed and held accountable to an appointed Corporation Board of Directors (BoD) to provide cost effective water with the authority to charge for water services, ultimately leading to the “financial independence of the Corporation without State Government subvention” (Section 16). To date, however, the law has not been fully implemented; the Corporation BoD has not been constituted and key elements of an autonomous EBSWC have not been acted upon. The EBSWC currently remains functionally dependent on the MinPU that serves as the supervisory entity, and as a result of significant interference, demonstrates limited autonomy for financial independence.

The State’s significant investment in the 100 Million Litre capacity WTP, the more than 52 km long 850 mm diameter water pipeline and water scheme expansion (Oferekpe and Ohoffia), particularly in light of a highly competitive budgeting environment, clearly underscores the State’s commitment to improving water services and ensuring production capacity for a growing population into the future. Stakeholders recognize that increased financial autonomy and reforming the EBSWC revenue generation capacity is essential to support expanded water service delivery capability.

The objective of this program is therefore two faceted: To undertake legal and institutional framework reforms to support the creation of an enabling environment for the Ebonyi State Water Corporation to have full operational and financial autonomy, accountability and efficiency in its operations. Secondly the program will engage in utility level reforms to support the formation of the EBSWC Board of directors further seek to strengthen the commercial viability of the state corporation.

Specifically, the project will support the development of a State Water and Sanitation Policy and Strategy to guide provision of water services and water tariff / cost recovery for urban areas in Ebonyi. The project will further undertake a review of the institutional and legal framework for urban water services and further clarify the roles/ responsibilities of EBSWC and RUWASA to remove any overlaps. It will also seek to create a conducive environment so that EBSWC operates as a commercial entity based on clear accountability mechanisms i.e. performance agreement. At the Utility level SUWASA will support formation of the EBSWC BoD as envisioned in Sec. 5 of the Law and the design and develop a clear organization structure that allows for effective corporate performance. Support will be provided to reform the EBSWC corporate process including: technical efficiency especially network, staff motivation processes including possibly contracting mechanisms, valuation assessment and revenue projection systems, customer enumeration exercise to establish a reliable customer database to improve on the billing and collection efficiencies. The EBSWC Communication and Outreach capacity and focus will be strengthened to engage community and stakeholders in water service, tariff and payment programs. The project will have a strong component on capacity building for utility operations.

2 CONTEXT OF THE PROJECT

2.1 OVERVIEW OF SECTOR

2.1.1 DESCRIPTION OF THE PROJECT AREA

Ebonyi State is an inland south-eastern state of Nigeria with its capital and largest city Abakaliki located roughly in the center of the state. Afikpo is the second most populous city in the southeastern Local Government Area (LGA) of Afikpo North. Other major towns are Edda, Onueke, Nkalagu, Uburu, Onicha, Ishiagu, Amasiri and Okposi. Including Abakaliki, there are 13 LGAs populated primarily by ethnic Igbos (92% of the state population). Abakaliki LGA accounts for approximately 900,000 of the state's 2.8 million population. Ebonyi is one of the six new states in Nigeria created in 1996 from the old Abakaliki division of Enugu State and old Afikpo division of Abia State.



2.1.2 POLICY, LEGISLATIVE AND REGULATORY FRAMEWORK

The Ministry of Public Utilities is responsible for policy making and regulation of water resources including water supply in urban and rural areas. The State draws its authority to regulate water resources through the Water Act of 1993. Since its creation in 1996, the State of Ebonyi has operated under its federal mandate promulgating limited legislation related to water supply and sanitation services.

Urban water supply is provided by the Ebonyi State Water Corporation. The provision of urban water services is guided by the Ebonyi State Water Corporation Law No. 003 of 2004 that also created the Ebonyi State Water Corporation (EBSWC). EBSWC has no role or current ambition in the sanitation arena. The law anticipated establishment of an autonomous water utility that is governed and held accountable to an appointed Corporation Board of Directors (BoD) to provide cost effective water with the authority to charge for water services, ultimately leading to the “financial independence of the Corporation without State Government subvention” (Section 16). To date, however, the law has not been fully implemented; the Corporation BoD has not been constituted and key elements of an autonomous EBSWC have not been acted upon. The EBSWC currently remains functionally dependent on the MinPU that serves as the supervisory entity, and as a result of significant interference, demonstrates limited autonomy for financial independence.

The Ebonyi Rural Water and Sanitation Agency (RUWASA) is responsible for provision of water supply and sanitation to the rural areas of Ebonyi state (usually villages of less than 5,000

people). RUWASSA was established through Edict No. 1 of 1998. RUWASSA operates through the MinPU with authority to drill boreholes and provide sanitation facilities in rural areas. The creation of RUWASSA, however, underscores a gap in authority for water supply in peri-urban and rural areas.

Ebonyi State has not developed a Water and Sanitation Policy, and as the EBSWC remains functionally under the supervision of the MinPU, it has not created, or expanded, regulatory oversight authority to an autonomous regulatory agency for the water sector. Currently, the EBSWC plans to expand water service (with new capacity coming on line in 2012/14) to more Local Government Areas (LGAs) is not guided by policy or strategic guidelines. A change in Federal legislation in 2004 allowed the possibility of Private-Public Partnerships (PPPs) in Nigeria. To date, this option has not been accessed or considered in the water sector in Ebonyi but remains a future possibility.

2.1.3 INSTITUTIONAL SET UP OF EBSWC

EBSWC is a state owned company which at the moment enjoys little or no autonomy as already stated above. The EBSWC has 155 full-time employees: 78 management and administrative employees with the remaining occupying technical positions. EBSWC informally liaises with the RUWASSA program and cooperates with the Ebonyi State Sanitation and Environmental Protection Agency (EBSEPA) on water and health issues; however, there is no formal policy guiding interactions and responsibilities.

EBSWC is functioning adequately across its business lines and working diligently to plan for the additional water production and expanded distribution services. There is productive and effective ongoing cooperation between the EBSWC and the supervisory MinPU on budgetary and implementation matters. After all, the operation and maintenance costs are all met by the Ministry of Public Utilities including salaries for staff, chemicals as well as all the energy costs. Currently the Corporation is riding on the State's commitment to the water sector in Ebonyi. The State's commitment to the water sector is amply demonstrated through the allocation of significant additional funding to expanding water services.

2.1.4 UTILITY PERFORMANCE AND CAPACITY

EBSWC currently has six WTP facilities ranging in capacity from the 2,000 – 7,500 m³ per day plants serving urban and peri-urban areas in the south of the state to the 45,000 m³/day Ezillo Water Treatment Plant (WTP) servicing the Abakaliki urban area. Currently, three plants are not functioning owing to unmet rehabilitation needs. Based on the available treatment plant capacity, water service from its principal Ezillo WTP serves the urban center of Abakaliki with minor production from other WTPs serving the southern city of Afikpo. EBSWC assumes that the entire urban area, representing approximately 33% of the State population of 2.8 million, has access to water; however, the existing capacity (45,000 m³ per day) and the unknown level of water loss suggest that many households use alternate water sources. EBSWC manages 426 km of water pipe network connecting the WTPs to the distribution network; however much of the piping system is not functional owing to shutdown of WTPs and redirection of available capacity to the Abakaliki core service area. Cement asbestos piping is antiquated and results in an unknown, but significant Non-Revenue Water (NRW).

The State has made a significant N20.5 billion (approximately 129 Million US\$) investment to expand water treatment capacity with two new 100,000 m³/day WTPs (Oferekpe and Ohoffia WTPs) planned to come on-line in 2013 and 2014 respectively. The investment includes an additional 52,km of 850 mm trunk main to connect the WTP to the core Abakaliki service area. The new facilities and a future planned N36 billion (approximately 226 Million US\$) water reticulation system are developed in accordance with a recently completed 30-year Master Plan (2012) to expand water production and connect the populations at all LGAs for potable water service. The Master Plan projects EBSWC will have 483,000 m³/day production capacities from ten operating WTPs (six current, two in construction, and two in the future) by 2041 serving a population estimated at 6.58 million. Ebonyi State has an advantage that all the 13 LGA's are within easy reach from Abakaliki and will be connected by the trunk mains.

EBSWC relies almost entirely on limited state resources for its funding. Owing to scarcity and competition for funds, State budget allocations have historically been low and address only basic salary, operations and recurring cost. EBSWC typically receives 50 - 60% of its N78 million (average 2008-2011) annual allocated budget from the State treasury. There is usually no budget allocation for routine rehabilitation / replacement programs. Supplemental funding requests and allocations are made on an "emergency basis" to MinPU – these are typically honored, however, the ad hoc nature of these requests undermines the budgetary and operational planning function of the EBSWC.

EBSWC generates approximately N10 million (approximately 63,000 US\$) per year from water sales that is used to address chronic budget shortfalls. Internally generated revenues are based on outdated 1996 flat rate tariffs and derived from a very limited pool of paying customers in the service areas. According to the recent customer enumeration exercise, EBSWC only has a total of 1,162 connections representing only about 2% of the urban households in the state and for Abakaliki alone, this is out of a population of slightly over 500,000. Collection efficiencies are reasonably high - 79.6% (2010 / 75.2% (201) - but reflect a negligible portion of consumers as the billing is very low. The billing ratio for EBSWC is only 22.1% of known connections. The total number of connections serves less than 2% of possible consumers, based on estimates of the population in the service area. Considering the connection potential that is not quantified or known, and adjusting tariffs to reflect a current willingness to pay, this represents significant additional revenue potential. Despite a lack of a "revenue culture", the master planning exercise and new assets provide a significant incentive and opportunity for the EBSWC to focus on expanding connections and improving billing/collection efficiencies.

As EBSWC moves progressively to increase its production and service delivery, it becomes increasingly vulnerable to budget limitations, hindering its ability to adequately maintain its developed infrastructure and ensure sustainable operations. Enhancing cost recovery, increasing its own generated revenue, leveraging its assets, and developing a "revenue culture" will need to become a priority as EBSWC seeks a more autonomous and sustainable future. EBSWC faces a significant challenge in expanding cost-for-services under a cultural environment that has routinely considered provision of water services as "free". A huge public awareness campaign will have to be mounted targeting not only the general public but the political leadership as well.

2.2 CURRENT SECTOR CHALLENGES

While progress has been made to define institutional roles and develop policies for water and sanitation at the federal level, the key challenge in Nigeria is to promulgate this policy guidance at the state level as water and sanitation is a state responsibility. The level of adoption of water and sanitation policies by the states is uneven and this is reflected in the unevenness in the level of access all over Nigeria. At the national level the key challenge for urban water supply remains:

- Review of the edicts(laws enacted during the military regimes) of the state water agencies to make them consistent with the national water policy and current sector development.
- Wean urban water agencies off state subsidies for operation and maintenance (O&M) and increase the pace of utility commercialization.
- Undertake regular review of tariffs to permit recovery of O&M costs at a minimum.

In Ebonyi State, specifically, the fact that the 2004 Water Corporation Law remains unimplemented and that a BoD has not been constituted in the intervening period presents the greatest noted set-back to the political will for reform. There is no water and sanitation policy in place at the state level and the long term sustainability of the corporation is questionable given the poor state of commercial operations and free water mentality.

3 DETAILED PROJECT DESCRIPTION

3.1 GOAL/OVERALL OBJECTIVE

The overall objective of the project is to support Ebonyi State to implement critical reforms in the urban water sector. This will create an institutional framework that will help clarify the mandates of different state water sector institutions and create an enabling environment for the Ebonyi State Water Corporation(EBSWC) to exercise full financial and operational autonomy to ensure increased efficiency and accountability in its operations. This will lead to increased accessibility of water supply services to the urban area residents of Ebonyi.

3.2 SPECIFIC OBJECTIVES

The SUWASA Project will achieve the overall objective stated above through the implementation of a program which will have two levels of intervention namely: legal /institutional framework reforms and Utility level reforms

3.2.1 LEGAL AND INSTITUTIONAL REFORMS

The state wide level of the project will work mainly at the Ministry level with the Ministry of Public Utilities and will seek to create an enabling environment for better urban water service provision in Ebonyi State. The sub-objectives given below will be undertaken

- a. Undertake a water supply and sanitation state status over view to inform the existing situation for the water sector in both the urban and rural areas

- b. Develop a State Water and Sanitation Policy and Strategy to guide provision of water and sanitation services for both urban and rural communities
- c. Review the institutional and regulatory framework of the urban water services and clarify the roles/ responsibilities of EBSWC and RUWASA to remove overlaps.
- d. Review the legislative framework for urban water services starting with the 2004 EBSWC Law No. 003 and develop a more robust one that is responsive to the current and future needs of the water sector in Ebonyi.
- e. Support formation and build the capacity of the Board of Directors (BoD) of the EBSWC

3.2.2 UTILITY LEVEL REFORMS

Activities will be undertaken to provide direct support to the EBSWC to transform the EBSWC into an autonomous and financially viable utility

- a. Design a performance improvement plan addressing all utility operations of EBSWC
- b. Reform the EBSWC corporate process to Introduce Commercial practices, to include:
- c. Valuation assessments and development of revenue projection systems.
- d. Support the EBSWC in a house connection drive in view of the large quantity of water to be pumped to the city of Abakaliki
- e. Review the recently concluded customer enumeration exercise to establish a reliable customer database to improve on the billing and collection efficiencies.
- f. Strengthen EBSWC HR function and undertake skill needs assessment and capacity building.
- g. Develop a tariff policy aimed at achieving cost recovery
- h. Strengthen EBSWC Communication and Outreach capacity and focus to engage community and stakeholders in water service provision improvements, tariff and payment programs.

3.3 ACTIVITIES AND RESULTS TO BE ACHIEVED BY THE PROJECT

3.3.1 PREPARE INCEPTION REPORT

Task Description

The Inception Report will provide a detailed schedule of tasks and deliverables for each of the two project components, based on a preliminary review and evaluation of project-critical information as obtained on the ground.

The inception report will also include a detailed scheduling of deliverables and consultative events.

It will also include detailed description of the small investment program designed to demonstrate the how the reforms being proposed to be implemented would work. An attempt will be made to

also provide a description of the commodities i.e. meters, computers, billing and customer care software that may be required as part of the project in this inception report.

A monitoring and evaluation plan for the project will be developed in consultation with the new monitoring and evaluation specialist for the SUWASA program to be based in Nigeria but under close supervision of the M&E specialist based in Nairobi.

The inception report will include the design of an environmental impact assessment and design of any mitigation plans based on the USAID guidelines for such type of projects.

The Team Leader will prepare the Inception Report based on the above information and may be assisted by short term specific expert input. The report will also provide a detailed plan, including for completing each of the tasks defined in this work plan. The report will include a detailed description of SUWASA's findings and recommendations, an updated work plan providing detailed schedules, milestones and deliverables; a management plan that provides procedures for coordination among key stakeholders.

A staffing plan for key personnel and technical staff, with underlying rationale, including an organizational chart demonstrating lines of authority and staff responsibility accompanied by position descriptions will also be part of the inception report.

Schedule:

Within 60 days of project start-up.

Deliverable(s)

Inception Report providing key findings and recommendations on project implementation, updated work plan Management with detailed sub-tasks and schedules; and Monitoring and Evaluation Plan, design of an environmental monitoring and mitigation plan (EMMP) to be undertaken after the inception phase and detailed description of the small investment project and commodities.

3.3.2 CREATE AN ENABLING ENVIRONMENT FOR SERVICE DELIVERY IN EBONYI STATE

Task Description

This is the main component of the project and will be undertaken through a number of sub-tasks as described below. This particular component will take up to a maximum of 24 months. The duration is long because of the need to ensure full consultations on some of the decision which is different from construction type of activity. The status overview, the policy document to be developed and the institutional and regulatory framework will all need to have a buy in from all key stake holders. The stake holders include the general public through their representatives, key ministries, some donor agencies active in the sector in the state, the State administration etc.

A review of the legislative framework will be made and if need be re-draft the legislation. In this respect the draft legislation will have to go through the legislature and the project will have no control on the timing as to when such legislation will be passed. However efforts will be made to ensure that the draft legislation will undergo substantial consultations before being presented to the ministry of justice.

3.3.2.1 Sector Status overview of the Ebonyi Water Sector

The WSP of the World Bank undertook the second round of Country Status Overview (CSO). This is an analysis of the current status of a country with respect to the MDGs in terms of access to water and sanitation services in both the urban and rural areas. A detailed description of what the CSO will be is given below. The CSO was undertaken in 24 Countries including Nigeria. In view of the size of Nigeria, the CSO was undertaken at State level in the six States of Kaduna, Cross River, Kogi, Taraba, Yobe and Oyo States supported by WSP and the African Development Bank. The State level CSO is conveniently titled SSO (State Status Overview)

The SSO will be developed using the framework developed by WSP. A consultant will be hired to do field work. Once the field work is completed a draft report will be prepared and subjected to a consultative process in the State. A final report will then be prepared based on the comments from the consultations. The workshop will also include discussions on the need to undertake water sector reforms. So while the status overview will present the current scenario, the workshop will also discuss a way forward. This will be part of consensus building between the State Government and key actors on reforms to be undertaken. The seminar could bring together all the major stakeholders including senior government representatives, key publicly elected officials, sector specialists, relevant donors that may be interested in funding infrastructure requirements for the EBSWC especially network expansion.

SUWASA estimates that the analysis could be undertaken within a 3 month period. As already stated above, the analysis will use the framework or tool used to undertake CSOs by WSP. For purposes of quality control this component will be implemented in collaboration with WSP.

Schedule

Within 3 months of project start-up.

Deliverable(s)

- A status overview report for the Ebonyi State water sector that is acceptable by all stakeholders.
- A workshop report defining the details of the reforms to be undertaken

3.3.2.2 Develop a State Water and Sanitation Policy and Strategy to guide provision of water and sanitation services for both urban rural communities

Based on the outputs of the State overview (SSO) SUWASA will work with the State Ministry of Public Utilities to develop State Water Policy (based on a model developed by the Federal Ministry of Water Resources). The objective of the Federal Water Policy is the provision of sufficient potable water and adequate sanitation to all Nigerians in an affordable and sustainable way through participatory investment by the three tiers of government, the private sector and the beneficiary. A decision will however have to be made as to whether to include sanitation in this policy document. Currently, sanitation is the responsibility of the Ministry of Environment and Housing. The Policy will help guide the overall sector direction and put the water law in perspective. A comprehensive strategy with clear targets will be developed to guide the implementation of the policy. The State Water Policy should clearly state the rights and obligations of the different stakeholders, including defining how services are to be delivered. It

should give guidance on the role of the private sector, performance monitoring, and regulation of the service delivery and drinking water quality issues. The policy should also include how investment in infrastructure will be financed. SUWASA, with appropriate stakeholders, will need to support the establishment of a new state water policy and then recommend the oversight and institutional framework and capacity requirements to implement such a new policy.

A second policy document to be developed will be a tariff policy. The development of the tariff policy will need to be combined with a lot of public awareness campaigns for the consumers as well as government to accept the proposed changes. The tariff policy will be based on charging for water services on a cost recovery basis while taking into account the needs of the poor. The tariff policy should lead the EBSWC to achieving commercial viability –able to meet all its operating costs including salaries for staff, chemicals and energy related costs. The tariff policy should be implemented at a gradual pace to cushion any effects of immediately going for full cost recovery. The development of the tariff policy will have to include an exercise to obtain cost data for water provision in the urban areas of Ebonyi State.

Duration

3 months.

Deliverable(s)

- A State Water policy
- A comprehensive strategy with clear targets
- A tariff policy for the state

3.3.2.3 Review the institutional framework of the urban water services and clarify the roles/ responsibilities of EBSWC and RUWASA to remove overlaps

A comprehensive review of the institutional and regulatory framework governing urban water and sanitation service provision will be done. This will help define the mandate roles and responsibilities of the existing institutions especially the EBSWC, RUWASSA. This would include the review of the status of the current EBSWC. This would have to be through a consultative process where different options for the institutional arrangements (including maintaining the current status quo but with strengthened accountability measures) will be assessed, analyzed and discussed. The most appropriate institutional arrangement, the one that assures water services are provided sustainably, efficiently and affordable to most consumers will be adopted. The EBSWC and the State should clearly understand the advantages and disadvantages of each option so that the Government can make an informed decision on the most appropriate option. SUWASA would then support the implementation of this new and agreed institutional framework.

The EBWSC should have autonomy to make decisions based on sound technical and commercial information. Currently it has neither the information base for decision-making, the autonomy to render decisions, or the resources at its disposal to implement decisions.

The institutional framework should clearly define the governance structures i.e. if it is to be a commercialized entity (as was the intention when the Law No. 003 was enacted) then there should be a clear separation of powers in the operations of the Board and involvement of the

State Government. Such separation could include the State administration remaining with the policy making function and appointment of a professional Board of Directors for the State water Corporation. The State Government will need to clearly understand the importance of separation of roles, introduction of checks and balances, appointment of independent and qualified members of the Board of Directors. SUWASA feels that the Board of Directors should be given the powers to appoint strong leadership in key areas of operation, including the General Manager. This is a very important issue that affects the operation and quality of services and the government has to be aware that professional management is needed in critical technical areas.

Duration

9 months.

Deliverable(s)

- A clear institutional framework for provision of urban water services in Ebonyi State
- Clear mandate for the EBWSC, RUWASA and other sector institutions
- Implementation of the proposed structures –establishment of an autonomous body for provision of water services with clear accountability structures (such as the BoD) in place

The institutional framework will include defining a regulatory framework for urban water services. The Federal Ministry of Water Resources already produced model laws that can be used by the State Governments to establish an autonomous regulatory commission –should this be the desired aim. An analysis will have to be made as to whether the urban water sector is developed enough to have an autonomous regulatory body or create a regulatory unit within the State Government to undertake regulatory functions. The regulatory framework (whether a unit in Government or a separate autonomous body) should have the role of approval of tariffs that promote cost recovery and the commercial viability of urban water services but at the least include performance monitoring of the State Water Corporation.

Duration

9 months (this will be implemented in parallel with the institutional framework for water services delivery).

Deliverable(s)

- Regulatory framework for urban water services
- Implementation of the proposed regulatory framework

3.3.2.4 Review the legislative framework

Review the legislative framework for urban water services Based on the State Water policy, and the institutional and regulatory framework defined above, a clear law should be developed defining the roles and responsibilities of the identified institutional arrangement for urban water service delivery in Ebonyi State. The starting point will be the provisions contained in the Ebonyi State Water Corporation water law No. 003 of 2004. As stated above, the law contains some innovative and progressive clauses which can be adapted into the new law. The law should encompass service provision as well as regulation and include the provisions for the engagement of the private operators. This should also clearly state the roles and responsibilities of the proposed regulatory framework. The law should give opportunities for autonomy,

accountability and promotion of transparency in the operations of the EBSWC as well as those of the regulator. The law will set a clear signal that the State is serious about granting operational and financial autonomy to the water services corporation and the required autonomy of the regulatory framework. The law should allow for adoption of modern utility management principles, i.e. strategic business planning, performance compensation systems, streamlined organization approaches, an independent Board of Directors for the EBSWC, and accurate measurements of operations.

Duration

6 months.

Deliverable(s)

- Revised Water and sanitation services legislation

3.3.2.5 Design and implement a public awareness campaign on the reforms

An important component of the reform program will be to communicate the reforms in order to secure a buy in from all stakeholders i.e. the general public, policy makers, employees of the EBSWC as well as the ministry etc. One of the major barriers to cost recovery at the moment is the long standing tradition that water should be given for free as this is the responsibility of Government. Government would therefore need to explain to the population that it cannot afford to give water for free. There has to be a clear Government policy, to be communicated clearly and effectively. SUWASA would therefore support the Government’s efforts in securing public support for cost recovery on water services.

Duration

Ongoing.

Deliverable(s)

Water sector reforms well accepted by all stakeholders

3.3.2.6 Support formation and build the capacity of the Board of Directors (BoD) of the EBSWC

The Ebonyi State water Corporation Law No 003of 2004 that created the Corporation anticipated establishment of an autonomous water utility that is governed and held accountable to an appointed Corporation Board of Directors (BoD).To date however the law has not been fully implemented including the constitution of the BoD. Support will be provided to ensure this is done. This will include the processes of constituting the board and training in corporate governance to provide autonomy to the board. Exchange visits will be arranged with other performing utilities in Africa as part of capacity building initiative

3.3.3 SUPPORT TO EBONYI STATE WATER CORPORATION

Task Description

The main objective of any reform program should be improved service delivery to all the residents of the State. This could be achieved by creating an opportunity for more infrastructure investment or improved performance of the service provision. The EBSWC should therefore improve in its operational efficiency as a result of the reforms. However this improvement will

only be realized through the development of a performance improvement plan and supporting its implementation. This component will be implemented in partnership with WOP Africa, but only after the policy and institutional framework for service provision has been defined.

A quick situation analysis would be undertaken within the scope of WOP Africa. A utility that has gone through a transformation could be identified through the WOP Africa mechanism to undertake such a situation analysis. SUWASA could use one of the three African partner institutions in undertaking this component.

While WOP Africa could define the performance improvement plan, SUWASA will update and undertake a detailed assessment of the EBSWC to determine what may be required to ensure that EBSWC reaches financial sustainability. SUWASA would further support the implementation of the recommendations that may result from such an assessment.

As stated above, EBSWC requires a lot of support to turn around the corporation. Implementation of the performance improvement plan would also require some small investment support. This will be in the form of

- Improving on the metering situation of the customers in Bauchi,
- Undertaking a public awareness campaign to encourage consumers to connect to the network
- Minor investments to demonstrate the reforms.

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 establishment of the newly reformed institutions.

Review the results of the customer enumeration exercise that was undertaken to establish a reliable customer database that to improve on the billing and collection efficiencies.

Strengthen EBSWC HR function and undertake skill needs assessment and capacity building

Duration

9 months.

Deliverable(s)

- A performance improvement plan designed
- A new and reliable customer data base
- Number of house connections increased
- The billing and customer care system are computerized.

This activity forms the core of the utility reform support. In order to ensure success other activities may be defined during the Inception phase.

A SIP targeting pilot metering, commercialized billing and service extension to poor neighborhoods will be implemented to effectively demonstrate the effectiveness of the changes brought about the reforms

3.4 EXPECTED RESULTS

- A state status overview developed
- A State Water and Sanitation Policy and implementation Strategy to guide provision of water and sanitation services for both urban rural communities
- A clear institutional and regulatory framework developed and under implementation
- A revised legislative framework for urban water services provision in Ebonyi
- The BoD of the Ebonyi State water Corporation is fully set up and functional
- The EBSWC becomes an effectively run commercial utility able to cover its operations and maintenance costs. This will be possible due to:
 - Implementation a cost recovery tariff regime,
 - Improvements through introduction of metering, computerized billing and revenue collection enhancement

3.4.1 INDICATORS FOR MEASURING PERFORMANCE

During the preparation of the Inception report the project team will work with the MinPU and the EBSWC to finalize the indicators and targets for the project. These will be included in the M&E plan as part of the Inception report. The Key USAID F-indicators to be included are;

- Number of people gaining access to an improved water source
- Number of people receiving improved service quality from existing improved drinking water sources
- Percentage of operations and maintenance costs for water supply being covered through customer charges.
- Number of good practices identified, promoted and adopted,

3.4.2 RESULTS FRAMEWORK

Objective	Activities	Expected Results	Indicators
1. Legal and Institutional Reforms	1. Develop a state status overview 2. Develop a State Water and Sanitation Policy and Strategy 3. Review the institutional framework of the water ministry 4. Draft legislation for the Ebonyi 5. Appointment BOD	1. State Status overview 2. WSS Policy finalized and adopted 3. New institutional framework in place and being implemented 4. Revised legislation presented to Ministry of Justice 5. Board of Directors appointed	

Objective	Activities	Expected Results	Indicators
2. Utility Level Reforms	<ol style="list-style-type: none"> 1. Develop a performance improvement plan 2. Reform EBSWC corporate processes 3. Strengthen EBSWC communication and outreach capacity 4. Implement a SIP 	<ol style="list-style-type: none"> 1. Performance Improvement Plan developed 2. Commercial practices start being operational at the EBSWC 3. A communication strategy and campaign is developed and being implemented 	

3.4.3 ASSUMPTIONS AND RISKS

Due to the nature of such reform projects which require strong commitment from policy makers, a change of political leaders supporting the project or attrition of trained expertise due to lack of adequate incentive schemes will have a serious political risk. The project therefore needs to regularly monitor this risk and work intensively in widening the political support for planned reforms immediately upon the start of operations.

The probability that Government appoints private non-partisan stakeholders in the Ebonyi Water Board of Directors is low. Mitigation measures should include encouraging political leaders to take this crucial step for transforming the water supply and sanitation sub-sector; among others through experience sharing and familiarization tours to neighboring countries applying this practice.

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 medium given the relatively higher salaries paid by non-governmental and private organizations looking for highly qualified experts. The risk of high attrition of trained operators can be reduced through proper incentive schemes that should be adopted by the relevant institutions upon proposal by the project.

3.5 LINKAGE WITH OTHER USAID OPERATIONS

SUWASA is currently undertaking a similar water reform project in Bauchi state of Nigeria which has reached advanced stages. It is expected that lessons learnt in Bauchi will be key to the implementation of the reform project in Ebonyi. During the State Assessment mission in September 2012, SUWASA was informed by the USAID Nigeria mission that water is seen as a cross cutting issue to complement the key thematic area of agriculture, health and private sector development. Ebonyi also falls within one of the focal USAID states and hence in this state will go a long way in complementing the mission objectives.

There is effective mission buy in given that the expansion to the two new states of Ebonyi and Rivers is funded fully by the local mission

3.5.1 COMPLEMENTARITY WITH OTHER DEVELOPMENT PARTNERS

Water sector donor support in Ebonyi State includes completed European Union (EU) funding of small community water projects through concluded WaterAid and Concern programs and ongoing UNICEF support for the RUWASA program providing assistance for community borehole water supply and latrine development. Several other donors are active in the state in unrelated development sectors. The United Nations Industrial Development Organization (UNIDO) is currently investing in industrial and commercial enterprises in the State of Ebonyi including government-owned rice milling operation as well as supporting the International Market currently under construction in the state's capital of Abakaliki. There is however limited or no engagement in the urban water sector by other development partners.

3.5.2 PROJECT PARTNERS' CONTRIBUTIONS

During the scoping mission the Acting governor, Permanent Secretary Min PU and the GM for the EBSWC strongly endorsed the need for reforms in the water sector. During the project implementation, the State Ministry of Public Utilities will provide office accommodation for the SUWASA. It will also second two personnel, one each from the EBSWC and the Ministry. These will be professionals who will work hand in hand with the Team Leader.

The State Government will also make a further contribution to the running of the project of up to 5% of the total project cost. The planning of the reform process is also timely given the investments in the new WTPs by the state government has already indicated its willingness to make the counterpart contribution.

The Federal Ministry of Water Resources advised that they would identify a focal person that would work with SUWASA on the Federal-related activities.

4 INSTITUTIONAL AND ORGANISATIONAL SET-UP OF THE PROJECT

4.1 INSTITUTIONAL ARRANGEMENTS

This is a technical assistance project that will be implemented by SUWASA using a locally recruited team based in Abakaliki, Ebonyi. It is anticipated that a team of 5 professional and 2 support staff will be recruited. The SUWASA regional office in Nairobi will provide the necessary technical support and back stopping.

The lead partners for this project will be the State Ministry for Public Utilities and the EBSWC. The MinPU has the overall mandate for water in Ebonyi and will therefore provide leadership in the implementation of the first objective that will transform the way water service provision is done in the state. The EBSWC will serve as the key partner in the implementation of the utility level reforms. The project will keep a liaison relationship with the FMWR in Abuja and examine ways in which the lessons learnt in Ebony may be replicated in other states.

Close communication and updates will be made to USAID/Nigeria by the project team Leader and with Washington by SUWASA COP in Nairobi.

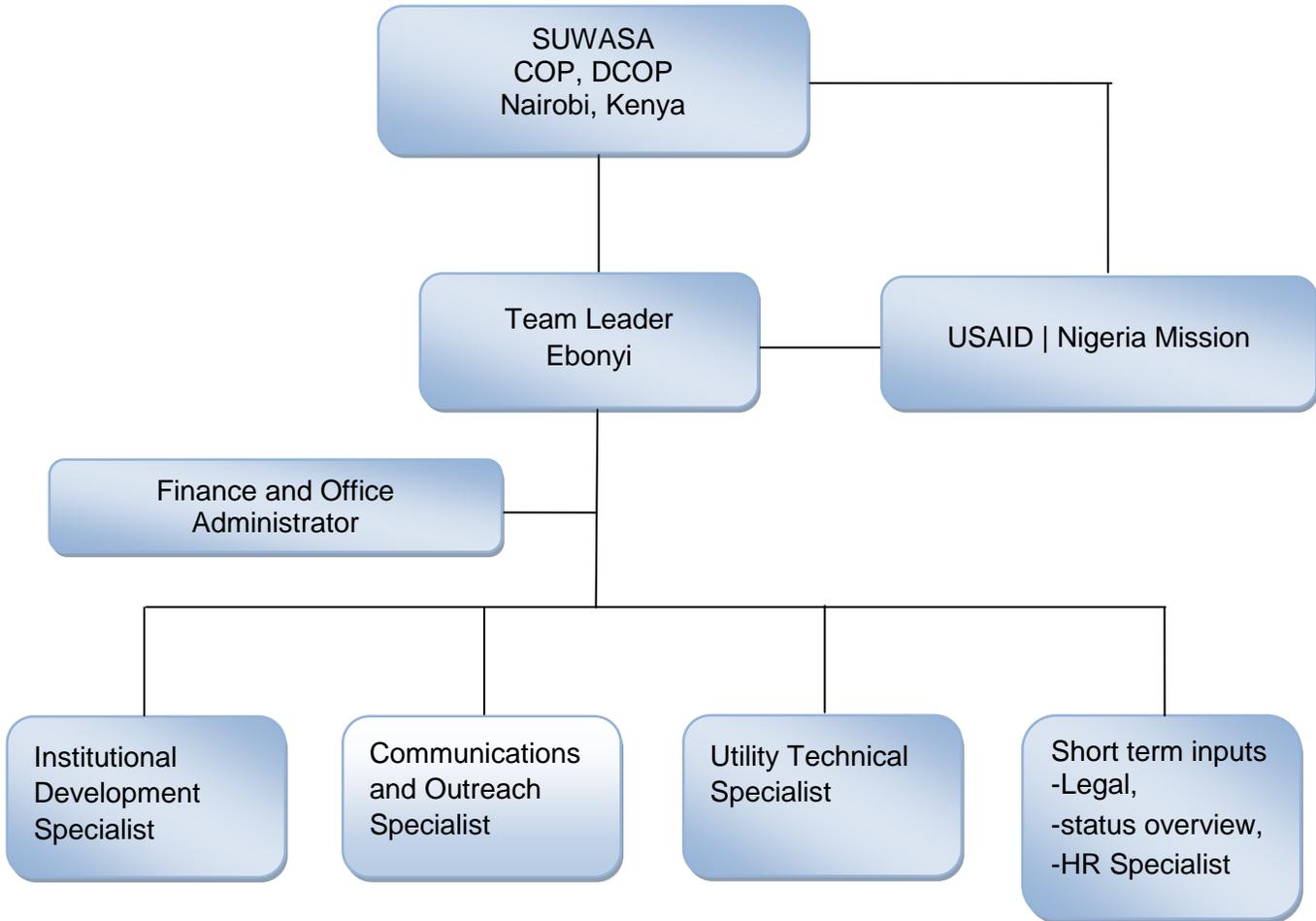
4.2 PERSONNEL AND MANAGEMENT PLAN

SUWASA will provide a full-time Team Leader, based in Abakaliki, Ebonyi who will work directly with the designated EBSWC technical focal person on reforms from the Ministry of Public Utilities. The SUWASA Team Leader will coordinate project activities among the key project partners and donors active in the state. The SUWASA Team Leader will report directly to SUWASA's Nairobi-based Chief of Party, who will be responsible for overall management of the project and quality control of all project deliverables. The Chief of Party will conduct project meetings, either in person or by telephone, with the Team Leader and the SUWASA Team Leader on at least a monthly basis.

SUWASA will provide technical advisers to provide long- and short-term technical assistance in accordance with this work plan, under the direction of the SUWASA Team Leader and the Chief of Party. This staffing is informed by our experience in the earlier project in Bauchi. A communication and outreach specialist will however be added to the team to provide support across the three project (Bauchi, Ebonyi and Rivers)

Below is the proposed staffing plan for the project.

PERSONNEL AND MANAGEMENT PLAN ORGANIZATION CHART



5 MONITORING EVALUATION AND REPORTING ARRANGEMENTS

A clear monitoring and evaluation plan will be developed and finalized during the inception phase of the project. However the starting point will be the overall performance monitoring plan (PMP) of the SUWASA program. Key indicators will be developed and used to assess progress of the project

5.1 INTERNAL MONITORING AND QUALITY CONTROL

Monitoring and quality control will be provided by the SUWASA Nairobi Team. The SUWASA Chief of Party will be responsible for project oversight, technical and programmatic supervision, and adherence to the Performance Monitoring Plan and the expected outputs and benchmarks. The Team Leader, to be based in Abakaliki, Ebonyi will be responsible for providing adequate reporting and documentation on project results and progress against the approved work plan. All communications and reporting to USAID will be done by the SUWASA Nairobi Team, based upon results and communication with the coordinator. The timing of all deliverables and outputs will be specified in either the inception report or the M&E plan and the Team Leader will be responsible for reporting against these targets to the SUWASA Chief of Party.

5.2 MONITORING AND EVALUATION PLAN

Based on the initial proposed benchmarks and indicators, the Team Leader, with assistance from the SUWASA Chief of Party, will prepare a Monitoring and Evaluation Plan aimed at specifying all the expected SUWASA results; outcomes, deliverables, and proposed benchmarks; indicators for reporting to USAID, and monitoring periods and documentation required for performance audits and evaluations. The M&E plan will be included in the Inception Report.

5.3 ENVIRONMENTAL COMPLIANCE MONITORING

It is anticipated that there will be some investments and procurement of commodities as part of supporting the performance improvement of the EBSWC. The investments will mainly be related to increasing availability of water through carrying out pilot metering of consumers and some minor network extensions. Commodities to be procured include the necessary infrastructure required to computerize the billing system and customer care approaches. This will therefore include purchase of computers, printers and relevant software. Detailed descriptions and estimated costs will be determined during project inception.

An Environmental Assessment under USAID environmental requirements (22 CFR 216) will therefore be required. The necessary environmental impact assessment will be undertaken before implementing the above. The design of the environmental impact assessment as well as mitigation measures will be undertaken during the inception phase of the project.

5.5 REPORTING ARRANGEMENTS

SUWASA's minimum reporting requirements encompass the following:

- Inception Report, including an updated Overall Work Plan, Monitoring and Evaluation plan and Environmental Impact assessment approach, due 60 days after project start;
- Quarterly Reports and an annual report in the fourth quarter, including a narrative on the reporting period, discussing actual project progress vis-à-vis planned and agreed project schedules, an updated work plan, and a financial resource utilization report;
- Brief monthly reports outlining activities of the month and progress on each activity.
- 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 also undergo an internal mid-term review, conducted by Tetra Tech and USAID.

6 RESOURCE TABLE/BUDGET

SUMMARY OF PROJECT RESOURCES

Direct Labor	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 ARD 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	135,832	161,230	78,137	375,199
Short-Term CCN Consultants	30,000	31,500	33,075	94,575
Long-Term (CCN) Support Staff	40,706	51,690	25,052	117,448
Office Equipment	92,605	21,000	16,000	129,605
Subcontractor	150,000	350,000	150,000	650,000
Direct Costs	104,971	120,139	64,645	289,755
Travel (Local, Regional and International)	67,916	70,848	37,242	176,006
Activity Costs	60,000	0	0	60,000
ARD Overhead	61,129	70,053	36,294	167,476
G&A	66,152	65,156	37,958	169,266
MHO	3,639	5,565	2,490	11,694
Fixed Fee	43,547	46,577	25,735	115,860
Total Project Cost	895,738	1,029,816	543,137	2,468,692

7 PROJECT IMPLEMENTATION PLAN

Objectives and Activities	Year 1 - 2013												Year 2		
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
Task 1: Mobilization and Inception report preparation															
1.1 Mobilization of team (recruitment of Team Leader)															
1.1 Preparation of Inception report															
1.1 Presentation of Inception report to stakeholders															
Objective 1: Undertake legal and institutional reforms to create an enabling environment for better water service provision in Ebonyi State															
Activity 1: Develop a State Water and Sanitation Policy and Strategy to guide provision of water and sanitation services for urban and rural communities															
Undertake a state status overview															
1.1 Review existing documentation and prepare a detailed situation analysis															
1.2 Work with the Ministry of Public Utilities to draft the water and sanitation policy															
1.2 Stakeholders workshop to review and adopt policy document															
1.3 Develop strategy for the implementation of the policy															
1.4 Stakeholders workshop to adopt strategy															
Activity 2: Review the institutional framework of the water ministry at state level and clarify the roles/ responsibilities of EBSWC and RUWASA to remove overlaps.															
2.1 review existing legislation and institutional framework															
2.2 develop legislation that defines the institutional arrangement for urban water service delivery															

Objectives and Activities	Year 1 - 2013												Year 2		
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
2.3 develop strategy for the implementation of the new institutional framework															
Objective 2: Undertake Utility Level Reforms to transform the EBSWC into an autonomous and financially viable utility															
Activity 1: Support formation and capacity building of the BoD of the EBSWC															
1.1 Develop guidelines for appointment of BoD and share with MinPU															
1.2 Hold capacity building workshop on corporate governance															
1.3 Study tour for BoD – Utility management and corporate governance															
Activity 2: Reform the EBSWC Corporate Process to Introduce Commercial practices															
2.1 Undertake a detailed assessment of EBWSC to ensure financial sustainability															
2.2 Determine requirement for metering and computerization															
2.3 Undertake a customer enumeration exercise to establish a reliable customer database															
2.4. Undertake Asset valuation for the EBSWC															
2.5 Undertake a tariff review and develop and support the implementation of a new tariff model															
Activity 3: Strengthen EBSWC Communication and Outreach capacity and focus to engage community and stakeholders in water service provision improvements															
3.1 Develop a communication strategy for the reforms															
3.2 Design and Implement a public awareness campaign on the reforms															
3.3 Hold workshop on reform communications															

Objectives and Activities	Year 1 - 2013												Year 2		
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
Activity 4: Implement a Small Investment Program (SIP) targeting pilot metering, computerize billing and extension of services to poor neighborhoods															
4.1 Undertake a situation analysis to determine target areas for the SIP															
4.2 Design the intervention, contract and supervise implementation															
4.3 Monitor the process and prepare a completion and handover report															

8 ANNEXES

8.1 LETTER OF COMMITMENT FROM RWP PARTNERS

Attach a copy of letter of commitment from the RWP partners.



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