



Report No: RES00538

INTERNATIONAL DEVELOPMENT ASSOCIATION

RESTRUCTURING PAPER

ON A

PROPOSED PROGRAM RESTRUCTURING

OF

Nigeria Sustainable Urban and Rural Water Supply, Sanitation and Hygiene Program-for-Results

APPROVED ON 25-MAY-2021

TO THE

Federal Republic of Nigeria

Water
Western And Central Africa



The World Bank

Nigeria Sustainable Urban and Rural Water Supply, Sanitation and Hygiene Program-for-Results (P170734)

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CURRENCY EQUIVALENTS

Exchange Rate Effective Dec 31, 2024

Currency Unit = Nigeria Naira (NGN)

US\$ 1 = NGN 1534.20

US\$ 1 = SDR 0.770710

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

APT	Annual Performance Target
DLI	Disbursement-linked Indicator
DLR	Disbursement-linked Result
FCT	Federal Capital Territory
FMWR&S	Federal Ministry of Water Resources and Sanitation
FPIU	Federal Program Implementation Unit
IA	Implementing Agency
IDA	International Development Association
IPF	Investment Project Financing
IVA	Independent Verification Agent
GDP	Gross Domestic Product
GoN	Government of Nigeria
LGA	Local Government Area
M&E	Monitoring and Evaluation
MDA	Ministries, Departments and Agencies
NAP	National Action Plan for the Revitalization of Nigeria’s Water, Sanitation, and Hygiene Sector
PCU	Program Coordination Unit
PDO	Program Development Objective
PEF	Program Expenditure Framework
PFMU	Project Financial Management Unit
PforR	Program for Results
PIAP	Performance Improvement Action Plan
PIR	Policy, Institutional and Regulatory
PIU	Program Implementation Unit
PMC	Project Management Consultancy
POM	Program Operations Manual
RA	Results Area
RC	Reform Component
SDG	Sustainable Development Goal
SWA	State Water Authority
WASH	Water Supply, Sanitation, and Hygiene



BASIC DATA

Product Information

Operation ID P170734	Operation Name Nigeria Sustainable Urban and Rural Water Supply, Sanitation and Hygiene Program-for-Results
Product Program-for-Results Financing (PforR)	Operation Acronym SURWASH
Operation Status Active	Approval Date 25-May-2021

Does this operation have an IPF component?

Yes

Environmental and Social Risk Classification (ESRC)

Moderate

ACCOUNTABILITY

Region/Country

Who is the primary beneficiary of this operation? Country or Group of Countries	Beneficiary country/countries (borrower, recipient) Nigeria
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Geographical Identifier

Nigeria

Requesting Unit

AWCW2 (6548)

Will regional institutions act as the
borrower/implementer?

No

Implementing Unit



Responsible Unit (e.g. EECG1)

SAWW4 (10403)

Practice Area (Lead)

Water

Contributing Practice Areas

Education, Health, Nutrition & Population, Urban, Resilience and Land

OPERATION STATUS

Development Objective (DO)

Development Objective

The Project Development Objectives (PDO) are to increase access to water, sanitation, and hygiene services and to strengthen sector institutions in participating states of Nigeria.

Disbursement Summary (in USD million)

Source of Funds	Net Commitment	Disbursed	Undisbursed	% Disbursed
IBRD	--	--	--	0
IDA	648.68	93.59	556.38	14.40
Grants	--	--	--	0

Policy Waivers

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

No



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I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Program Background

1. **Nigeria's water, sanitation, and hygiene (WASH) Sector is in a state of emergency.** Approximately 60 million Nigerians lack access to basic drinking water services, with 38% of improved water points being non-functional and 30% failing after the first year. Piped water access has declined significantly, from 32% in 1990 to just 7% in 2019. Poor sanitation and hygiene practices are widespread, with 48 million Nigerians practicing open defecation. Only 11% of schools and 6% of healthcare facilities have basic water supply and sanitation services¹. Inadequate access to WASH services has severe implications for public health, economic development, and overall quality of life. In Nigeria, inadequate WASH leads to 73% of the total burden of enteric infections and over 255,000 preventable deaths each year. Nigeria invests an average of 0.32% of its gross domestic product (GDP) annually in the WASH sector, which is much lower than the African average of 0.7%. To achieve the Sustainable Development Goals (SDGs) by 2030, at least 1.30% of GDP investment is required. There is also a shortage of skilled personnel to manage and maintain services, and environmental challenges such as water pollution and climate change affect the quality and availability of services. Social and institutional barriers, such as limited community participation and transparency, significantly impact the sustainability of WASH programs and projects.

2. In response to this critical situation, the Government of Nigeria (GoN) launched the National Action Plan (NAP) for the Revitalization of Nigeria's Water, Sanitation, and Hygiene Sector in 2018 to serve as a 13-year strategy aimed at ensuring universal access to sustainable and safely managed WASH services by 2030. The Sustainable Urban and Rural Water Supply, Sanitation, and Hygiene (SURWASH) Program (P170734) was designed and approved on May 25, 2021 to support the implementation of the NAP. The Program became effective on January 14, 2022. With a total financing envelope of US\$ 700 million (IDA Credit No. 6882-NG), the Program Development Objectives (PDO) are to increase access to water, sanitation, and hygiene services and to strengthen sector institutions in participating states of Nigeria. The program focuses on two results areas:

- a. **Results Area 1 (RA 1): Strengthened sector policies and institutions for improved services.** This area focuses on enacting necessary policy reforms and enhancing the capacity of institutions required for effective and sustainable service delivery. It aims to improve the governance, management, and accountability mechanisms within the WASH sector.
- b. **Results Area 2 (RA 2): Improved access to water supply, sanitation and hygiene services.** This area supports an integrated package of investments to expand access to and the use of WASH services in urban and rural areas and small towns. It promotes a local government area (LGA)-wide approach to WASH service delivery, addressing critical gaps simultaneously in WASH, and within communities, public institutions, and public places

3. The SURWASH Program is currently being implemented in seven states: Delta, Ekiti, Gombe, Imo, Kaduna, Katsina, and Plateau. These states were selected by the Federal Ministry of Water Resources and Sanitation (FMWR&S) based on eligibility and readiness criteria through a fair and transparent process. The program leverages financing from the World

¹ Federal Ministry of Water Resources (FMWR), Government of Nigeria, National Bureau of Statistics (NBS), and UNICEF (2022). Water, Sanitation and Hygiene: National Outcome Routine Mapping (WASHNORM) 2021: A Report of Findings. FCT Abuja, Nigeria.



Bank using the Program-for-Results (PforR) instrument to support and incentivize infrastructure investment and the strengthening of policies, institutions, and regulations (PIR). Additionally, a US\$ 60 million Investment Project Financing (IPF) component was included to provide technical assistance to address implementation gaps. Allocations under the PforR and IPF components are notional, with final allocations determined based on performance. The program also allows for the incorporation of additional states over time. Currently, assisted states such as Abia, Anambra, Bauchi, Edo, Jigawa, Kwara, Niger, Oyo, Taraba, and the Federal Capital Territory (FCT) receive technical assistance from FMWR&S through the IPF to address weaknesses and achieve readiness for investment under the PforR.

4. The program aims to benefit an estimated 6,100,000 people by providing basic drinking water services, 1,400,000 people with access to improved sanitation services, and 2,000 schools and healthcare facilities with improved WASH services. Additionally, it targets 500 communities to become open defecation free and aims for seven states to achieve their PIR targets. The Program is expected to close on June 30, 2027.

B. Program Status

5. The Program has completed its third year of implementation in December 2024 with subpar performance. Substantial acceleration in implementation is needed to achieve the PDO by program closing in 2027. While states have shown good progress on reforms- and performance-related disbursement-linked indicators (DLIs), progress with access to services is significantly lagging with the following results after Program Year 2:

- a. basic drinking water to 58,585 people against a target of 610,000 people;
- b. improved sanitation services to one (1) household against a target of 37,000 households;
- c. improved water supply, sanitation and handwashing facilities to 22 schools and healthcare facilities against a target of 200.

6. The Program midterm review (MTR), conducted between September 9 and October 4, 2024, was designed to gain a deeper understanding of the implementation challenges and why the program is not able to meet its yearly targets. Several critical issues were identified. First, the PforR instrument wasn't sufficiently socialized among state-level decision-makers which led to significant delays in budget allocations, fund releases and program execution, as many stakeholders continued to operate under the assumption that the traditional IPF approach is still in use. Consequently, the benefits of the PforR instrument, such as timely fund releases and the use of country systems, remain unrealized, hindering the program's overall progress and achievements. In a context where the WASH sector has been historically neglected and underfunded, participating states didn't fully grasp that ensuring a steady cash flow for capital-intensive infrastructure projects is crucial for the SURWASH PforR to be effective. Without this steady cash flow, it is challenging to implement the necessary processes to ultimately provide more people with WASH services. Table 1 summarizes the status of the program at midterm including the associated cumulative disbursements. Disbursements currently stand at US\$93.59 million (14%).

7. The PDO and Implementation Progress (IP) ratings remain Moderately Unsatisfactory, and SURWASH is currently a problem project in the Portfolio due to significant delays.



TABLE 1: PROGRAM PERFORMANCE AT MIDTERM (2024)

DLI	End Target (2027)	Achievement at Midterm (2024)	Percentage Achievement	Associated Cumulative Disbursements at Midterm (US\$)	Total Allocated Amount (US\$)
DLI 1: Design of National WASH Fund to enable its establishment	Yes	No	0%	0	5,000,000
DLI 2: Design, adoption and implementation of State PIR Plans and achievement of annual targets	7	6	86%	6,500,000	35,000,000
DLI 3: People provided with basic drinking water service under the Program	6,100,000.00	58,585	1%	3,604,150	233,500,000
DLI 3.1: Performance improvement of state water supply implementing agencies	Yes	No	90%	8,500,000	52,500,000
DLI 4: People with access to a sustainably functioning water service	3,575,000	0	0%	0	33,300,000
DLI 5: Households with improved sanitation facilities constructed or rehabilitated under the Program	280,000	1	0.00036%	465	156,050,000
DLI 5.1: Performance improvement of state sanitation implementing agencies	Yes	No	90%	6,833,333	52,500,000
DLI 6: Communities having achieved community-wide sanitation status (ODF+) or number of ODF+ communities having maintained their status	500	0	0%	0	16,650,000
DLI 7: Schools and healthcare facilities with functional, improved water supply, sanitation and handwashing facilities constructed or rehabilitated under the Program	2,000	22	1%	610,500	55,500,000



A. Rationale for Restructuring

1. With two and a half years remaining in the Program, the current pace and ambitious targets necessitate restructuring to address the challenges and improve the program's performance. The midterm review has recommended to expand the Program to more states and to increase the verification cycles to at least two cycles per year. On November 20, 2024, the Honorable Minister of Water Resources and Sanitation sent a call for expression of interest to all remaining states, inviting them to express interest and share documentation by December 23, 2024 to assess their eligibility and readiness to be onboarded. Given the time required to onboard new states and the urgency to address implementation bottlenecks, it was recommended to proceed with two consecutive Level II restructurings.
2. The first restructuring was requested by the Federal Ministry of Finance ("The Borrower") through an official letter dated December 23, 2024. The objective of this first restructuring is to adjust the results and introduce scalability in order to reward progress rather than perfection to facilitate achievement. These changes as detailed below, are intended to enhance the overall effectiveness of the SURWASH Program. This restructuring is crucial to swiftly address the urgent challenges related to achieving sectoral reform, performance outcomes, and sanitation targets, as well as improving overall Program coordination and risk management. By implementing these adjustments, the program will be better positioned to enhance the performance of the current seven participating states, achieve the intended outcomes, and deliver sustainable benefits to the target communities. This first restructuring is expected to already positively impact the results for 2024 by i) improving payments for results under DLIs 2, 3.1, and 5.1 through the introduction of a scalable performance framework; and ii) aligning the sanitation DLIs 5 and 6 with the national sanitation strategy. DLIs 2, 3.1 and 5.1 are among the best performing, and simplifying the reward framework based on realistic assessments will enhance feasibility and achievement, thereby improving cash flow.
3. A second restructuring will be processed later this FY to onboard more states and adjust the Program accordingly. GoN will send a detailed request once the ongoing assessments of eligibility and readiness are finalized, and an updated Program Expenditure Framework (PEF) is available.
4. This constitutes the first restructuring of the SURWASH Program, and there are currently no outstanding audit or financial reports.

II. DESCRIPTION OF PROPOSED CHANGES

5. The following changes are proposed:
 - a. **Adjustments of Results.** The proposed restructuring will revise the description of DLIs 2, 3.1 and 5.1 to align with the 2022 global PIR framework. Following the MTR, it was recommended to simplify the performance assessment process for the PIR and Performance Improvement Action Plan (PIAPs). Rather than continuing to be based on states achieving activity-level targets presented as annual performance targets (APTs), a performance framework has been introduced for each of these three DLIs:
 - i. making it simpler by introducing performance thresholds based on a 0-5 progress scale to reward progress rather than perfection and hence facilitating achievement of PIR targets and ultimately improving cashflow with the payments for results; the current framework incentivizes the implementation of all annual reform



- or performance improvement targets rather than achievement of actual PIR reforms or performance improvement outcomes;
 - ii. giving states more discretion and flexibility on setting priorities for reforms and performance improvement actions; and
 - iii. focusing more on achievement of the actual performance improvement outcomes rather than on rewarding the implementation of all activities.
- b. Under DLI 2, the six reform areas are maintained. However, their description has been aligned with the updated global PIR framework. There will also be 17 reform components (RCs) to align with the proposed changes instead of 11 (Table 2). The increase from 11 to 17 reform components is a strategic decision to ensure comprehensive coverage of the reform areas. This expansion allows the Program to address the breadth of reform components across urban and rural settings, water supply, sanitation, service provision, policies, institutional strengthening, and regulations. Given the identified weaknesses at the subnational levels, it is crucial to cover the different elements of the 2022 PIR framework thoroughly. This will strengthen the program's effectiveness and ensure that all critical aspects of water supply and sanitation reforms are adequately addressed.
- c. No changes have been made to the list of Essential Elements under DLIs 3.1 and 5.1. Flexibility in the design and implementation of the PIAPs is retained. However, it is imperative that each PIAP addresses the relevant Essential Elements. These Essential Elements are critical for guaranteeing service quality and sustainability and are categorized into two overarching categories: Accountability and Sustainability. The flexibility provided allows for tailored approaches that best suit unique contexts and challenges of the implementing agencies. Nonetheless, adherence to the Essential Elements ensures a standardized baseline of quality and sustainability across all PIAPs. By focusing on Accountability, transparency, governance, and stakeholder engagement are enhanced. The Sustainability category emphasizes the long-term viability of services, including technical, financial, environmental, and operational aspects.



TABLE 2: REVISED DLI 2 REFORM AREAS AND REFORM COMPONENTS

	Reform Area 1* - Consolidation and PIR Strengthening of rural water and sanitation sector	Reform Area 2* - Consolidation and PIR Strengthening of urban sanitation sector	Reform Area 3* - Consolidation and PIR Strengthening of urban water sector	Reform Area 4* - Ensure functioning and accountable urban water provider(s)	Reform Area 5 - Operationalize a WASH E&S screening and assessment mechanism	Reform Area 6 - Participation of women and youth in the sector
Policies (P)	RC-1b (P) Develop and adopt rural water and sanitation policy framework	RC-2b (P) Prepare urban sanitation policy in accordance with city/LGA-wide inclusive sanitation	RC-3a (P) Develop legal, policy and operational framework for urban water supply			RC-6a (P) Gender mainstreaming in human resources policies to address gaps in technical and managerial positions
Institutions (I)	RC-1c (I) Ensure functioning and accountable rural water and sanitation department and/or authority	RC-2a (I)* Ensure functioning urban sanitation authority	RC-3c (R/I)* Ensure functioning urban water regulator with a clear regulatory framework	RC-4b (I) Ensure functioning and accountable urban water provider(s)	RC-5a (I) Establishment and implementation of E&S screening and assessment mechanism (guided by comprehensive manual)	RC-6b (I) Development and implementation of a young professional program
Regulations (R)		RC-2c (R) Develop state-level standards and regulations for urban sanitation	RC-3b (P/R/F) Prepare and implement poor-inclusive tariff policy with sustainable cost recovery			
Finance (F)	RC-1d (F) Develop and implement recurrent and capital funding plan to improve rural WASH	RC-2d (F) Develop and implement recurrent subsidy and capital funding plan to improve urban sanitation	RC-3d (F) Develop and implement recurrent subsidy and capital funding plan to improve urban water	RC-4a (P/I/F) Establish and operationalize performance contract with financing and service agreements between state government and state water authority (SWA) Board of Directors		
Intergovernmental Context (Intergov)	RC-1a (Intergov) Establish LGA WASH Departments with adequate budget allocation and release					

Note: Yellow boxes indicate proposed additional reform components. Grey boxes indicate the unchanged reform components. Asterisks (*) indicate changed wording of reform areas/reform components.



- a. The proposed performance framework for DLIs 2, 3.1, and 5.1 will no longer follow an all-or-nothing approach to trigger disbursements. Instead, thresholds of moderate and standard performance have been introduced to generate a performance score, based on an aggregation of progress scales. This new framework allows for partial disbursements of 50 percent based on performance thresholds, as outlined in Table 3. The details of what constitutes moderate and standard performance under DLIs 2, 3.1, and 5.1 will be defined in the Program Operations Manual (POM). This change aims to provide a more nuanced and flexible approach to disbursements, ensuring that progress is recognized and rewarded. By introducing these performance thresholds, the framework encourages continuous improvement and acknowledges varying levels of achievement, which can be particularly important in addressing the diverse challenges faced by different states and implementation agencies.

TABLE 3: PROPOSED CHANGES IN THE DIRSBURSEMENT CALCULATIONS UNDER DLIS 2, 3.1 AND 5.1

Disbursement Linked Indicator (DLI)	Disbursement Linked Result (DLR)	Disbursement Calculation Formula as approved in 2021 (as applicable, expressed in US\$)	Disbursement Calculation Formula as proposed in the restructuring (as applicable, expressed in US\$)
Design, adoption and implementation of State PIR Plans and achievement of annual targets (DLI 2)	DLR 2.3-2.6: Achievement of annual targets set out in State PIR Plans for each subsequent Program Year (from Program Year 3 to Program Year 6)	1,000,000 per Participating State	1,000,000 per Participating State for standard performance (full disbursement) 500,000 per Participating State for moderate performance (partial disbursement)
Performance improvement of State water supply Sector Institutions and service providers (DLI 3.1)	DLR 3.1.3-3.1.6 Achievement of annual PIAP targets for each subsequent Program Year (from Program Year 3 to Program Year 6)	1,500,000 per Participating State	1,500,000 per Participating State for standard performance (full disbursement) 750,000 per Participating State for moderate performance (partial disbursement)
Performance improvement of sanitation Sector Institutions (DLI 5.1)	DLR 5.1.3-5.1.6 Achievement of annual PIAP targets for Program Years 3* through 6, inclusive.	1,500,000 per Participating State	1,500,000 per Participating State for standard performance (full disbursement) 750,000 per Participating State for moderate performance (partial disbursement)

- b. As part of the restructuring, it is proposed to make the wording of DLI 2 consistent across different documents. Henceforth, DLI 2 will refer to *'Design, adoption and implementation of State PIR Plans and achievement of annual targets'* as per the Financing Agreement rather than *'States achieving PIR plan targets'* as found in the results framework.



- c. Additionally, DLIs 5 and 6 will be revised to align with the definitions of improved sanitation and Open Defecation Free (ODF+) in the updated national sanitation strategy and ODF protocol. This alignment aims to avoid confusion at both the federal and state levels between the Program and sector activities. Implementing states have raised concerns regarding the misalignment of different national programs. While some states are making entire LGAs ODF, they are struggling to make communities of 500 households ODF under the Program. This gap in understanding and the confusion with the requirements under the national ODF campaign and the SURWASH program have been identified.
- d. Going forward, the definition of "ODF+" used under the Program is aligned with the updated protocol. To declare a community open defecation free, it must meet the following criteria: (a) no exposed feces in the community or surroundings; (b) households have and use toilets; (c) public places have separate toilets for males and females; (d) pit toilets have fly-proof drop-hole covers (ventilated improved pit or VIP and pour flush toilets are exempt); (e) handwashing facilities are present inside or near toilets; and (f) at least 50% of community toilets are improved.
- e. DLI 5 measures the number of households with improved sanitation facilities constructed or rehabilitated under the Program. Household improved sanitation facilities include (i) flush toilets connected to a septic system in urban areas or (ii) double pit pour-flush latrines in rural areas. Facilities must include a superstructure and a handwashing station and adhere to technical standards and criteria as defined in the POM and aligned with the most up-to-date national sanitation strategy.
- f. The results framework has been updated to incorporate these changes and to align with the new World Bank scorecard.
- g. **Risks.** A reassessment of the program risks has been conducted at midterm based on current implementation realities, including the identification and inclusion of mitigation measures to address these risks effectively. The aim is to ensure that potential challenges are proactively managed, thereby minimizing their impact on the program's progress. Table 4 provides an overview of the reassessed risks, their former and current ratings, descriptions, and the proposed mitigation measures.

TABLE 4: REVISED RISK ASSESSMENT AT MIDTERM

Risk Category	Rating at Approval (2021)	Proposed Rating (2025)	Rationale for Change and Proposed Mitigation Measures
Political and Governance	Substantial	High	Since the 2023 elections, the political landscape in Nigeria has undergone significant changes, affecting the pace and overall buy-in on the Program at both federal and state levels. The commitment to WASH varies greatly across states, and the poor program outcomes indicate that this commitment is largely insufficient. The initial strategy to mitigate political risks involved ensuring that each participating state's governor's office demonstrated strong commitment to the sector through eligibility and readiness criteria. However, the current political environment has introduced new challenges that necessitate a reassessment of the political



			<p>risk to high. To address this, enhanced stakeholder engagement will be pursued to build broader support for the Program among key stakeholders, including local communities, civil society organizations, and the private sector. Targeted capacity-building initiatives will be provided to state implementation teams to improve their ability to manage and execute the Program and communicate about it effectively. A robust communication strategy will be developed and implemented to keep all stakeholders informed about the Program's progress, challenges, and successes, maintaining transparency and building trust. Additionally, a scorecard has been developed to track the Program's progress and identify potential risks early, and to ensure consistent political support and accountability at both federal and state levels.</p>
Macroeconomic	Substantial	Substantial	
Sector Strategies and Policies	Moderate	Moderate	
Technical Design of Project or Program	Substantial	Substantial	
Institutional Capacity for Implementation and Sustainability	Moderate	Moderate	
Fiduciary	Substantial	High	<p>The Financial Management review at midterm revealed serious internal control issues, leading to a downgrade in the financial management risk rating to Moderately Unsatisfactory and an increase in the risk rating to High. The internal control systems are very weak in PIUs and characterized by monies paid into personal accounts of project staff, overpricing of activities, high level of unretired advances. To address the issues, the Bank is to conduct prior review of all requests for payment for all PIUs until the situation improves. The state Project Financial Management Units (PFMUs) are to ensure strict adherence to the project financial implementation manual especially regarding retirement of advances. Any staff who has outstanding retirement will not be granted</p>



			further advance. The project financial manual provides two weeks for retirement of advances.
Environmental and Social	Substantial	Substantial	
Other	Substantial	Substantial	Security has been a main concern in most of the states the Program is being implemented in. These challenges have disrupted program activities, posed risks to the safety of staff, contractors, and beneficiaries, and hinder the overall success of the program. To mitigate this risk, it is recommended to enhance the existing security management plan by addressing the identified gaps. This includes implementing stricter security protocols, collaborating with local authorities, leveraging technology, conducting regular risk assessments and monitoring, providing security training and awareness programs, and developing contingency plans for different security scenarios.
Overall	Substantial	Substantial	

- h. **Institutional and Implementation Arrangements.** The restructuring will involve the assessment and incorporation of any relevant implementing agencies (IAs) responsible for WASH service delivery, policy setting, or regulatory oversight in the participating states. The Program Implementation structures will be revised to improve support to the IAs. To better reflect their role in coordination and technical assistance to IAs, the Program Implementation Units (PIUs) will now be referred to as Program Coordination Units (PCUs).
- i. **Revised Implementation Schedule.** The program schedule will be adjusted to align with the above revisions. Despite the delays, the aim is still to achieve all targets by 2027. Therefore, the implementation pace will be accelerated in 2025 and 2026. This acceleration will be supported by the recruitment of a large Project Management Consultancy (PMC) firm, which will assist with technical designs, procurement, Environmental and Social (E&S) safeguards, and Monitoring and Evaluation (M&E) as well as an additional IVA to support two verification cycles per year. These measures are necessary to ensure that all activities are completed within the revised Program timeline, thereby facilitating the achievement of the program's objectives.

III. PROPOSED CHANGES

Operation Information	Proposed Changes	Operation Information	Proposed Changes
Results	Yes	Institutional Arrangement	Yes
Risks	Yes	Implementation Schedule	Yes

Disbursements Estimates	Yes	Loan Closing Date Extension	No
Development Objective	No	Loan Cancellations	No
Summary Description (Operation Abstract)	No	Reallocations	No
Legal Operational Policies	No	Financial Management	No
MFD/PCE	No	Procurement	No
Legal Covenants	No	Other Change(s)	No
Conditions	No		
Implementation Modalities	No		
Disbursements Arrangements	No		
Clients	No		
Program Action Plan	No		

IV. DETAILED CHANGE(S)

COSTS & FINANCING

Is this an MFD-Enabling Project (MFD-EP)?

Is this project Private Capital Enabling (PCE)?

DISBURSEMENTS

Operation Dates & Projection Details

Reasons to change the full Disbursement date and/or the projection

Restructuring

Implementation Start Date

25-May-2021

Operation Closing Date

30-Jun-2027

Projected Date for Full Disbursement

30-Jun-2027

Expected Disbursements (in US \$) (Absolute)



Year	Original Estimation at Preparation (Approval Package – 25 May 2021)	Revised Estimation	Actual
FY2021	32,000,000.00	0.00	0.00
FY2022	3,000,000.00	58,750,074.00	58,750,074.00
FY2023	50,000,000.00	14,387,189.05	14,387,189.05
FY2024	67,000,000.00	7,217,681.25	7,217,681.25
FY2025	118,000,000.00	43,232,168.69	13,232,168.69
FY2026	153,000,000.00	250,000,000.00	0.00
FY2027	229,000,000.00	326,412,887.01	0.00

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Last Approved (ISR Seq. 07) - 29 Oct 2024	Proposed
Political and Governance	● High	● High
Macroeconomic	● Substantial	● Substantial
Sector Strategies and Policies	● Moderate	● Moderate
Technical Design of Project or Program	● Substantial	● Substantial
Institutional Capacity for Implementation and Sustainability	● Moderate	● Moderate
Fiduciary	● High	● High
Environment and Social	● Substantial	● Substantial
Stakeholders	● Moderate	● Moderate
Other	● Substantial	● Substantial
Overall	● Substantial	● Substantial

LEGAL



ANNEX 1: RESULTS

COUNTRY: Nigeria

Nigeria Sustainable Urban and Rural Water Supply, Sanitation and Hygiene Program-for-Results

PDO Indicators by PDO Outcomes

Increase access to water, sanitation, and hygiene services and strengthen sector institutions								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Design, adoption and implementation of State PIR Plans and achievement of annual targets (Number) DLI	0.00	May/2021	7.00	23-Aug-2024	6	16-Jan-2025	6	Jun/2027
	Comments on achieving targets		Six out of 7 states met this DLI in Program Year 2 (86% achievement). Verification for Program Year 3 (2024) is ongoing.					
People provided with basic drinking water service under the Program (Number) DLI	0.00	May/2021	58,585	23-Aug-2024	58,585	17-Jan-2025	6,100,000.00	Jun/2027
	Comments on achieving targets		The results for Program Year 2, as verified by the Independent Verification Agent (IVA), indicate that 58,585 people were reached by this indicator. The number initially reported by the states for verification was 83,580 people. The shortfall in achieving the desired targets can be attributed to the delayed commencement of the procurement process by the states. Currently, there are work activities underway in several states, including Kaduna, Ekiti, Katsina, and Plateau. In Year 2, only four states—Delta, Ekiti, Gombe, and Katsina—submitted their results for verification. Notably, two contracts for Urban Water in Delta were terminated. The breakdown of the verified results by state is as follows: Gombe – 11,750; Delta – 10,000; and Katsina – 36,835.					
People provided with basic drinking water service under the Program - female (Number) DLI	0.00	May/2021	28,882	23-Aug-2024	28,882	17-Jan-2025	3,007,300.00	Jun/2027
	Comments on achieving targets		As per the demographic information, assuming at least 49.3% of the reported beneficiary are female.					
People provided with basic drinking water service under the Program - rural (Number) DLI	0.00	May/2021	23,500	23-Aug-2024	23,500	17-Jan-2025	4,473,333.00	Jun/2027



People provided with basic drinking water service under the Program - urban and small towns (Number) DLI	0.00	May/2021	35,085	23-Aug-2024	35,085	17-Jan-2025	1,626,667.00	Jun/2027
Revise Performance	No		Yes		No		Yes	
improvement of state Water Supply implementing agencies (Yes/No) DLI	Comments on achieving targets		Almost all IAs met the targets (90%) in Program Year 2 (2023). Verification for Program Year 3 (2024) is ongoing.					
People provided with access to improved sanitation services (Number)	0.00	May/2021	5	23-Aug-2024	5	17-Jan-2025	1,400,000.00	Jun/2027
	Comments on achieving targets		Katsina was the only state that submitted results under this DLI. However, out of the eighty-six (86) sanitation facilities that were reported by the state, only one fully adhered to the stipulated standards and requirements.					
People provided with access to improved sanitation services - Female (RMS requirement) (Number)	0.00		2		2		690,200.00	
People provided with access to improved sanitation services - rural (Number)	0.00		5		5		1,150,000.00	
People provided with access to improved sanitation services - urban (Number)	0.00		0.00		0.00		250,000.00	
Schools and healthcare facilities with improved water supply, sanitation and handwashing facilities constructed or rehabilitated (Number) DLI	0.00	May/2021	22	23-Aug-2024	22	17-Jan-2025	2,000.00	Jun/2027
	Comments on achieving targets		The submitted number reported for verification was 43. However, as per the verification report, only 22 adhered to standards. The lag was due to the late start of the procurement process in some of the states and the late understanding of the design specifications for institutional WASH facilities. Works activities are ongoing in Kaduna. The breakdown of verified results as follows: Ekiti - 7; Gombe – 6; and Katsina - 9.					
Schools and healthcare facilities with improved water supply, sanitation and handwashing facilities constructed or rehabilitated - rural (Number) DLI	0.00	May/2021	4	23-Aug-2024	4	17-Jan-2025	1,500.00	Jun/2027
Schools and healthcare facilities with improved water supply, sanitation and handwashing facilities	0.00	May/2021	18	23-Aug-2024	18	17-Jan-2025	500.00	Jun/2027



constructed or rehabilitated - urban and small towns (Number) DLI								
Communities having achieved and/or maintained community-wide sanitation status (declared and verified as ODF+) (Number) DLI	0.00	May/2021	0.00	23-Aug-2024	0.00	16-Jan-2025	500.00	Jun/2027
	Comments on achieving targets		There has been a lot of confusion regarding this DLI and no state so far (even those declaring entire LGAs ODF) has achieved any results under it as of Program Year 2 (2023). Verification for Program Year 3 (2024) is ongoing.					
Communities having achieved and/or maintained community-wide sanitation status (declared and verified as ODF+) - rural (Number) DLI	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	375.00	Jun/2027
Communities having achieved and/or maintained community-wide sanitation status (declared and verified as ODF+) - urban and small towns (Number) DLI	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	125.00	Jun/2027

Intermediate Results Indicators by Results Areas

Results Area 1: Strengthened sector policies and institutions for improved services								
Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
Share of workers managing public sanitation facilities built under the Program who are persons with disabilities/other group identified as excluded (Percentage)	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	10.00	Jun/2027
	Comments on achieving targets		Public sanitation facilities have not yet been constructed under the Program.					
Proportion of WASHCOMs supported under the Program with at least one woman holding a leadership position (Percentage)	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	30.00	Jun/2027
	Comments on achieving targets		Data regarding the number of women in leadership positions in WASHCOMs is limited. Anecdotal data suggests that women rarely hold leadership positions and instead hold the treasurer's position.					



Share of newly created engineering or technical positions filled by women through internal promotion or external recruitment among service providers participating in the Program (Percentage)	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	40.00	Jun/2027
	Comments on achieving targets		None have been reported at this time.					
Grievances registered and addressed in a timely manner under the Program (Percentage)	0.00	May/2021	100.00	23-Aug-2024	100.00	17-Jan-2025	80.00	Jun/2027
	Comments on achieving targets		One grievance was recorded by Katsina RUWASSA for the wrong siting of a borehole while two grievances were recorded by the Katsina Urban Water Board. The three were resolved in under two weeks.					
National WASH Fund established and operational (Yes/No) DLI	No	May/2021	No	23-Aug-2024	No	17-Jan-2025	Yes	Jun/2027
	Comments on achieving targets		The Ministry plans to review and select the option going forward after holding stakeholder consultative fora across the country.					

Results Area 2: Improved access to water supply, sanitation and hygiene services

Indicator Name	Baseline		Actual (Previous)		Actual (Current)		Closing Period	
	Result	Month/Year	Result	Date	Result	Date	Result	Month/Year
People provided with water, sanitation, and hygiene (Number of people) CRI			0	23-Aug-2024	58,585	17-Jan-2025	6,100,000	May/2027
People provided with water, sanitation, and hygiene – Youth (Number of people) CRI			0	23-Aug-2024	38,666	17-Jan-2025	4,026,000	May/2027
People provided with water, sanitation, and hygiene – Female (Number of people) CRI			0	23-Aug-2024	28,882	17-Jan-2025	3,007,300	May/2027
People with enhanced resilience to climate risks (Number of people) CRI			0	23-Aug-2024	58,585	17-Jan-2025	6,100,000	Jun/2027
People with enhanced resilience to climate risks – Youth (Number of people) CRI			0	23-Aug-2024	38,666	17-Jan-2025	4,026,000	Jun/2027



People with enhanced resilience to climate risks – Female (Number of people) CRI			0	23-Aug-2024	28,882	17-Jan-2025	3,007,300	Jun/2027
Population using basic water supply services (Percentage)	75.20	May/2021	75.20	23-Aug-2024	75.20	17-Jan-2025	88.30	Jun/2027
	Comments on achieving targets		The indicator measures the proportion of the population using basic water supply services for the 7 participating states. These account for population growth of 2.6% per year and underlying coverage increases of 1% for basic water using JMP trends [RF Coverage assumptions].					
Population using improved sanitation (Percentage)	69.30	Apr/2021	69.30	23-Aug-2024	69.30	17-Jan-2025	72.30	Jun/2027
	Comments on achieving targets		The indicator measures the proportion of the population using improved sanitation for the 7 participating states. These account for population growth of 2.6% per year and underlying coverage increases of 0.5% for improved sanitation using JMP trends [RF Coveragessumptions].					
Revise Households with improved sanitation facilities constructed or rehabilitated under the Program (Number) DLI	0.00	May/2021	1	23-Aug-2024	1	16-Jan-2025	280,000.00	Jun/2027
	Comments on achieving targets		Only Katsina reported a number of 86 households for the verification by IVA in Program Year 2 (2023). Only one of the facilities adhered to standards as per the final verification report. Verification for Program Year 3 (2024) is ongoing.					
Households with improved sanitation facilities constructed or rehabilitated under the Program - rural (Number) DLI	0.00	May/2021	1	23-Aug-2024	1	17-Jan-2025	230,000.00	Jun/2027
	Comments on achieving targets		Only Katsina reported a number of 86 households for the verification by IVA. Only one of the facilities adhered to standards as per the verification report.					
Households with improved sanitation facilities constructed or rehabilitated under the Program - urban and small towns (Number) DLI	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	50,000.00	Jun/2027
Revise Performance improvement of state sanitation implementing agencies (Yes/No) DLI	No		No		No		Yes	
	Comments on achieving targets		Almost all IAs met the targets (90%) for Program Year 2 (2023). Verification for Program Year 3 (2024) is ongoing.					
People with access to sustainably functioning water service (Number) DLI	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	3,575,000.00	Jun/2027
	Comments on achieving targets		Tracking of the indicator will start in Program Year 3.					



Public places provided with WASH facilities (Number)	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	400.00	Jun/2027
	Comments on achieving targets		No public places have been provided with WASH facilities yet under the Program.					
Utilities achieving at least 10 percent average increase in energy efficiency/reduction in water loss (Number)	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	5.00	Jun/2027
	Comments on achieving targets		The indicator hasn't been tracked yet.					
Share of rural and small town water supply beneficiaries using systems relying on renewable energy (Percentage)	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	60.00	Jun/2027
	Comments on achieving targets		This indicator has not been tracked yet. However, all the schemes larger than handpump boreholes constructed under the program are solar-powered across all the states (Subject to tracking and further verification).					
Water supply systems with regular water quality and quantity monitoring to improve resilience of populations in climate-vulnerable areas within Program LGAs (Percentage)	0.00	May/2021	0.00	23-Aug-2024	0.00	17-Jan-2025	70.00	Jun/2027
	Comments on achieving targets		This indicator has not yet been tracked specifically. The indicator tracks the proportion of water supply systems with regular water quality and quantity monitoring to improve resilience of populations in climate-vulnerable areas.					

Disbursement Linked Indicators (DLI)

DLI Name		Baseline	Actual (Previous)		Actual (Current)		End Target
			Result	Date	Result	Date	
1 National WASH Fund established and operational (Yes/No) Total Allocation:5,000,000.00	Value	No					Yes
	Allocated Amount	0.00	No	23-Aug-2024	No	29-Jan-2025	0.00
Revise 2 Design, adoption and implementation of State PIR Plans and achievement of annual targets (Number) Total Allocation:35,000,000.00	Value	0.00					6
	Allocated Amount	0.00	7.00	23-Aug-2024	6	29-Jan-2025	7,000,000.00



3 People provided with basic drinking water service under the Program (Number) Total Allocation:233,500,000.00	Value	0.00					6,100,000.00
	Allocated Amount	0.00	58,585	23-Aug-2024	58,585	29-Jan-2025	38,257,042.00
People provided with basic drinking water service under the Program - female (Number) Total Allocation:0.00	Value	0.00					
	Allocated Amount	0.00			28,882	29-Jan-2025	
People provided with basic drinking water service under the Program - rural (Number) Total Allocation:0.00	Value	0.00					
	Allocated Amount	0.00			23,500	29-Jan-2025	
People provided with basic drinking water service under the Program - urban and small towns (Number) Total Allocation:0.00	Value	0.00					
	Allocated Amount	0.00			35,085	29-Jan-2025	
Revise 3.1 Performance improvement of state Water Supply implementing agencies (Yes/No) Total Allocation:52,500,000.00	Value	No					Yes
	Allocated Amount	0.00	14.00	23-Aug-2024	No	29-Jan-2025	10,500,000.00
	Value	0.00	0.00	23-Aug-2024	0.00	29-Jan-2025	3,575,000.00



4 People with access to sustainably functioning water service (Number) Total Allocation:33,300,000.00	Allocated Amount	0.00					16,650,000.00
Revise 5 Households with improved sanitation facilities constructed or rehabilitated under the Program (Number) Total Allocation:156,050,000.00	Value	0.00					280,000.00
	Allocated Amount	0.00	1	23-Aug-2024	1	29-Jan-2025	41,587,500.00
Households with improved sanitation facilities constructed or rehabilitated under the Program - rural (Number) Total Allocation:0.00	Value	0.00					
	Allocated Amount	0.00			1	29-Jan-2025	
Households with improved sanitation facilities constructed or rehabilitated under the Program - urban and small towns (Number) Total Allocation:0.00	Value	0.00					
	Allocated Amount	0.00			0	29-Jan-2025	
Revise 5.1 Performance improvement of state sanitation implementing agencies (Yes/No) Total Allocation:52,500,000.00	Value	No					Yes
	Allocated Amount	0.00	14.00	23-Aug-2024	No	29-Jan-2025	10,500,000.00
	Value	0.00	0.00	23-Aug-2024	0.00	29-Jan-2025	500.00



Revise 6 Communities having achieved community-wide sanitation status (ODF+) or number of ODF+ communities having maintained their status (Number) Total Allocation:16,650,000.00	Allocated Amount	0.00					4,364,000.00
Communities having achieved and/or maintained community-wide sanitation status (declared and verified as ODF+) - rural (Number) Total Allocation:0.00	Value	0.00					
	Allocated Amount	0.00			0	29-Jan-2025	
Communities having achieved and/or maintained community-wide sanitation status (declared and verified as ODF+) - urban and small towns (Number) Total Allocation:0.00	Value	0.00					
	Allocated Amount	0.00			0	29-Jan-2025	
7 Schools and healthcare facilities with functional, improved water supply, sanitation and handwashing facilities constructed or rehabilitated under the program (Number) Total Allocation:55,500,000.00	Value	0.00					2,000.00
	Allocated Amount	0.00	22	23-Aug-2024	22	29-Jan-2025	5,550,000.00
Schools and healthcare facilities with improved water supply, sanitation	Value	0.00					
	Allocated Amount	0.00			18	29-Jan-2025	



and handwashing facilities constructed or rehabilitated - urban and small towns (Number) Total Allocation:0.00							
Schools and healthcare facilities with improved water supply, sanitation and handwashing facilities constructed or rehabilitated - rural (Number) Total Allocation:0.00	Value	0.00					
	Allocated Amount	0.00			4	29-Jan-2025	



ANNEX 2: PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement	Action
Establishment of SPIUs, including at least a coordinator and specialists in procurement, financial management, environmental, social and inclusion, planning, and M&E, as well as technical staff. Implementation of capacity building program.	Technical		State PIUs	Other	3 months after effectiveness or prior to disbursement, whichever is earlier	SPIUs est. with required staff (w/ clear ToRs) by 3 mths after effectiveness or prior to disbmt for any state, whichever is earlier. Staff maintained through implementation. Training module & implementation support supervision report of WB team.	No change
Prepare Program Operational Manual (POM), with comprehensive guidelines for E&S due diligence and	Technical		Federal/State PIUs	Other	Prior to effectiveness	POM completed and disseminated to stakeholders prior to effectiveness. POM adopted by SPIUs prior to disbursement.	No change



core inclusion activities, such as gender, SEP, SEA/H, resettlement and protection of vulnerable groups. Use POM for all implementation.						Associated training provided, guidelines operationalized, and relevant POM requirements are applied to all Program activities.	
Hire the IVA to verify DLIs annually against verification protocol and conduct quarterly monitoring of progress on E&S risk management, particularly regarding the compliance of Program activities with the PAP & E&S due diligence, and ACG.	Technical		Federal/State PIUs	Other	90 days after effectiveness; Every 3 months during Program implementation	IVA hired with Bank-accepted contract/TORs no later than 90 days after effectiveness. Submit qtrly reports to Bank including progress of implem. of actions & compliance with E&S risk management & anti-corruption guidelines. E&S due diligence per POM.	No change
Ensure that a robust E&S screening mechanism is in place and guides E&S management of proposed interventions	Environmental and Social Systems		Federal/State PIUs	Other	Prior to effectiveness	Screening mechanism manual prepared and submitted to the Bank prior to effectiveness. IVA to submit quarterly reports to the Bank	No change



throughout implementation, supported by a comprehensive manual which will include inter alia the Exclusion List (to be included in the POM).						throughout implementation.	
Establish a strong grievance redress mechanism (GRM) system to ensure that the stakeholders are well sensitized ahead of any implementation.	Environmental and Social Systems		SPIUs, Implementing Agencies	Other	Prior to start of activities in relevant state	Appropriate GRM protocol and staffing are in place.	No change
Establish a gender-based violence (GBV) response committee at the state level to proactively create a safe place for all gender related issues.	Environmental and Social Systems		SPIUs, Implementing Agencies	Other	Prior to start of activities in relevant state	First minutes of committee meeting, including committee composition, satisfactory to the Bank.	No change
Preparation and submission of consolidated calendar	Fiduciary Systems		FPIU	Other	45 days after the end of the relevant	SPIUs prepare and submit program financial reports to the FPIU, and the FPIU consolidates the	No change



semester program financial reports.					calendar semester	reports with its own and submits to the Bank.	
Protocol adopted and implemented for reporting, management and investigation of fraud and corruption allegations operationalized in MDAs implementing SURWASH program.	Fiduciary Systems		FPIU	Other	Prior to effectiveness; Semi-annually	Protocol adopted by FPIU prior to effectiveness. Report on fraud and corruption allegations submitted bi-annually as part of Program implementation progress report.	No change
Finalization and adoption of a 'Funds Release policy' for improved predictability of funds flow to MDAs implementing SURWASH.	Fiduciary Systems		Min. Budget and Planning; Min. Finance	Other	By effectiveness	Funds Release policy finalized and MDAs BERs showing cumulative budget releases against appropriations.	No change
Proposed							
Action Description	Source	DLI#	Responsibility		Timing	Completion Measurement	