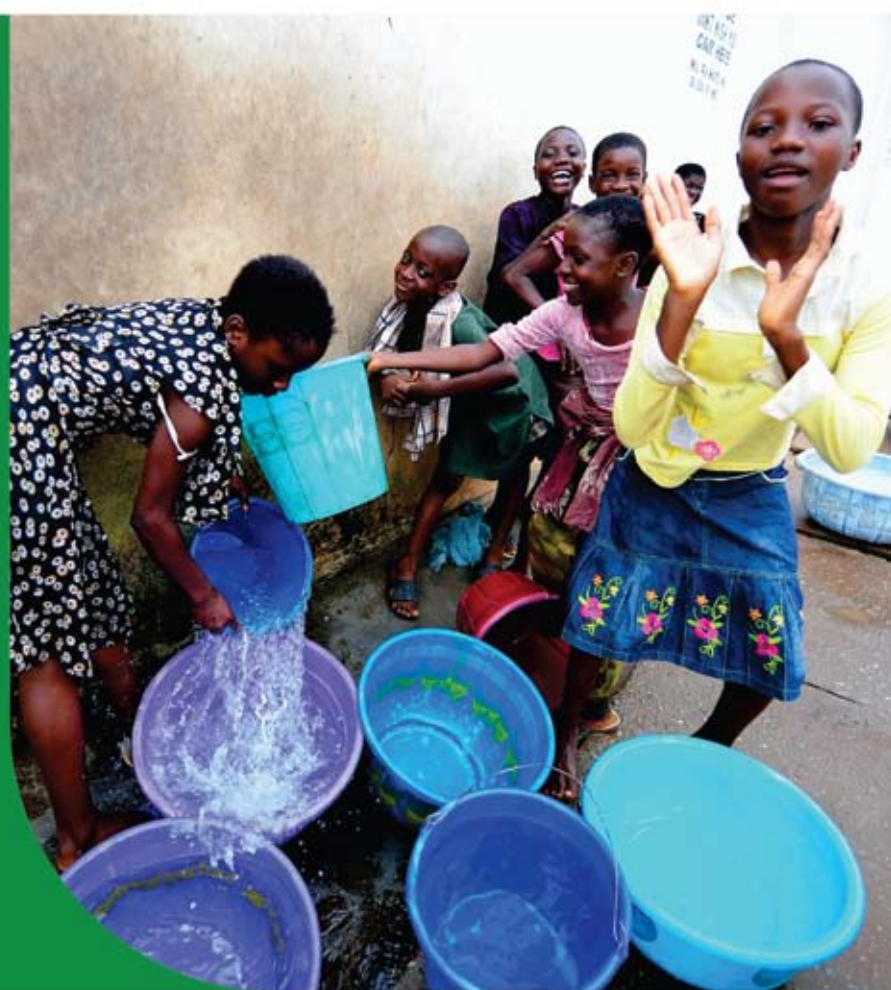




An AMCOW Country Status Overview

Water Supply and Sanitation in Nigeria

Turning Finance into Services for 2015 and Beyond



The first round of Country Status Overviews (CSO1) published in 2006 benchmarked the preparedness of sectors of 16 countries in Africa to meet the WSS MDGs based on their medium-term spending plans and a set of 'success factors' selected from regional experience. Combined with a process of national stakeholder consultation, this prompted countries to ask whether they had those 'success factors' in place and, if not, whether they should put them in place.

The second round of Country Status Overviews (CSO2) has built on both the method and the process developed in CSO1. The 'success factors' have been supplemented with additional factors drawn from country and regional analysis to develop the CSO2 scorecard. Together these reflect the essential steps, functions and results in translating finance into services through government systems—in line with Paris Principles for aid effectiveness. The data and summary assessments have been drawn from local data sources and compared with internationally reported data, and, wherever possible, the assessments have been subject to broad-based consultations with lead government agencies and country sector stakeholders, including donor institutions.

This second set of 32 Country Status Overviews (CSO2) on water supply and sanitation was commissioned by the African Ministers' Council on Water (AMCOW). Development of the CSO2 was led by the World Bank administered Water and Sanitation Program (WSP) in collaboration with the African Development Bank (AfDB), the United Nations Children's Fund (UNICEF), the World Bank and the World Health Organization (WHO).

This report was produced in collaboration with the Government of Nigeria and other stakeholders during 2009/10. Some sources cited may be informal documents that are not readily available.

The findings, interpretations, and conclusions expressed in this volume do not necessarily reflect the views of the collaborating institutions, their Executive Directors, or the governments they represent. The collaborating institutions do not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of the collaborating institutions concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

The material in this publication is copyrighted. Requests for permission to reproduce portions of it should be sent to wsp@worldbank.org. The collaborating institutions encourage the dissemination of this work and will normally grant permission promptly. For more information, please visit www.amcow.net or www.wsp.org.

Photograph credits: Getty Images

© 2011 Water and Sanitation Program

An **AMCOW** Country Status Overview

Water Supply and Sanitation in Nigeria

Turning Finance into
Services for 2015
and Beyond



Strategic Overview

The Federal Republic of Nigeria is made up of 36 states and a Federal Capital Territory, and 774 local government areas. At the federal level, substantial progress has been made to define institutional roles and develop supporting policies for water supply and sanitation service delivery.

The key challenge for Nigeria is to promulgate this policy guidance at the state level as water supply and sanitation (WSS) is mostly the state governments' responsibility. States have a high degree of autonomy—compared to other countries in Africa with a federal structure—and their adoption of national WSS policy guidance is uneven. While some states have created strong enabling environments (some more advanced than that at federal level), other states are yet to start the reform process. This uneven commitment to WSS and shaping its enabling environment is also reflected in vast disparities in rates of access to WSS services across states: from 81 percent in Lagos state to 13 percent in Sokoto state for water supply, and from 97 percent in Kano to 12 percent in Bayelsa for sanitation.¹ Whilst there are differences among sources of data on access to WSS, and an array of sector targets, both the Water Supply and Sanitation Baseline Study (WSSBS) of 2007 and the UNICEF/WHO Joint Monitoring Programme (JMP) 2010 report provide estimates of

national access indicating that Nigeria is unlikely to achieve the Millennium Development Goal (MDG) targets unless it takes drastic steps to improve current performance. In large part the ingredients for a reformed sector have been agreed upon at the federal level, but require rolling out in all states. These include sector policies and strategies and a review of legislation to conform with intentions regarding the roles of government and the private sector, and separation of policy formulation and regulation from service delivery.

Estimates of the investment in WSS required to meet 2015 sector MDG targets range from US\$2.5 billion (MDG Office) to US\$4 billion annually (US\$1.7 billion for water supply and US\$2.3 billion for sanitation—CSO2 costing). Current spending, whilst being difficult to discern, is around a third of the CSO2 costing estimate. This calls for increases in sector spending, which can only be meaningfully realized once investment plans are prepared at different tiers of government. The implementation of the innovative Water Investments Mobilization and Application Guidelines will present great opportunities for this.

This second AMCOW Country Status Overview (CSO2) has been produced in collaboration with the Government of Nigeria and other stakeholders.

Agreed priority actions to tackle these challenges, and ensure finance is effectively turned into services, are:

Sectorwide

- Support the completion of the preparation of states' water policies.
- Increase level of funding for water and sanitation.
- Implement the Water Investments Mobilization and Application Guidelines (WIMAG) to facilitate state-level policy and plan development as well as leverage matching finance for WSS.
- Clearly identify an institutional home for sanitation.
- Promote private sector participation in the provision of goods and services.
- Undertake phased establishment of regulatory commissions in all states (as proposed by the National Water Policy).
- Agree achievable national and state WSS targets (with MDG requirements as a minimum).
- Prepare Strategic Investment Plans to meet state targets.
- Clearly indicate budget lines for sanitation for greater visibility and improve financial reporting to be able to track sector investments.
- Implement the framework for monitoring and evaluation which remains on the drawing board.
- Institutionalize an Annual Sector Review dedicated to drinking water and sanitation.
- Prepare annual consolidated reports on sector output.

Rural water supply

- Rural Water and Sanitation Agencies should be established in states where this has not been done and their roles substantially limited to facilitation and capacity building of local government areas.
- Increase the pace of implementation of the framework for rural water and sanitation delivery, emphasizing community ownership and management.

Urban water supply

- Review edicts of water agencies to make them consistent with the National Water Policy.
- Wean urban water utilities 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.

Rural sanitation and hygiene

- State governments to prioritize sanitation—putting in place policies, plans, and budgets for sanitation.
- Scale up implementation of community-led total sanitation and regularly review its contribution to improving access.
- Improve awareness through advocacy to mobilize public and private stakeholders on good sanitation and hygiene practices.

Urban sanitation and hygiene

- Identify clear leader for sanitation service delivery in urban areas.
- Develop and implement appropriate sanitation approaches in peri-urban and low income communities.



Contents

	Acronyms and Abbreviations.....	6
1.	Introduction.....	7
2.	Sector Overview: Coverage and Finance Trends.....	8
3.	Reform Context: Introducing the CSO2 Scorecard.....	12
4.	Institutional Framework	15
5.	Financing.....	17
6.	Sector Monitoring and Evaluation	20
7.	Subsector: Rural Water Supply	23
8.	Subsector: Urban Water Supply.....	25
9.	Subsector: Rural Sanitation and Hygiene	27
10.	Subsector: Urban Sanitation and Hygiene.....	29
	Notes and References	31

Acronyms and Abbreviations

AfDB	African Development Bank	PER	Public Expenditure Reviews
AMCOW	African Ministers' Council on Water	PSP	Private sector participation
CAPEX	Capital expenditure	PWI	Presidential Water Initiative
CLTS	Community-Led Total Sanitation	RBDA	River Basin Development Authorities/Boards
CSO2	Country Status Overviews (second round)	RSH	Rural sanitation and hygiene
EU	European Union	RWS	Rural water supply
FMoWR	Federal Ministry of Water Resources	RWSSA	Rural Water Supply and Sanitation Agency
GDP	Gross domestic product	SMoWR	State Ministries responsible for water resources
GNI	Gross national income		
HH	Household	SON	Standards Organization of Nigeria
JMP	Joint Monitoring Programme (UNICEF/WHO)	SSA	Sub-Saharan Africa
LGAs	Local Government Areas	SWA	State Water Agency (or Board)
M&E	Monitoring and evaluation	SWAp	Sector-Wide Approach
MDG	Millennium Development Goal	UNICEF	United Nations Children's Fund
MIC	Middle-income country	USH	Urban sanitation and hygiene
MTEF	Medium-Term Expenditure Framework	UWS	Urban water supply
NCWR	National Council on Water Resources	WASH	Water, sanitation and hygiene
NEEDS	National Economic Empowerment and Development	WES	Water and Environmental Sanitation Departments
NGO	Nongovernmental organization	WESCOMS	Water and Environmental Sanitation Committees
NW&SP	National Water and Sanitation Policy	WHO	World Health Organization
NWP	Draft National Water Policy	WIMAG	Water Investment Mobilization and Application Guidelines
NWRI	National Water Resources Institute	WSP	Water and Sanitation Program
NWRMS	National Water Resources Management Strategy	WSS	Water supply and sanitation
NWRS	National Water Resources Strategy	WSSBS	Water Supply and Sanitation Baseline Survey
NW-SP	National Water Sanitation Policy	WSSSRP	Water Supply and Sanitation Sector Reform Programme
O&M	Operations and maintenance		
OPEX	Operating expenditure		

Exchange rate: US\$1 = 130 Naira.²

1. Introduction

The African Ministers Council on Water (AMCOW) commissioned the production of a second round of Country Status Overviews (CSOs) to better understand what underpins progress in water supply and sanitation and what its member governments can do to accelerate that progress across countries in Sub-Saharan Africa (SSA).³ The African Ministers' Council on Water (AMCOW) delegated this task to the World Bank's Water and Sanitation Program and the African Development Bank who are implementing it in close partnership with UNICEF and WHO in over 30 countries across SSA. This CSO2 report has been produced in collaboration with the Government of Nigeria and other stakeholders during 2009/10.

The analysis aims to help countries assess their own service delivery pathways for turning finance into water supply and sanitation services in each of four subsectors: rural and urban water supply, and rural and urban sanitation and hygiene. The CSO2 analysis has three main components: a review of past coverage; a costing model to assess the adequacy of future investments; and a scorecard which allows diagnosis of particular bottlenecks along the service delivery pathway. The CSO2's contribution is to answer not only whether past trends and future finance are sufficient to meet sector targets, but what specific issues need to be addressed to ensure finance is effectively turned into accelerated coverage in water supply and sanitation. In this spirit, specific priority actions have been identified through consultation. A synthesis report, available separately, presents best practice and shared learning to help realize these priority actions.

2. Sector Overview: Coverage and Finance Trends

Coverage: Assessing Past Progress

Data from the Water Supply and Sanitation Baseline Survey (WSSBS), gathered in 2007, reported a national access figure of 54.3 percent for water supply and 65.6 percent for improved sanitation. That survey also found that 18.8 percent of the population resorts to open defecation (22 percent of the rural and 5.7 percent of the urban population).

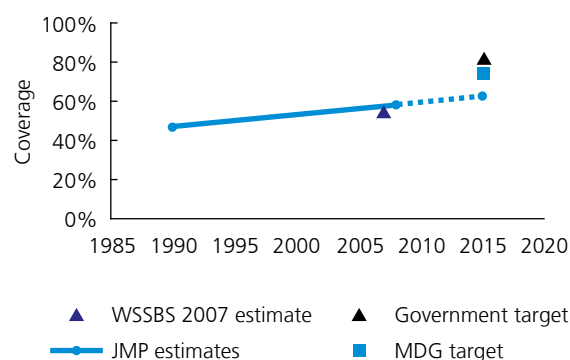
The CSO2 also compares countries' own estimates of coverage with data from the UNICEF/WHO Joint Monitoring Programme (JMP).⁴ The impact of these different coverage estimates on investment requirements is also assessed. According to the JMP, access to improved water supply in Nigeria nationally was 47 percent in 1990, with 79 percent (27 million) of the urban population of 34 million having access, compared to 30 percent (19 million) of the 63 million people living in rural areas. By 2008 the percentage of the population with access had increased to 58 percent (86 million), spread across 75 percent of the urban population and 42 percent of the rural population.

The 2008 access data implies that as many as 63 million Nigerians have no access to improved water supply. In respect of sanitation, the JMP reports that 37 percent of the total population had access to improved sanitation facilities in 1990. In addition, a further 26 percent used shared facilities, which are not considered improved. By 2008, 32 percent of the total population had access to improved sanitation, indicating a fall in the percentage of people served, even though the absolute number of people with access increased by 11.5 million. Of those without access to improved sanitation, 26 percent use facilities which are shared, 20 percent use unimproved facilities and 22 percent (33.3 million) practice open defecation.

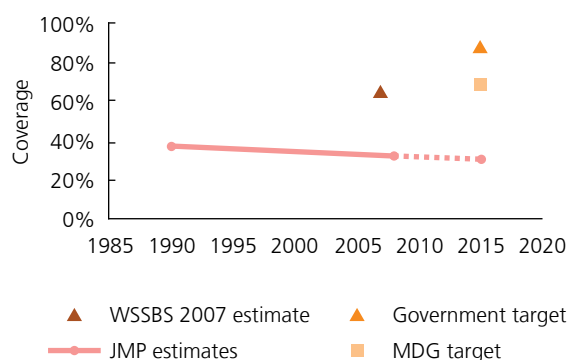
Data differences between the two sources are not very significant for water supply (54 percent vs. 58 percent). The difference is much greater in the case of sanitation where the WSSBS access figure of 65.6 percent contrasts with the 32 percent estimated by the JMP. This is principally because the definitions differ: the WSSBS figure includes shared facilities, which are not considered improved by JMP definition.

Figure 1
Progress in water supply and sanitation coverage

Water supply



Sanitation



Sources: WSSBS 2007, MDG Office (2007), and JMP 2010 report.

The overall national access figures, however, mask wide disparities in access among Nigeria's 36 states. For example, the WSSBS data indicate that whereas water supply access in Lagos state was 81 percent in 2007, that for Sokoto state was 13 percent. Similar disparities exist in the case of sanitation, ranging from Kano's 97 percent access to Bayelsa's 12 percent.

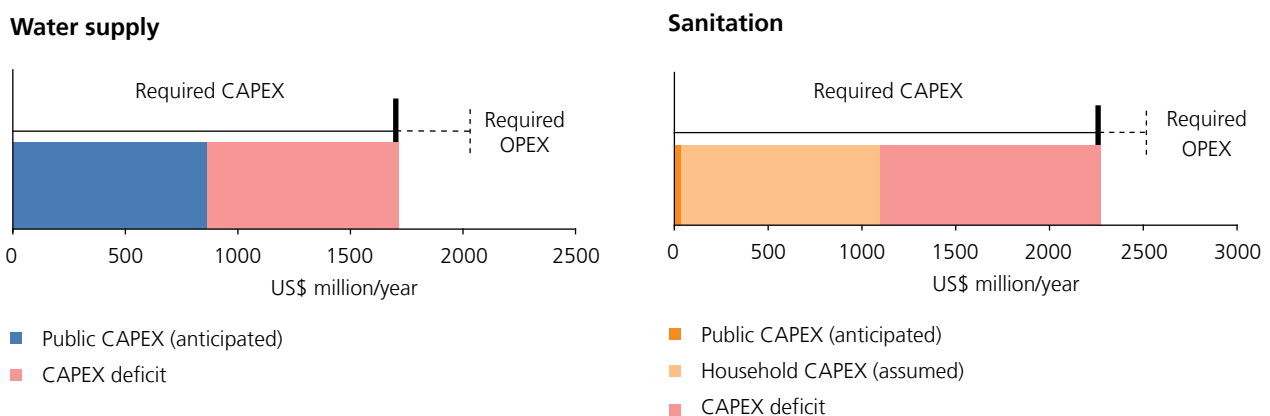
Two sets of targets for 2015 are depicted in Figure 1: the MDG targets as derived from the 2010 JMP report, as well as government targets issued by the Millennium Development Goal (MDG) Office. Based on the JMP trend line Nigeria could miss the water supply MDG target of 74 percent by about 12 percentage points, and the 82 percent MDG target by a greater margin. The JMP trend line for sanitation is negative, with the result that the MDG target of 69 percent could be missed by a very wide margin if progress is not accelerated, while the MDG Office target of 88 percent is again an even more distant prospect. Figure 1 also shows the government estimates from the WSSBS 2007, starkly illustrating the higher sanitation coverage if shared facilities are included. If one considers that the 2000 National Water and Sanitation Policy (NW&SP) had in fact aimed for universal access by 2011, it is clear that Nigeria is way off both the MDG targets as well as the more ambitious targets set previously in the policy and other initiatives. It should be appreciated, however, that given their stronger performance, some states are more likely to achieve their (localized) MDG targets, whilst many others will not be able to do so.

Investment Requirements: Testing the Sufficiency of Finance

Two estimates of investment required to meet the MDG targets are compared in this report. The Nigeria MDG Office estimates that US\$2.5 billion is required annually to meet the water supply and sanitation targets between 2007 and 2015—an average US\$15 per capita. The investment cost is almost equally split between water supply and sanitation.⁵ The report conceded some of the challenges in estimating the investment requirements, such as (a) the nonavailability of comprehensive data; and (b) the difficulty in quantifying or assigning percentages with regard to infrastructural decay.

The CSO2 costing model was used to provide alternative estimates of required investment, utilizing input data including coverage from the JMP 2010 report, along with population and the mix, unit costs, and lifespan of technologies derived from the MDG Office. According to the CSO2 model annual financing required to achieve the MDG targets for Nigeria is estimated at US\$1.7 billion for water supply and US\$2.3 billion for sanitation. The financing requirements can be further disaggregated into rural water supply (RWS) (US\$604 million per year), urban water supply (UWS) (US\$1.1 billion per year), rural sanitation (US\$1.1 billion per year) and urban sanitation (\$1.2 billion per year) (see Figure 2 and Table 1).

Figure 2
Required vs. anticipated (public) and assumed (household) expenditure



Source: CSO2 costing.

Table 1
Coverage and investment figures⁷

	Coverage		Target ⁸ 2015	Population requiring access	CAPEX requirements		Anticipated public CAPEX			Assumed HH CAPEX	Total deficit
	1990	2008			Total	Public	Domestic	External	Total		
	%	%	%	'000/year	US\$ million/year						
Rural water supply	30%	42%	69%	4,569	604	604	350	84	434	0	170
Urban water supply	79%	75%	95%	4,927	1113	1113	350	94	444	0	669
Water supply total	47%	58%	82%	9,507	1716	1716	700	178	878	0	839
Rural sanitation	36%	28%	87%	8,434	1051	0	0	14	14	1051	-
Urban sanitation	39%	36%	89%	8,059	1225	612	0	15	15	15	1195
Sanitation total	37%	32%	88%	16,655	2276	612	0	29	29	1066	1181

Source: For coverage, JMP 2010 report; for targets, MDG Office 2007; for investment data, CSO2 costing.

The CSO2 costing model also compares required investment with anticipated investment from government, donors—including nongovernmental organizations (NGOs)—and users, to derive the expected annual finance gap. It has been difficult to establish the extent of the financing gap given the weak reporting of sector spending at various levels of government. An analysis of the sector investments in selected states indicates an average annual state level spend of some US\$15 million—from which an annual national spending of around US\$550 million can be inferred. A higher figure of US\$700 million per year has been applied in the costing. A little over US\$200 million per year is expected from donors and NGOs, mainly for the water supply subsector.

The costing model also incorporates assumed user contributions to sanitation capital investments (hardware). In the case of rural sanitation, the adoption of Community-Led Total Sanitation (CLTS) implies that the full hardware costs of sanitation must be met by users. However, CLTS also requires government to catalyze the adoption of latrines by communities through promotion, marketing, and other 'software' activities. There is little evidence of capacity or funding for this in Nigeria, which would mean the substantial assumed household spending on capital (CAPEX) depicted in Figure 2 is unlikely to materialize.⁶ In the case of urban sanitation, the model assumes users will contribute 50 percent of the costs, on average, across technologies. For this subsector the model assumes that public finance will have a leveraging effect: each dollar

Table 2
Annual O&M requirements

Subsector	O&M US\$ million/year
Rural water supply	92
Urban water supply	233
Water supply total	325
Rural sanitation	94
Urban sanitation	154
Sanitation total	249

Source: CSO2 estimates.

invested in public subventions will leverage a dollar from households in return. However, anticipated public finance for urban sanitation is marginal, restricting the leveraging of user contributions in turn (these issues are explained further in Sections 9 and 10).

Total anticipated investment is therefore less than what is required under the more modest estimates from the MDG Office. Relative to the CSO2 costing estimates, anticipated investment is even more starkly insufficient (Figure 2).

There are a number of reasons why the above depiction of required investments may be underestimated. The first is the need to cover operating expenditure (OPEX) requirements, estimated at US\$325 million for water supply and US\$249 million for sanitation (Table 2). As in many countries, in Nigeria there is an implicit

assumption that operation and maintenance (O&M) costs will be recovered from users, though in practice this is not always achieved. Nigerian utilities are confronted by particularly poor power supplies. This has necessitated high expenditure for the acquisition of generators and the associated running costs. With a tendency for states to subsidize utilities (including meeting salaries of utility staff), operational costs will further reduce the amount available for capital expenditures, or else systems will be run down as a result of a lack of maintenance. In the RWS subsector, many of the states (if not all) do not implement a policy of cost recovery, and water is free in many areas, when it is provided at all.

On the other hand a very strong water resource infrastructure base (in terms of dams operated by River Basin Authorities) has been created in Nigeria to provide

bulk water to utilities, though these have not received adequate O&M expenditure.⁹ Out of 31 billion cubic meters in about 200 multipurpose dams, only 18 percent is effectively utilized.¹⁰ Therefore investment requirements for new dams are unlikely to be a major issue but rehabilitation may be required.

These considerations are only part of the picture. Bottlenecks can, in fact, occur throughout the service delivery pathway—all the institutions, processes, and actors that translate sector funding into sustainable services. Where the pathway is well developed sector funding should turn into services at the estimated unit costs. Where it is not, the above investment requirements may be gross underestimates. The rest of this report evaluates the service delivery pathway in its entirety, locating the bottlenecks and presenting the agreed priority actions to help address them.

3. Reform Context: Introducing the CSO2 Scorecard

Nigeria has demonstrated a clear commitment to ensuring water security over the years through the establishment of relevant institutions and investments in water-related infrastructure. Substantial investments have been made in dams for irrigation and to supply bulk water for drinking water supply. However, most interventions had been centrally driven and local participation and ownership of the processes that ensure sustainability (in conformity with the principles of integrated water resources management) were missing. Poor management of upstream infrastructure (such as dams and bulk water pipelines) invariably affects operations within utilities. In addition, poor maintenance left much of the bulk infrastructure operating well below capacity. The National Water Resources Strategy document noted that “there has been no water resource management in Nigeria to this point, only a top down, supply-driven, development of water resources. This has led to investments which have not been effectively utilized, representing a major waste of government funding which continues until today”.¹¹ The result has been a vicious cycle of unreliable projects that provide services that do not meet consumer needs and for which the consumers are unwilling to pay.¹²

In respect of drinking water supply and sanitation (WSS), various policy reform measures have been taken over the years to define federal, state, and local level actions for service delivery and to meet the targets to which the country has committed. The reform strategy for WSS has been encapsulated in Nigeria’s 2004 National Economic Empowerment and Development Strategy (NEEDS) and other policy documents, including the 2004 Final Draft National Water Policy (NWP), the 2004 National Water Sanitation Policy (NW-SP) and the 2006 National Water Resources Management Strategy (NWRMS). These attempt to address the main sector challenges identified, including: (a) clear and coherent regulation; (b) clear definitions of functions and relationships of sector institutions; (c) coordination; (d) dwindling funds; (e) reliable and adequate data for planning; (f) decentralization—for efficiency, performance, and sustainability; (g) accountability; (h)

autonomy of water supply agencies; and (i) technical and financial capacity building to efficiently manage the water delivery system.¹³ As a more sanitation-focused document, the NW-SP also aims to address such issues as health and hygiene education, relevant operational research, efficient and affordable sanitation systems, roles of government and all other stakeholders including funding arrangement and relevant legislation.

A number of key reforms are awaited, including the passage of the Draft National Water Resources Bill, April 2007 by the federal legislature. The Bill contains provisions for the equitable, beneficial, efficient, and sustainable use and management of the nation’s surface water and groundwater resources and will establish a new institutional framework for Nigeria’s water resources. It is largely informed by the NWP. The Water Investment Mobilization and Application Guidelines (WIMAG) are awaiting adoption and roll-out. WIMAG provides guidelines on best practice investment in water supply services, including clear and enforceable standards of service performance, operation, and management at the state level. States are required to sign up to WIMAG through a Memorandum of Understanding with the federal government to enable them to enjoy complementary funding of WSS in the states.

A significant policy move is that of redefining the role of government as a regulator, facilitator, and co-coordinator, rather than an implementer. A regulatory body will be created to provide for the monitoring and setting of standards for water service tariffs.¹⁴ A number of guidelines for the subsectors to support implementation at state level and for water quality monitoring have been developed by the Federal Ministry of Water Resources (FMoWR).

In addition, the model Water Supply Services Regulatory Law (WSSRL) aims to promote sound water laws and policies (consistent with the NWP) through the establishment of a clear legal basis for powers of a regulator and the separation of functions between the government (policy and planning), the regulator and the water services

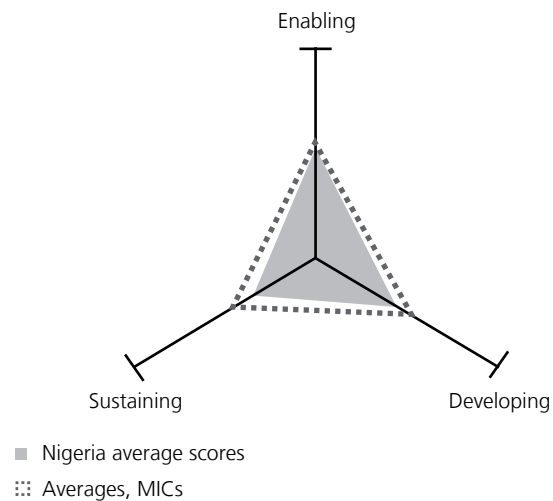
providers (including state water agencies), among others. The model is intended to serve as a basis for water reform legislation to be considered by the participating states' Houses of Assembly, in conjunction with the relevant stakeholders.

This recent history puts the service delivery pathway in context, which can then be explored in detail using the CSO2 scorecard, an assessment tool providing a snapshot of reform progress along the service delivery pathway. The CSO2 scorecard assesses the building blocks of service delivery in turn: three building blocks which relate to enabling services; three which relate to developing new services; and three which relate to sustaining services. Each building block is assessed against specific indicators and scored from 1 to 3 accordingly.¹⁵ The scorecard has been prepared for the federal level and does not fully capture the diversity of service delivery pathway development at the state level. Therefore the results should be interpreted with some caution. As appropriate, observations have been made based on knowledge of the sector at state levels.

An examination of the 'enabling', 'developing', and 'sustaining' building blocks indicates that overall Nigeria falls slightly behind its peer group, of middle-income countries (MICs) participating in the CSO2, in all three areas (Figure 3). In terms of the **enabling** building blocks in the service delivery pathway, the evidence points to substantial efforts at reforms since the early 1990s. However, progress appears to have stalled as policy documents await approval, bills await enactment, and strategies remain in draft.¹⁶ This has also affected progress of reforms at the state level, as states look to the federal government for guidance and support. States are required to develop their State Water and Sanitation Policies informed by the National Water Policy; only a few of them, however, have taken this up. Institutionally, the policy has identified the needed structures at federal, state, and local government levels, with considerable clarity for water supply, while for sanitation leadership is still unclear. Economic regulation—particularly to ensure efficient and accountable operation of utilities—is planned, but still remains on paper, and tariff reviews are seldom. Only Lagos state has established a regulator.

The key challenges regarding **developing** services relate to the stalled implementation of WIMAG, which could

Figure 3
Average scorecard results for enabling, developing, and sustaining service delivery, and peer-group comparison



Source: CSO2 scorecard.

see more resources released by the federal government to the states for investments; and the substantial disconnect between what is required, what is allocated for investments, and what is effectively utilized at state and local levels. Legally there is no opportunity for federal authorities to reprimand states or utilities for nonperformance, and the WIMAG has been intended to play a 'carrot and stick' role by encouraging states to match federal funding, while demanding reforms and best practice in return. Evidence suggests low levels of utilization of funds allocated to the sector, even though there is better performance with respect to donor-led projects. There is annual reporting of expenditure by the better-performing utilities such as Lagos State Water Corporation and Cross River Water Board, but the same cannot be said of all the water utilities.

Poor reporting—of system performance, functionality and availability, outputs, and related expenditures—exacerbates the challenges, particularly given Nigeria's federal structure. In general states do not have a consolidated reporting of sector output and this is mirrored at the national level as little or no data are submitted by the states for consolidation.

The downstream end of the service delivery pathway relates to **sustaining** services. The biggest barrier to sustainability is the lack of cost recovery in both urban and rural water

service delivery. Many utilities have very high nonrevenue water and the absence of adequate regulation and monitoring compounds this. Whilst nominally autonomous state utilities' reliance on state budgets, for investments and in many cases to pay salaries of workers, effectively undermines their ability to make autonomous decisions on investment planning, borrowing, procurement, hiring and firing of manpower. It is also unclear at this stage whether CLTS and the no-subsidy policy are having any impact on sanitation uptake; whilst in many of the states there are inadequate numbers of health extension workers to provide needed promotion, backstopping, awareness creation, and monitoring. UNICEF is actively supporting the states to roll out CLTS.

Sections 4 to 6 highlight progress and challenges across three thematic areas—the institutional framework, finance, and monitoring and evaluation (M&E)—benchmarking Nigeria against its peer countries based on a grouping by gross national income. The related indicators are extracted from the scorecard and presented in charts at the beginning of each section. The scorecards for each subsector are presented in their entirety in Sections 7 to 10. The list of priority actions provided at the beginning of each section is based on recommendations from the national CSO2 dialogue and the scorecards from the six states that participated in the CSO2 process.

Table 3
Key dates in the reform of the sector in Nigeria

Year	Event
Early C20 th	Public water supply commences in a few towns managed at the lowest administrative level. Amongst the early beneficiaries are Lagos, Calabar, Kano, Ibadan, Abeokuta, Ijebu Ode (Ogun state), and Enugu. Schemes maintained with revenue from water sales with virtually no operational subvention from government
1950s	Financial and technical responsibilities for developing new water schemes assumed by regional governments
1966	First water corporation formed in the Western Region in 1966 to take over assets and liabilities, and existing staff. Staff of Water Division, Ministry of Works transferred to new corporation
1970s	Formation of water corporations spreads to all 36 states and the Federal Capital Territory, with water boards/corporations or public utilities managing their water supply
1979+	Agricultural Development Programs (ADPs) rolled out in many states with rural water supply components as a means of improving the lives of farmers
1976	Federal Ministry of Water Resources and 11 River Basin Development Authorities (RBDAs) created. RBDAs to provide bulk water for irrigation, drinking water supply, among others
1993	Water Decree 101, the principle legislation governing the utilization and pollution control of the water resources
2000-06	Preparation of key policy and strategy documents, guidelines, model laws including: National Water and Sanitation Policy (2000), National Water Policy (2004), National Water Sanitation Policy (2006), National Water Resources Strategy (2006), Draft National Water Bill, WIMAG

4. Institutional Framework

Priority actions for institutional framework

- Support the completion of the preparation of state water policies.
- Clearly identify an institutional home for sanitation.
- Promote the private sector to provide goods and services as government exits service provision.
- Undertake phased establishment of regulatory commissions in all states (as proposed by the NWP).

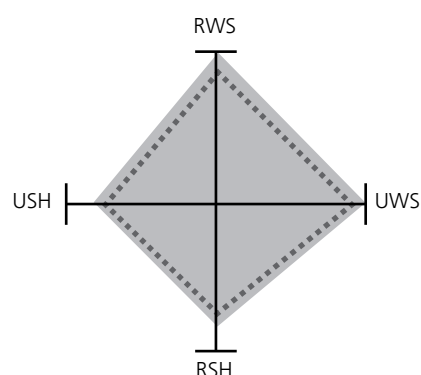
Nigeria scores well against scorecard indicators relating to the institutional framework for service delivery (Figure 4), outperforming the average for its economic peers. But it should be appreciated that this is the situation at the federal level where substantial progress has been made to define institutional roles and develop sector policies. The situation is different in many states, where there is need for further reform—developing state water policies, setting state level targets, building capacities, reviewing the edicts of state water utilities, among others—to guide sector development and drive sector progress. Given that actual service delivery takes place at the state and local levels, these scores should therefore be interpreted with

some caution. Figure 5 outlines the key institutions in the sector and their principle roles.

Framework for water supply, sanitation and hygiene delivery: The mandate for water supply is clear at the level of the federal government. To a large extent this is true for water-borne sanitation as well, as the FMoWR has been assigned that oversight role. Whilst a few states have ministries dedicated solely to water (for example, Kaduna state), in others the responsibilities are less clear and the water portfolio may be combined with agriculture, environment, community development, health or spread over a number of institutions. In such cases water supply has less visibility and some projects have made the establishment of ministries responsible for water one of their goals, for instance, the European Union's (EU's) Water Supply and Sanitation Sector Reform Programme (WSSSRP). The responsibility for sanitation at the state and local government levels is even less clear and in most cases it is shared among a number of different authorities: health, water resources, and environment.

Regulation: There is as yet no effective regulation of service providers in Nigeria. As far as it occurs, service regulation is undertaken by state ministries and, in many instances, tariffs are set with little regard to the cost of service provision. Service quality, particularly in urban utilities, has considerably reduced, with frequent supply interruptions, high levels of nonrevenue water and poor customer engagement.¹⁸ The NWP seeks to address this through the establishment of regulatory agencies at both state and federal levels, with the purpose of clearly separating roles of policy formulation, regulation, and service provision, as well complementing the expected involvement of the private sector.

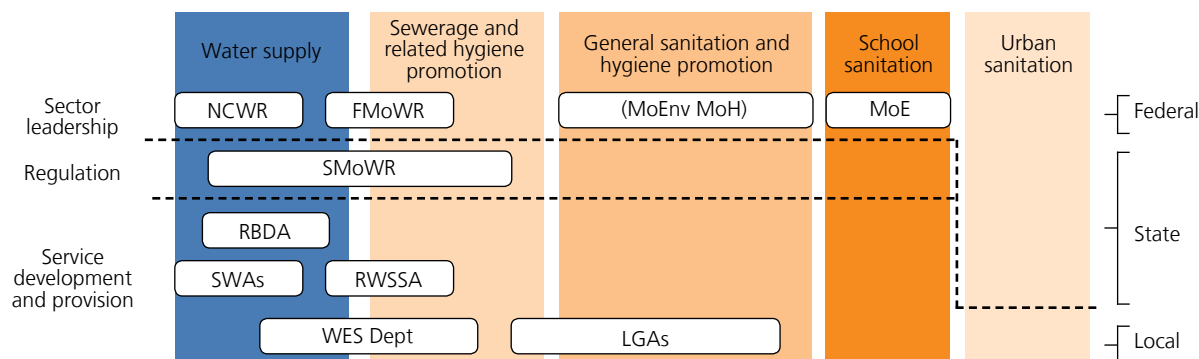
Figure 4
Scorecard indicator scores relating to institutional framework compared to peer group (see endnotes)¹⁷



■ Nigeria average scores
::: Averages, MICs

Source: CSO2 scorecard.

Figure 5
Institutional roles and relationships in the water supply and sanitation sector



NCWR, National Council on Water Resources: The highest water resources policy formulating body, chaired by the Federal Minister of Water Resources including representatives from the Federal Ministry of Environment and all State Government Commissioners for Water Resources.

FMoWR, Federal Ministry of Water Resources: Has overall responsibility for the management of water resources and is the custodian and implementer of the National Water Policy and water-related sanitation. Functions relating to WSS are carried out through the **Directorate of Water Supply and Quality Control (WS&QC, not shown)**.

Other ministries: The Ministry of Environment (MoEnv) is largely responsible for urban sanitation, mostly sewerage. At state level State Ministries of Environment oversee environmental sanitation. The Ministry of Health (MoH) and Ministry of Education (MoE) have roles in formulating community sanitation and hygiene, and school hygiene programs, respectively.

NWRI, National Water Resources Institute: Provides training and education, data collection, and dissemination services in the field of water resources development (not shown).

RBDAs, River Basin Development Authorities/Boards: Charged with the development, operation, and management of reservoirs within their catchment area and provide bulk water supply for water utilities and for irrigation. In the past some RBDAs provided borehole water to communities.

SMoWRs, State Ministries responsible for water resources: Responsible for drinking water supply at the state level. In some states these ministries have been engaged in actual implementation of projects contrary to the policy intentions to keep ministries to policy, regulation, and monitoring.

SWAs, State Water Agencies or Boards: Responsible mainly for urban and semi-urban water supply. In many states separate agencies exist for rural water supply.

RWSSAs, Rural Water Supply and Sanitation Agencies (State Rural Water and Sanitation Agencies): Provision of potable water to rural communities and improving sanitation and hygiene (latrine construction, hygiene education). Intended roles are facilitation and support to LGAs to implement WSS programs.

WES Depts, Water and Environmental Sanitation Departments: Established within local governments to oversee the delivery of water and sanitation services, and provide support to communities in the facilities' management, sanitation promotion, and hygiene education.

International and local NGOs: Most NGOs work at the level of the state and local governments. The most visible in water and sanitation is WaterAid, which has partnered some states/local governments to build capacity of the WES Departments and to deliver water, sanitation and hygiene to rural communities (not shown).

LGAs (Local Government Areas): There are 774 LGAs. These are responsible for the establishment, operation, and maintenance of rural water supply schemes and sanitation facilities.

WESCOMS, Water and Environmental Sanitation Committees: Responsible for the management of water and sanitation activities in the LGAs.

Private sector: There are three categories of involvement: (a) construction and drilling works; (b) supplying goods and services, and (c) water service provision. In many states there are a number of small-scale water and sanitation services providers. Not shown.

Facilitation: In many states, a range of ministries and state agencies compete for space in implementing water supply interventions. For example, rural agencies continue to be the main providers of boreholes and rural water and sanitation facilities instead of playing

a facilitating role and empowering local councils and communities to engage the private sector to play this role. Commercially oriented entities—both the private sector and publicly owned—are yet to play very active roles.

5. Financing and its Implementation

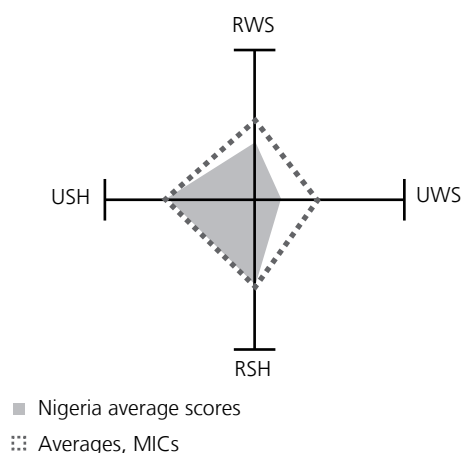
Priority actions for financing and its implementation

- Agree on achievable national and state WSS targets (with MDG requirements as a minimum).
- Prepare Strategic Investment Plans to meet state targets, and develop a financing plan.
- Implement WIMAG to facilitate state-level policy and plan development as well as leverage matching finance for WSS.
- Clearly indicate budget lines for sanitation for greater visibility and improve financial reporting to track sector investments.

The scorecard indicators relating to financing and its implementation range from the development of a Sector-Wide Approach (SWAp) and costed investment program, to the overall sufficiency of finance and extent of utilization (foreign and domestic). As can be seen from Figure 6, indicator scores are in-line with the peer-group average across the sanitation subsectors (though these could also be improved) but below average for the water supply subsectors. For UWS which scores rather poorly, the main challenge related to financing is

inadequate funding, in large part explained by low tariffs and low utilization rates. The difficulty is exacerbated by an absence of stakeholder participation through annual subsector reviews, and absence of real autonomy in operational decision making. Additional obstacles, at both federal and state levels, are the absence of operationalized subsector investment plans tailored towards meeting the MDGs,²⁰ the lack of a SWAp mechanism and the insufficiency of current financing to meet the set national targets. In particular, Nigeria could improve in the following areas:

Figure 6
Scorecard indicator scores relating to financing and its implementation, compared to peer group¹⁹



Source: CSO2 scorecard.

Planning: Plurality of targets: Nigeria's development agenda is set out in NEEDS. Most of what is articulated in NEEDS refers to actions by the federal government, whilst states have prepared their State Economic Empowerment and Development Strategies (SEEDS). A major issue in planning water supply and sanitation interventions in Nigeria is the plurality of national targets that have been developed at different points in time, as illustrated in Table 4.

In addition to the above, the Presidential Water Initiative (PWI) launched in 2003 also aimed to provide, by the end of 2007, 100 percent water and sanitation access in state capitals, 75 percent water and sanitation access in other urban and semi-urban areas, and 66 percent water and sanitation access in rural areas. There is no indication that national budgeting has ever been linked with any of these targets. Furthermore, water and sanitation delivery takes place at the state level where states and local governments

Table 4
Water supply and sanitation coverage estimates and targets from various government sources²¹

Base/Target year	NW&SP (2000)		NEEDS (2005)		NW-SP (2005)		MDG Office (2007)		Vision 2020 (2009)	
	2011	2015	2007	2015	2010	2015	2006	2015	2006	2015
Water (%)	100%	100%	75%				64.6%	82.3%	50%	75%
Sanitation (%)			65%		65%	80%	76.6%	88.3%	35%	65%

exercise control over the resources allocated to them. It is therefore difficult to know to what extent state and local level priorities and spending are feeding into the achievement of the national targets.

Budgeting: Directing finance effectively: A Fiscal Responsibility Act passed at the end of 2007 provides for a comprehensive budgetary planning process derived from the Medium-Term Expenditure Framework (MTEF), and is intended to “redirect governments at all levels to imbibe a fiscal behavior that will promote prudence and sound financial management in the system”. Essentially, the law sets out a general framework for budgetary planning, execution, and reporting that is applicable to all levels of government. However, the budgeting and channeling of resources into water supply and sanitation remains a weak area.²² In addition obtaining budget expenditure figures at state and local levels is very difficult, as experience during the CSO2 process showed.

Adequacy of financial commitments: The true extent of funding for WSS nationally is difficult to obtain. Preliminary findings from a Sector Investment Profile Study undertaken on behalf of the Nigerian Water and Sanitation Monitoring Platform covering the period 2000–07 estimated that an average of US\$154 million (Naira 20 billion) is allocated to the states annually by the federal government for WSS. There were, however, considerable disparities in the allocation made by the federal government to the states, ranging from US\$67 million to US\$1,827 million (0.21 percent to 5.7 percent of total allocated funds) between the years 2003–07. As far as could be discerned, no formula is used for the allocation of water supply and sanitation funds to the states. Available figures also show that there was a consistent decline in allocations to the states from the federal government—real and nominal—over 2000–07 from a peak of US\$427 million

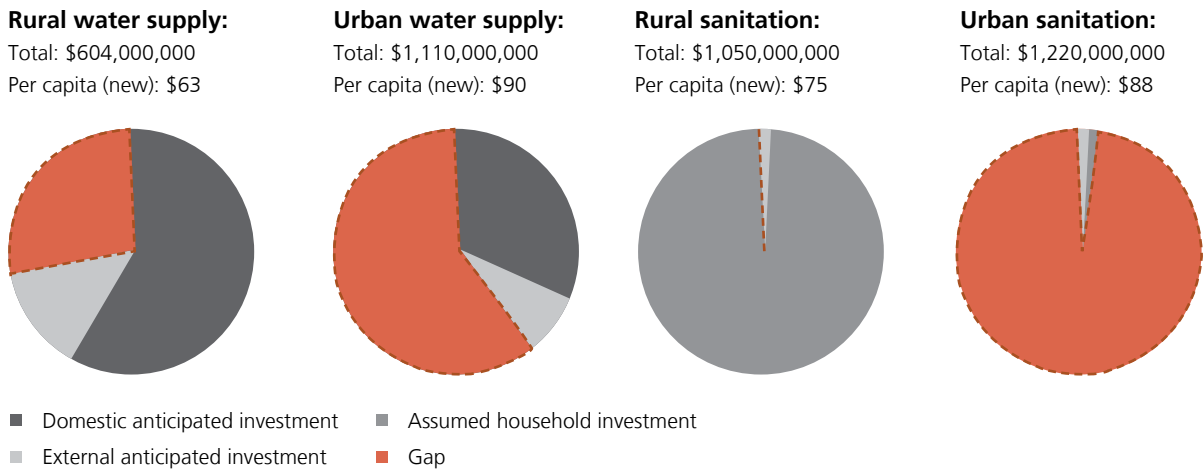
(Naira 42.7 billion) in 2001 to US\$98 million (Naira 12.5 billion) in 2006.

In respect of funding by state governments, the findings from the study for 2000–07 in respect of the 12 states and the federal capital territory that were covered indicated that an average of US\$15 million (highest US\$24 million and lowest US\$10 million) was allocated to water supply annually by the states from their own revenues. In respect of sanitation an average of US\$3.7 million (highest US\$6.1 million and lowest US\$1.6 million) was allocated. The percentage of the total annual state budgets allocated to water supply and sanitation ranged between 4.8 percent and 9.9 percent in the case of water supply and from 0.7 percent to 3.1 percent in the case of sanitation. Even within the individual states the proportions and amounts varied considerably from year to year.

Actual disbursements from allocated budgets varied considerably among the states, and also from year to year, and in general were below 60 percent. In some cases no more than 10 percent of funds allocated were disbursed. Some states, however, showed consistently high levels of disbursements, notably Cross River State (above 90 percent in some years).

Aid to the water supply and sanitation sector is quite minimal in relation to total domestic sector outlays, as can be seen from Figure 7, which provides best estimates of anticipated contributions from government, donors (and NGOs) and users, relative to requirements. However, donor funds have contributed significantly to sector reform and governance.²³ There is as yet no SWAp mechanism at either the federal level or the state level for donor coordination, harmonization, and alignment. There is also a notable absence of comprehensive sector investment plans which could inform budgetary allocations.

Figure 7
Overall annual and per capita investment requirements and contribution of anticipated financing by source²⁴



Source: CSO2 costing.

Criteria for allocation of finance: As an innovative mechanism awaiting implementation, WIMAG provides guidelines on best practice investment in water supply services. Its aim is also to provide a single mechanism by which funding for capital works projects in urban water services can be made available from the federal government to the states and applied. To support the implementation of WIMAG, participating states are required to undertake a set of legal and institutional reforms in the water supply services sector in return for complementary funding (50

percent) from the federal government. WIMAG sets out required actions (in relation to investment management and planning, operational management, PSP contracts, project design, and implementation) and a set of performance indicators to be used in assessing overall performance improvements by water service providers. Its implementation will add additional funding to the sector and is likely to bring more accountability to sector investments, and stakeholders have called for its speedy implementation.

6. Sector Monitoring and Evaluation

Priority actions for sector monitoring and evaluation

- Implement the framework for M&E which remains on the drawing board.
- Institutionalize an Annual Sector Review dedicated to drinking water and sanitation.
- Prepare annual consolidated sector output.

As a federation with 36 states, one federal territory and 774 local government areas (LGAs), each with considerable fiscal authority and autonomy in service delivery, M&E in Nigeria’s water supply and sanitation sector has been a major challenge. A common framework for M&E has been designed and sector actors have met to agree indicators and definitions in 2008, but it is yet to be rolled out. The framework envisages gathering data on assets, planning, operational performance of service providers, and possibly capturing impact (for example, health outcomes) using the various agencies at local, state, and federal levels. Figure 9 shows the intended flow of information in the framework. Figure 8 indicates that while Nigeria performs below the peer-group average for scorecard indicators related

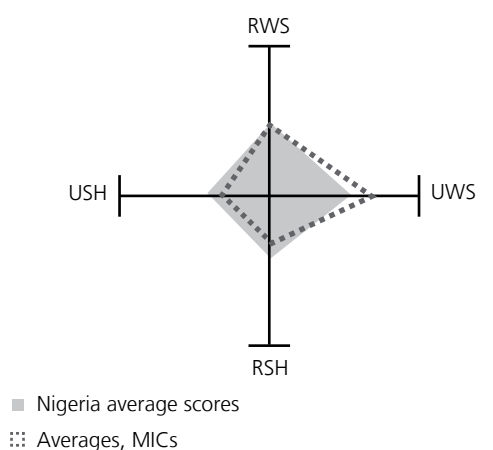
to M&E in the water supply subsectors, it nevertheless outperforms the group in the sanitation subsectors. User surveys (both by the national statistical authority and the FMoWR) have provided outcome data that are used for planning purposes. A number of weaknesses in the sector’s M&E are discussed here.

Absence of unit cost data: There is a notable absence of unit cost data in Nigeria. As WSS services are delivered through multiple institutions at different levels of government, unit costs for the development of new water and sanitation facilities in both rural and urban areas are needed for benchmarking, planning, and ensuring transparency and accountability in procurement.

Water quality: Through the combined efforts of UNICEF, the Standards Organization of Nigeria (SON), and the Federal Ministries of Water, Environment and Health, a major regulatory tool—the Nigerian Standard for Drinking Water Quality, NIS 554:2007—has been established through extensive consultation with stakeholders. All drinking water producers are expected to comply with the Standard. The FMoWR has also set up a Core Group on Water Quality, which has initiated the program ‘Community-Based Water Quality Surveillance, Household Water Treatment and Safe Storage’. The program is expected to be piloted in the six states of Zamfara, Taraba, Niger, Cross River, Ebonyi, and Oyo.

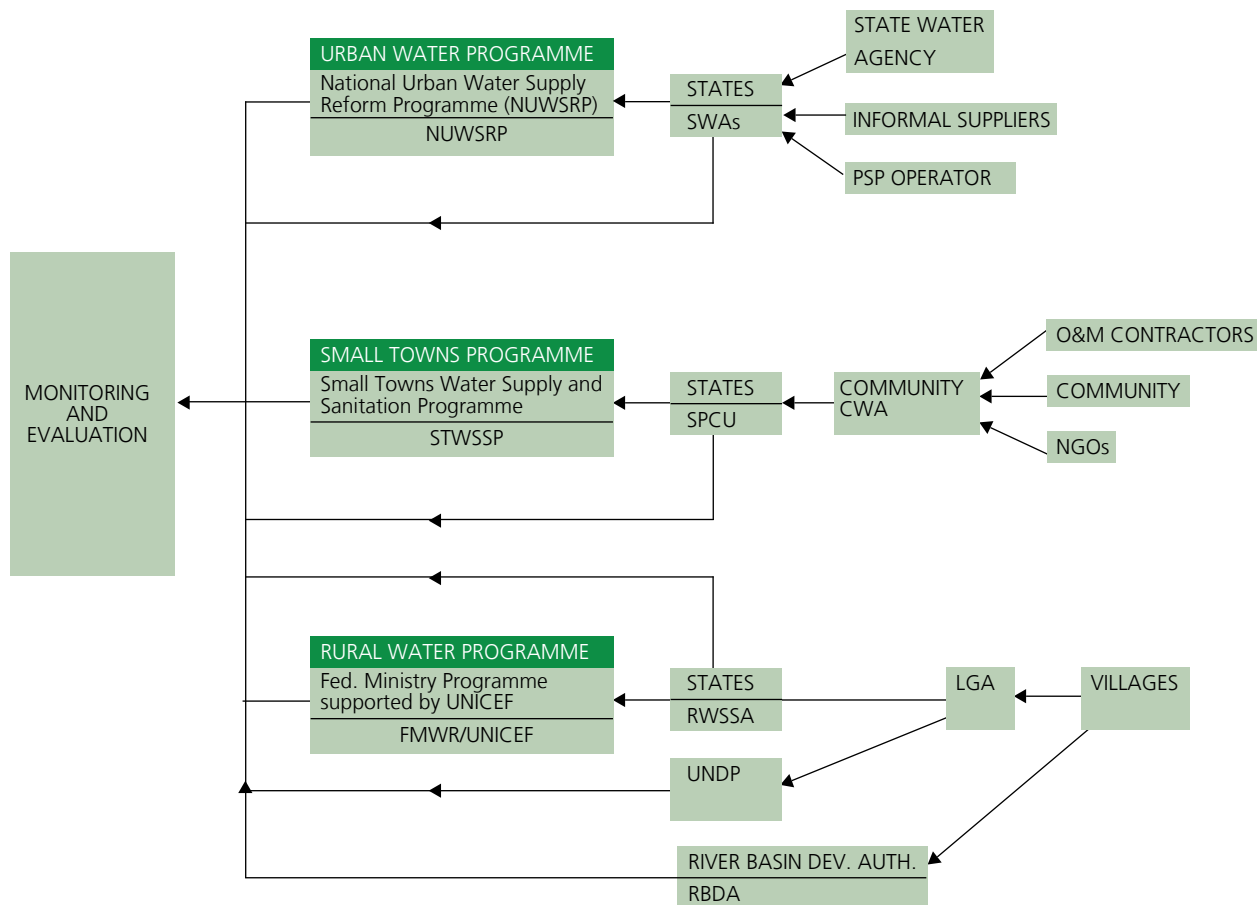
Reporting on expenditure vs. commitments: The CSO2 review was not able to discern any regular and comprehensive reporting of sector expenditure against allocations. In 2008, UNICEF, through the Nigeria Water and Sanitation Monitoring Platform (an ACP-EU funded

Figure 8
Scorecard indicator scores relating to sector M&E, compared to peer group²⁵



Source: CSO2 scorecard.

Figure 9
Proposed M&E data flow in Nigeria’s water sector



Source: FMoWR. 2004. Nigeria: Framework for Monitoring and Evaluation of the Water Supply and Sanitation Sector.

project) commissioned a study to analyze sector investment in 12 states (two from each of the geopolitical zones of the country) and three local governments (one from each of the three senatorial districts). There have also been two Public Expenditure Reviews (PER) undertaken for Kaduna and Cross River states. All studies reported challenges with accessing adequate data at state and LGA levels. The Federal Annual Budget Statements capture allocations to states, but hardly report any sector outputs.

Consolidated output reporting: There is no consolidated reporting of national output, and in most cases this is also missing at state level, where implementation actually occurs. Consequently there is little data to provide

an indication of (supply-side) coverage, functionality or performance of utilities in extending their networks. The closest to obtaining such information was the one-off national WSSBS of 2007. Discussions with federal officials, nonetheless, indicate a regular interaction with states on the development of policy and monitoring of reforms. In the rural water supply and sanitation subsectors, where UNICEF has been very active supporting states to implement programs, there is a regular forum for review of activities at state level.

Analysis of equity: Nigeria has a formula-based Revenue Allocation System which shares revenues from the Consolidated Fund with state and local

governments. Much of this revenue has been derived from petroleum and mining rents and royalties. In relation to allocations to the states made by the federal government for WSS, no established or published criteria were found. However, there have been two projects carried out by the federal government that shared project activities equally between the states, though this does not necessarily meet the test of equity. These are: (a) 'Improved National Access to Water Supply and Sanitation 2000', implemented between 2000–02, under which states received equal shares of project components (rehabilitation of boreholes, new handpump boreholes, and motorized boreholes); and (b) 'Constituency Water Supply Project', implemented through members of the National Assembly between the years 2005 and 2007, and in which states received

equal financial allocations.²⁶ Resources were allocated irrespective of the differing needs of the states.

Creating a dedicated annual review process for WSS:

There is no dedicated annual review for the water supply and sanitation sector. An annual conference of the National Council on Water Resources is held, dedicated to a discussion of policy and implementation issues in relation to water resources management. Drinking water supply and sanitation are reported in this forum, but the representation and time given to WSS is inadequate. A dedicated WSS annual review using the Country Status Overview format—that has been tested in six states—would enable regular tracking of state-level reform, implementation, and operational performance.

NOTE: Federal level scores mask significant state level variation

The presentation and discussion of coverage and investments which follow in Sections 7 to 10 are based on the CSO2 costing, using national access data and targets. The subsector scorecard results presented in this report are based on a scorecard assessment undertaken by sector actors at the federal level. They should, therefore, be interpreted with that understanding as they will differ from those at the state level, **where service delivery actually takes place**, and results also vary widely across states. The team's scorecard assessment was not undertaken separately for the urban sanitation and hygiene subsector as there is little to distinguish the urban from rural service delivery pathway for the subsector at the federal level. The urban and rural sanitation service delivery pathways are, however, distinct at state level and conclusions are supported by findings of various underlying state level studies.

The accompanying commentary on the scorecard relates to those building blocks/factors that are relevant at the federal level, and can in turn help drive/facilitate service delivery at the state and local levels. These include the presence, and implementation, of sector policies and strategies (which should inform state level policies); effective regulation; availability of funding; and effective sector M&E including measurement of sector performance through mechanisms such as annual reporting of outputs, and existence of annual reviews.

7. Subsector: Rural Water Supply

Priority actions for rural water supply

- Establish Rural Water and Sanitation Agencies in states where this has not been done and limit their roles to facilitation and capacity building of LGAs.
- Increase the pace of implementation of the Framework for Rural Water and Sanitation Delivery, emphasizing community ownership and management.

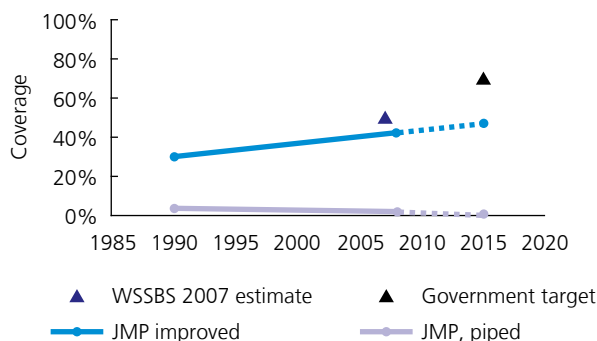
RWS in Nigeria was estimated by the WSSBS 2007 at 49.9 percent. This contrasts with the JMP's estimate of 42 percent in 2008, up from 30 percent in 1990. According to the JMP, over 1990–2008, household connections decreased from 4 percent of the rural population to 2 percent indicating a greater emphasis on other options for improved water supply. As shown in Figure 10 if the current trend continues, Nigeria will miss the rural share of the national (MDG Office) target for water supply by a significant margin (22 percentage points).

The CSO2 cost model estimates a total annual capital investment requirement of US\$604 million for RWS, to meet the above-mentioned target, of 69 percent coverage by 2015. This figure assumes that there is no user contribution from users as many of the states do not

currently implement a policy of cost sharing. If rural users were required to contribute 10 percent of the investment costs of water supply facilities, total public investment requirements could be reduced by some US\$60 million. Additional OPEX requirements are estimated at US\$92 million per year—currently this is either a real or deferred burden on public finance, since recovery of O&M costs from user fees is rare for rural and small town schemes.

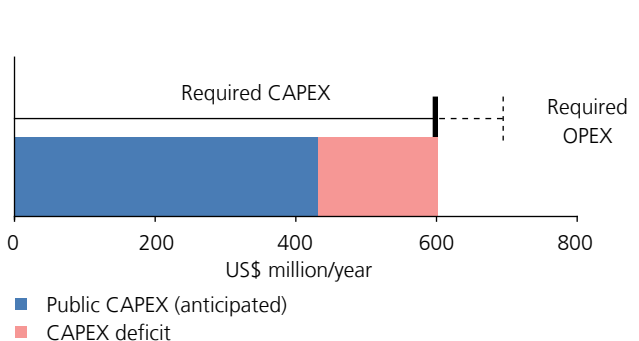
Figure 12 shows the scorecard results for the subsector, providing a snapshot of the service delivery pathway. The scorecard uses a simple color code to indicate: building blocks that are largely in place, acting as a driver on service delivery (score >2, green); building blocks that are a drag on service delivery and require attention (score 1–2, yellow); and building blocks that are inadequate,

Figure 10
Rural water supply coverage



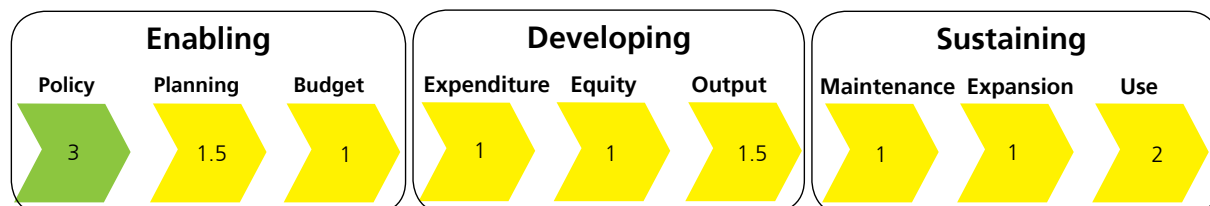
Sources: WSSBS 2007, MDG Office (2007), and JMP 2010 report.

Figure 11
Rural water investment requirements



Source: CSO2 costing.

Figure 12
Rural water supply scorecard



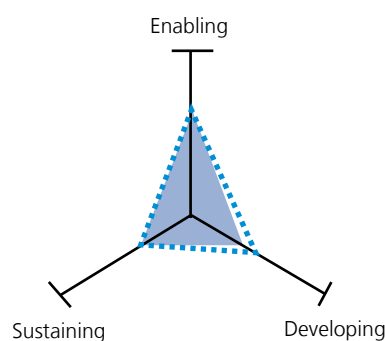
Source: CSO2 scorecard.

constituting a barrier to service delivery and a priority for reform (score <1, red).

The scorecard results as captured in Figure 12 show that in relation to **policy** formulation (presence of subsector policies, nationally recognized targets and clarity of institutional roles), the subsector has made some gains at the federal level. However, the translation of policy principles into actionable plans and budgets has been weak: the scorecard shows lower scores for **planning** and **budgets** due to the absence of a SWAp, dedicated annual review, and inadequate finance. Among states, only a few have promulgated state water policies that provide direction on critical issues such as cost recovery, regulation, and separation of roles between policy making and service provision.

The scorecard also indicates the limited progress that has been made in putting in place building blocks for developing new services, and sustaining them once in place. **Equity** of service development is restricted by the lack of consistently applied criteria for allocating funds, or procedures for local participation in planning and budgeting. Levels of **expenditure** (that is, budget utilization) are low, insofar as they can be diagnosed. Irregular monitoring of functionality, as well as limited cost recovery for this purpose from user fees has restricted **maintenance** of RWS systems. The spare parts supply chain is also considered to be inadequate. Funds for

Figure 13
Average RWS scorecard scores for enabling, sustaining, and developing service delivery, and peer-group comparison



■ Nigeria average scores
 ■ Averages, MICs

Source: CSO2 scorecard.

expansion of RWS systems are even less likely to be obtained from users, and public support and planning for this purpose has been limited.

Figure 13 indicates that the average scorecard results for building blocks related to enabling, developing, and sustaining services are slightly lower than the averages across Nigeria's middle-income country peer-group.

8. Subsector: Urban Water Supply

Priority actions for urban water supply

- Review edicts of water agencies to make them consistent with the National Water Policy.
- Wean urban water utilities off state subsidies for O&M and increase the pace of utility commercialization.
- Undertake regular review of tariffs to permit O&M cost recovery at a minimum.

The WSSBS reported urban water access in 2007 at 69.3 percent. According to the JMP, 79 percent (27 million) of the urban population had access as of 1990, but coverage had dropped to 75 percent (54 million) by 2008. Over the same period 1990–2008, the proportion accessing water through household connections dropped from 32 percent to 11 percent, while the WSSBS reported 12.7 percent as the household connection rate. The lower estimates provided by the WSSBS may be associated with the categorization of the population into rural and urban, as the rural access figure reported by the JMP in 2008 is lower (42 percent) than that reported by the WSSBS for 2007 (49.9 percent).

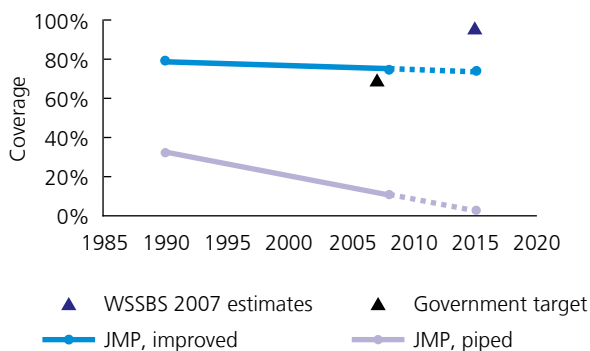
Required CAPEX for UWS is estimated at US\$1.1 billion annually. Against current best estimates of investments by federal, state, and local government, as well as donors

and NGOs, this leaves a financing gap of almost US\$0.7 billion per year. Given the woeful lack of cost recovery, with many utilities dependent on state budgets to even cover salaries of staff, the OPEX requirements of US\$0.2 billion per year will add to the public finance requirements and thereby reduce the amount available for infrastructure expansion and renewal.

Figures 16 and 17 show that scores for UWS are generally lower than those for the rural subsector in the case of building blocks associated with enabling and sustaining services, while the building blocks for developing services score slightly higher.

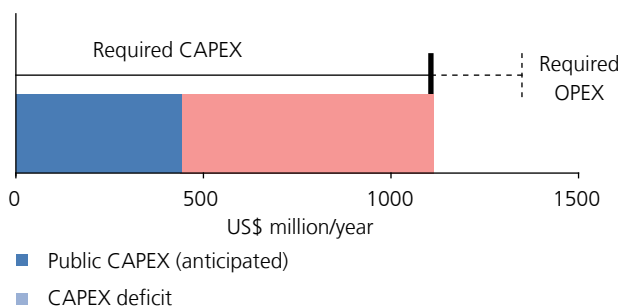
In terms of enabling services, while **policy** issues have been clarified at the federal level, **planning** scores poorly as a result of the lack of sector investment plans (derived from

Figure 14
Urban water supply coverage



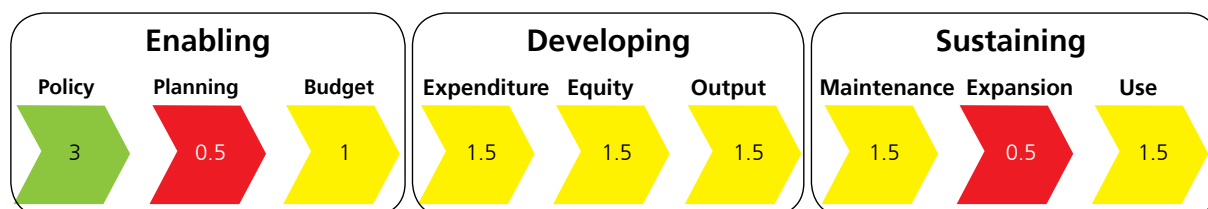
Sources: WSSBS 2007, MDG Office (2007), and JMP 2010 report.

Figure 15
Urban water supply investment requirements



Source: CSO2 costing.

Figure 16
Urban water supply scorecard



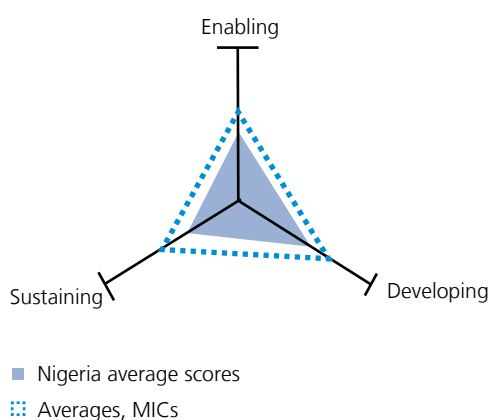
Source: CSO2 scorecard.

state plans—which are also missing) to inform investment decisions. Budgets are inadequate and at present are not reported in an open and transparent way to enable proper monitoring. There are no sector review processes and no SWAp, even though admittedly, donor aid for the sector is very low and does not present major problems for coordination.

The slightly stronger scores related to developing new services arise from clearer reporting of expenditure by some utilities (audited accounts), drinking water quality standards, and dedicated pro-poor planning among urban utilities. However, there is still no systematic application of budget allocation criteria or participatory procedures to increase the equity of service development, nor is output reported in a consolidated format.

As in the rural subsector, a particularly critical barrier to sustaining service delivery is the lack of appropriate tariffs to meet operation and **maintenance** requirements—let alone replacement costs. This not only denies service providers the funds to meet day-to-day expenditures but also compromises the **expansion** of services to the large

Figure 17
Average UWS scorecard scores for enabling, sustaining, and developing service delivery, and peer-group comparison



Source: CSO2 scorecard.

unserved urban population, estimated at around 18 million. Nigeria underperforms against its peers throughout the UWS service delivery pathway (Figure 17).

9. Subsector: Rural Sanitation and Hygiene

Priority actions for rural sanitation and hygiene

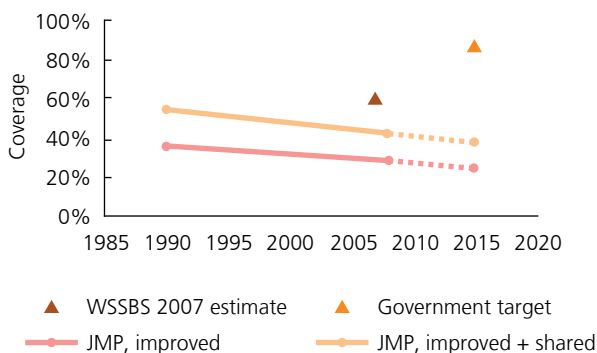
- State governments to prioritize sanitation—putting in place policies, plans, and budgets for sanitation.
- Scale up implementation of CLTS and regularly review its contribution to improving access.
- Improve awareness through advocacy to mobilize the public and private stakeholders on good sanitation and hygiene practices.

Rural access reported by the WSSBS for 2007 was 59.6 percent, whilst the JMP reported coverage of 28 percent for 2008, down from 36 percent in 1990. The significant difference is largely explained in the definition of improved sanitation under the WSSBS, which includes shared facilities considered unimproved by the JMP. If shared facilities are included in the JMP estimate the access figure rises to 42 percent. In relation to open defecation in rural areas, the JMP reports a high rate of 31 percent of rural population resorting to the practice, whilst the WSSBS reports 22.7 percent. The rural share of the national sanitation target (MDG Office) of 87 percent (including shared facilities) will be missed by a significant margin based on the historic JMP trend line.

As per current policy and emphasis on CLTS, households are required to meet the full cost of sanitation facilities;

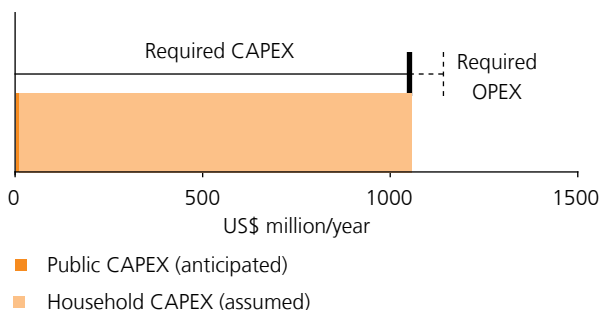
funding from federal, state, and local government will be for sanitation and hygiene promotion only. This theoretical cost share is reflected in Figure 19, which shows household CAPEX contributions fully matching the CAPEX requirement of over US\$1 billion per year, to meet the national target. However, there are major caveats. Firstly, it is doubtful how far CLTS is being adopted in practice in different states. The anticipated public CAPEX is in any case largely from donors, who in some cases may continue to provide subventions for household sanitation in their own projects. Second, government resources (financial and human) for the necessary sanitation and hygiene promotion, and other ‘software’ activities such as marketing, cannot be clearly discerned. The substantial assumed household contributions depicted in Figure 19 are thus likely to be illusory, and insofar as they arise, cannot be attributed to government encouragement.

Figure 18
Rural sanitation coverage



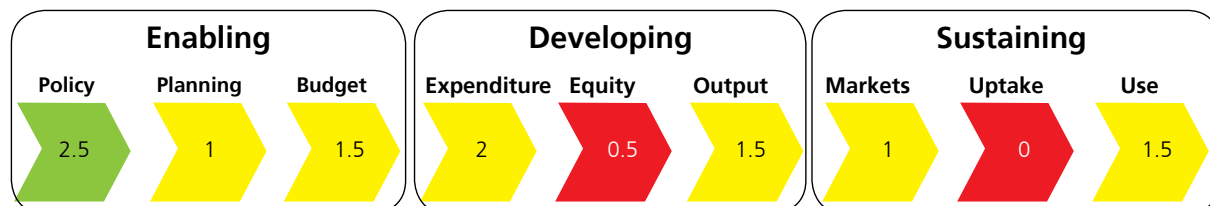
Sources: WSSBS 2007, MDG Office (2007), and JMP 2010 report.

Figure 19
Rural sanitation investment requirements



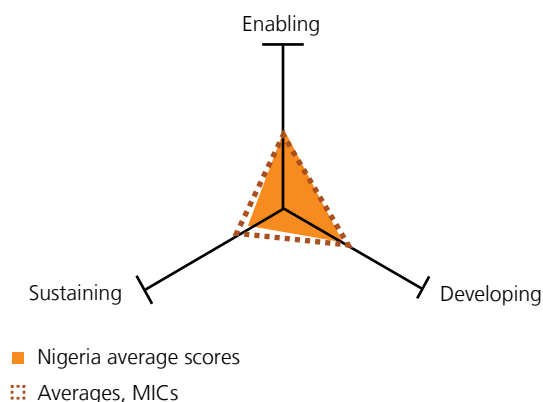
Source: CSO2 costing.

Figure 20
Rural sanitation and hygiene scorecard



Source: CSO2 scorecard.

Figure 21
Average RSH scorecard scores for enabling, sustaining, and developing service delivery, and peer-group comparison



Source: CSO2 scorecard.

These estimates do not include CAPEX for schools and other institutional facilities. There is a relatively small additional estimated OPEX requirement of US\$94 million per year, which households might be expected to meet as part of general upkeep of private facilities.

Scores for the rural sanitation subsector show several critical barriers in the service delivery pathway (Figure 20). As in water supply, the enabling environment for service delivery has been strengthened with a policy

framework that has addressed issues such as institutional arrangements, community participation, funding and cost sharing between different tiers of government. However, these are still at the national level and in most cases have not been translated to state and local government levels.

The most serious barriers are encountered with regard to **equity** and **uptake** of services. There appears to be even less attention to need when allocating the limited funds for sanitation, than for water supply. While the policy notes that households are responsible for investments in sanitation, there is no strategy on how household uptake is to be encouraged, nor is there a well-defined micro-finance scheme to support households to build their own facilities. The extent of CLTS **uptake** cannot be ascertained at the state level due to lack of a monitoring mechanism, and a lack of capacity among the local government WES Departments to undertake any form of planning, backstopping, and M&E.

Some of the state-level CSO2 scorecard assessments depict low sanitation **budgets**, and often an absence of a budget line, as well as lack of clarity in respect of **expenditure**.

Figure 21 indicates that Nigeria's scorecard averages are broadly in line with those for the peer-group of middle-income countries participating in the CSO2.

10. Subsector: Urban Sanitation and Hygiene

Priority actions for urban sanitation and hygiene

- Identify clear leader for sanitation service delivery in urban areas.
- Develop and implement appropriate sanitation approaches in peri-urban and low income communities.

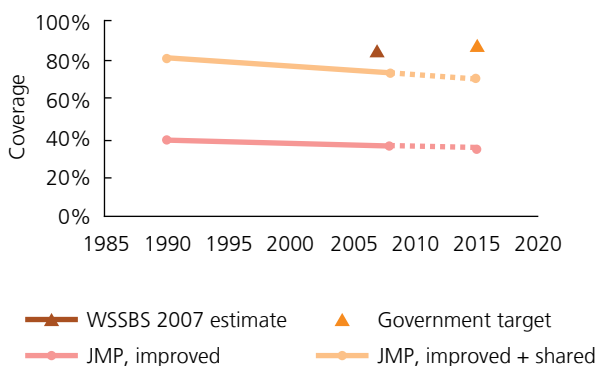
Access to sanitation in urban areas was reported by the WSSBS at 85.2 percent as of 2007, whilst the JMP reported coverage of 36 percent for 2008, down from 39 percent in 1990. Over the same period the JMP's estimate of the proportion of the urban population using shared facilities fell from 42 percent to 38 percent. The decline in sanitation coverage can, in part, be attributed to the effects of rapid urbanization. However, while there was a coverage decrease of 3 percentage points, in absolute terms 13 million people gained access to improved sanitation. Including those sharing facilities, 26 million people gained access to sanitation. The subsector share of the national sanitation target, of 89 percent (MDG Office, including shared facilities) would only be met if the historic downward trend is reversed.

To meet the above-mentioned target of 89 percent by 2015 would require an estimated annual capital investment of US\$1.2 billion per year. There is at the moment no reliable

indication of anticipated expenditure and therefore it is difficult to establish the true extent of the financing gap. However, available evidence points to negligible amounts of public finance for the sector (US\$15 million per year). For the purposes of the CSO2 costing, cost share between public and households is assumed to be 50:50 for sanitation hardware, that is, any anticipated expenditure from public sources is expected to leverage an equivalent investment from households. OPEX requirements are estimated at an additional US\$154 million per year for urban sanitation. In the absence of operational cost recovery, this will also need to be subsidized from the public purse, at least in the case of networked sanitation.

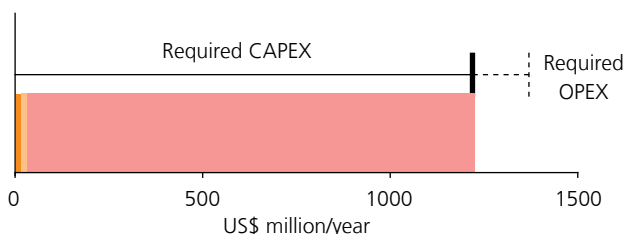
In the absence of detailed information on the urban sanitation situation at federal level, the scorecard for the service delivery pathway mirrors that of the rural sanitation subsector, with low building block scores in almost all areas (Figure 24). As in the rural subsector, there are clear

Figure 22
Urban sanitation coverage



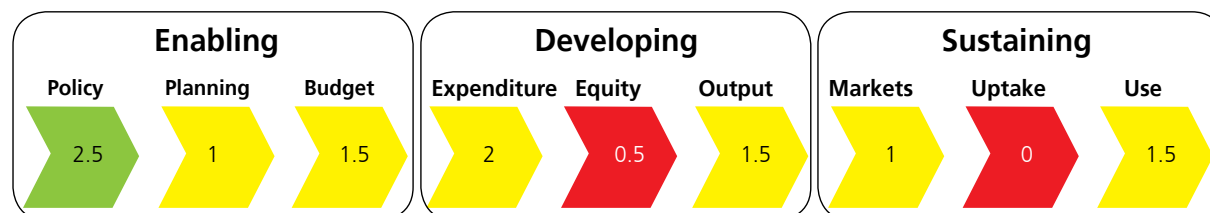
Sources: WSSBS 2007, MDG Office (2007), and JMP 2010 report.

Figure 23
Urban sanitation investment requirements



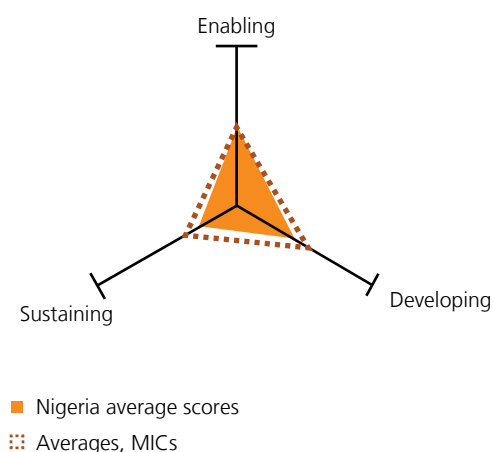
Source: CSO2 costing.

Figure 24
Urban sanitation and hygiene scorecard



Source: CSO2 scorecard.

Figure 25
Average USH scorecard scores for enabling, sustaining, and developing service delivery, and peer-group comparison



Source: CSO2 scorecard.

policy statements which have been defined at the federal level but these are yet to be rolled out at state and local government levels so as drive service delivery. In addition, the policies are yet to be accompanied by well-defined implementation strategies. The indicator scores for the ‘sustaining’ building block are particularly low, and are well below the score of Nigeria’s peer-group (Figure 25).

Unlike the rural subsector, where UNICEF is assisting many states to roll out CLTS programs, building the capacity of states and LGAs and local artisans to help in service delivery, among others, the urban sanitation subsector appears have been ‘orphaned’, as there are no well-defined approaches for the promotion of household sanitation and no champions among the responsible institutions. For many states, there are no mechanisms for reporting subsector outputs, (save what periodic surveys are able to establish) due to ‘low managerial, executive and institutional capacities at the states and local government levels’.²⁷ With a significant reliance on on-site sanitation, the private sector plays an important role in providing services in excreta management, even though final disposal sites present an additional concern.

There is very limited sewerage in Nigeria, except for Abuja and limited area of Lagos. On the whole only 6 percent of the urban population has access to a sewerage connection. Being essentially an option that addresses the immediate needs of the well-to-do (even though with long term societal benefits) sewerage networks cannot solve the country’s pressing urban sanitation challenges. This is further compounded by inadequate water supply in most of Nigeria’s cities. It therefore requires more innovative small- to medium-sized, easier-to-manage technologies, well suited to the needs of the poor.

Notes and References

- ¹ Government of Nigeria. 2007. Water Supply and Sanitation Baseline Study (WSSBS).
- ² World Bank, Global Economic Monitor. 2010 average.
- ³ The first round of CSOs was carried out in 2006 covering 16 countries and is summarized in the report, 'Getting Africa On-Track to Meet the MDGs on Water and Sanitation'.
- ⁴ UNICEF and WHO Joint Monitoring Programme for Water Supply and Sanitation. 2010. Progress on sanitation and drinking water. JMP estimates are based on a linear regression of nationally representative household surveys.
- ⁵ Office of the Special Assistant to the President on MDGs. 2008. MDG Needs Assessment and Financing Strategy for Nigeria, p 37.
- ⁶ The CSO2 investment requirement estimates do not include the cost of hygiene promotion and other software activities, relative to the targets, due to the difficulty of estimating such costs on a per capita basis.
- ⁷ Due to rounding, component figures may not sum to totals.
- ⁸ Targets used in the CSO2 costing model are from MDG Office, 2007 for water supply and sanitation. Equivalent rural/urban subsector targets are derived using the relative coverage of the rural and urban subsectors in 1990, as estimated in the 2010 JMP report.
- ⁹ Federal Ministry of Water Resources (FMoWR). 2006. Water Resources Strategy Document.
- ¹⁰ Report of the Vision 2020 National Technical Working Group on Water and Sanitation. 2009, p 46.
- ¹¹ FMoWR. 2006. Water Resources Strategy Document, p 1.
- ¹² Final Draft National Water Policy. 2004, p 5.
- ¹³ Ibid, p 6.
- ¹⁴ This is articulated in the Draft National Water Policy, 2004.
- ¹⁵ The CSO2 scorecard methodology and conceptual framework are discussed in detail in the synthesis report.
- ¹⁶ As noted in a 2008 study, Water Resources Management In Nigeria: Review of Reform Actions for Finalization of Water Sector Institutional Framework, undertaken on behalf of FMoWR by this author, Nigeria has several documents on policy, tools, and guidelines which draw their legitimacy from the NWP. These documents have been prepared from studies and, in some cases, pilots undertaken in selected states. It is intended that the policies, strategies, and guidelines will have national appeal and be applied as tools for strengthening the institutional framework for water resources management. It is noted that some of these documents still have 'Draft' tags on them. Many of the provisions in these documents are being implemented throughout the states, and do not appear to run foul of any Act or Law. It is clear, though, that some states may be dragging their feet on the implementation of some aspects of the various policies and strategies because there is no clear direction and leadership from the FMoWR.
- ¹⁷ Indicators relating to the institutional framework section are: All subsectors: targets in national development plans/ PRSP; subsector policy agreed and approved (gazetted as part of national policy or as standalone policy); RWS/UWS: institutional roles defined; RSH/USH: institutional lead appointed.
- ¹⁸ See, for example, the Synthesis Report on the Assessment of the Institutional Framework for Water Supply and Sanitation Provision in Anambra, Cross River and Osun states, funded by the EU and FMoWR. In Anambra the Water Board (utility) had not supplied water to the state capital and other urban areas for more than 14 months at the time of the study in 2007 and residents had to depend on small scale providers (for example, tanker operators) as well as self-supply through wells and boreholes.
- ¹⁹ Indicators relating to the section on financing and its implementation are: All subsectors: programmatic SWAp; investment program based on MDG needs assessment; sufficient finance to meet MDG (or subsidy policy for sanitation); percent of official donor commitments utilized; percent of domestic commitments utilized.
- ²⁰ Given the fact that there are 37 utilities (including that for the federal territory), the scorecard cannot speak for all of them. Whilst the top three—Lagos, Cross River, and Kaduna Water Boards—may score very high in terms of the scorecard, in a majority of cases performances are low.
- ²¹ The various targets are based on access data in the year in which the reports were prepared. For example, to reach Nigeria's MDG target for water and sanitation, the MDG Costing Report states a coverage target of 82.31 percent access to safe drinking water by 2015, "based

on the existing current access (2006) of 64.62 percent in 2006, while a target of 88.29 percent was fixed for basic sanitation from the current access (2006) of 76.56 percent". The JMP, however, uses 1990 access as baseline to determine the internationally recognized MDG targets.

- ²² UNICEF, Joshua Attah, the Draft Report on Sector Investment Profile Study for Water Supply and Sanitation, 2000–2007, elaborates on expenditure on water and sanitation at different levels of government in 12 states, and the federal capital territory.
- ²³ The various aid projects by UNICEF, EU, AfDB and the World Bank have had common features—institutional reform and strengthening, private sector participation, capacity building, support to policy development, in addition to hardware delivery. These are carried out in separate states and the National Water Policy and strategy documents have been the reference for the reform activities.
- ²⁴ As detailed in Section 9, the apparent sufficiency of finance for rural sanitation is thanks largely to household contributions, which are called for in policy (the CLTS approach) but which will not materialize in practice unless

efforts at promotion, marketing, and other 'software' activities are significantly scaled up. [QUERY: should this be Sections 2 and 3?]

- ²⁵ Indicators relating to the M&E section are: All subsectors: annual review setting new undertakings; subsector spend identifiable in budget (UWS: inc. recurrent subsidies); budget comprehensively covers domestic/donor finance; RWS, RSH, and USH: domestic/donor expenditure reported; UWS: audited accounts and balance sheets from utilities; RWS, RSH, and USH: periodic analysis of equity criteria by CSOs and government; UWS: pro-poor plans developed and implemented by utilities; RWS/UWS: nationally consolidated reporting of output; RSH/USH: monitoring of quantity and quality of uptake relative to promotion and subsidy efforts; All subsectors: questions and choice options in household surveys consistent with MDG definitions.
- ²⁶ References were provided by Engineer Mohamed Illyas of Dal-Hab Consultants, Nigeria, through a note to the author. Actual project documents were not sighted.
- ²⁷ See Note 26.





For enquiries, contact:
Water and Sanitation Program–Africa Region
The World Bank, Upper Hill Road
P.O. Box 30577, 00100, Nairobi, Kenya
Tel: +(254) 20 322 6300
E-mail: wspaf@worldbank.org
Web site: www.wsp.org