



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NIGERIA EROSION AND WATERSHED MANAGEMENT PROJECT
APPROVED ON MAY 8, 2012
TO
FEDERAL REPUBLIC OF NIGERIA

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ENVIRONMENT, NATURAL RESOURCES AND THE BLUE ECONOMY GLOBAL PRACTICE

WESTERN AND CENTRAL AFRICA REGION

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ABBREVIATIONS AND ACRONYMS

ACReSAL	Agro-Climatic Resilience in Semi-Arid Landscapes
AF	Additional Financing
COVID-19	Coronavirus Disease
CHS	Community Health Service
CIG	Common Interest Group
DA	Designated Account
EIA	Environmental Impact Assessment
ESMP	Environmental and Social Management Plan
FM	Financial Management
FPMU	Federal Project Management Unit
FUTO	Federal University of Technology Owerri
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GoN	Government of Nigeria
GRM	Grievance Redress Mechanism
IDA	International Development Association
IFR	Interim Financial Report
IP	Implementation Progress
ISR	Implementation and Status Results Report
M&E	Monitoring and Evaluation
MDA	Ministries, Departments and Agencies
MIS	Management Information System
MoE	Ministry of Environment
NEWMAP	Nigeria Erosion and Watershed Management Project
NGO	Non-government Organization
OHS	Occupational Health and Safety
PAP	Project Affected Person
PDO	Project Development Objective
PMU	Project Management Unit
RAP	Resettlement Action Plan
SPMU	State Project Management Unit
UNILAG	University of Lagos
US\$	United States Dollar
WBG	World Bank Group

**BASIC DATA****Product Information**

Project ID P124905	Financing Instrument Investment Project Financing
Original EA Category Full Assessment (A)	Current EA Category Full Assessment (A)
Approval Date 08-May-2012	Current Closing Date 30-Jun-2021

Organizations

Borrower Federal Republic of Nigeria	Responsible Agency National Project Implementation Unit, Federal Ministry of Environment
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Project Development Objective (PDO)

Original PDO

To reduce vulnerability to soil erosion in targeted sub-watersheds.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-62770	27-Jun-2018	12-Feb-2019	27-May-2019	30-Jun-2021	300.00	288.12	0
IDA-62780	27-Jun-2018	12-Feb-2019	27-May-2019	30-Jun-2021	100.00	97.17	2.83
IDA-51050	08-May-2012	16-Apr-2013	16-Sep-2013	30-Jun-2021	500.00	451.10	0
TF-12434	16-Apr-2013	16-Apr-2013	16-Apr-2013	30-Jun-2020	3.68	3.68	0
TF-12435	16-Apr-2013	16-Apr-2013	16-Apr-2013	30-Jun-2020	4.56	4.56	0



Policy Waiver(s)

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

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Background

Country and Sector Context

1. Nigeria is Africa's largest country with over 200 million people and has the largest economy (nominal gross domestic product (GDP) of around US\$450 billion in 2019). With an abundance of resources and a young population, it has the potential to be a giant on the global stage. At the same time, with over 40 percent of its population (over 80 million people) in poverty, Nigeria is also among the countries with the largest number of people living below the poverty line. Economic growth, at 2.2 percent in 2019, has been below the rate of population growth since 2016, when Nigeria experienced its first recession in two decades. Fragility, conflict, and insecurity affect many parts of the country, in particular the northeast. Insufficient capacity constrains the public sector, and on many human development indicators, Nigeria ranks amongst the lowest in the world. To realize its considerable potential, and to fulfill the government's ambition to lift 100 million Nigerians out of poverty by 2030, Nigeria needs to make tangible progress on several fronts, at both the federal and state levels.
2. To compound this situation, Nigeria's economy was still recovering from the 2016 recession when the coronavirus disease (COVID-19) pandemic emerged in early 2020. The global spread of the pandemic and the subsequent collapse of international oil prices have destabilized Nigeria's macroeconomic balances. The human cost of COVID-19 is high: beyond the loss of life, as the economy contracts and per capita incomes fall, the pandemic is projected to leave five million more Nigerians living in poverty in 2020 relative to the pre-COVID forecast¹.
3. Nigeria is affected by significant land degradation, particularly in Southern States through gully erosion. There are an estimated 6,000 gullies in Nigeria, which can be up to 10 kilometers long with multiple fingers spreading through the rural or urban landscape. Damage to infrastructure includes severed roads, highways, and pipelines, collapsed houses and buildings, and silted waterways, reservoirs and Calabar port. Losses to natural assets include loss of productive farmland and forest. Forest and farmland degradation also compromise watershed functions. This process exacerbates erosion downstream, compromises biodiversity important for upstream livelihoods, and weakens natural buffers against climate risk. Public programs to control these gullies have not been effective due to poor design, implementation, and sustainability.

Overview of the Nigeria Erosion and Watershed Management Project (NEWMAP)

¹ World Bank, 2020. Nigeria in Times of COVID-19: Laying Foundations for a Strong Recovery. Nigeria Development Update June 2020.



4. To address these serious natural resource issues and demonstrate a better approach, the World Bank agreed to finance NEWMAP (P124905). The project was approved on May 8, 2012 and became effective on September 16, 2013. The Project Development Objective (PDO) is to “*reduce vulnerability to soil erosion in targeted sub-watersheds*”. This innovative, multi-sectoral project is financing state-led interventions to prevent and reverse land degradation in gully erosion sites that threaten infrastructure and livelihoods. Investments are a strategic combination of civil engineering, vegetative land management and other watershed protection measures, and community-led adaptive livelihood enhancements.
5. The project was initiated in seven Tier I States², financed by a US\$500.0 million International Development Association (IDA) Credit (IDA-51050) plus US\$8.6 million in Trust Funds. Based on strong demand and requests from the Government of Nigeria (GoN), the project has gradually scaled up to 23 states, including eight Tier II states, five Tier III states, and three Tier IV states (see footnote 2). States officially joined the project when specific readiness criteria were met, including having a functional implementing agency, a Designated Account (DA) for IDA funds, and a commitment to provide counterpart funds in cash as required for resettlement activities. To support this expansion, an Additional Financing (AF) (IDA-62770, IDA-62780) of US\$400.0 million was approved on June 27, 2018.
6. During the AF (IDA 62770, IDA 62780) that was intended to support scaling up the activities to new states, the project underwent a project restructuring that included:
 - (a) Extension of the original IDA closing date by 12 months to June 30, 2021 to help address the 16-month delay in project effectiveness following Board approval.
 - (b) Amendments to component activities:
 - (i) Component 1. Scaling-up planning and investments for integrated gully restoration and catchment management in an expanded number of project states based on strong client demand.
 - (ii) Component 2. Supporting establishment of new Centers of Excellence, development of erosion risk mapping, strengthening the EIA review functions of the Government, background analysis and formulation of guidance note on increasing climate resilience through improved road design, construction and operation and maintenance practices, and assessing emerging issues around solid waste management in completed gully civil works.
 - (iii) Component 3. Scaling-up mitigation activities such as demonstration projects to test the viability and scaling-up potential of low-carbon development options and building enhanced capacity in government for planning and evaluating climate change investments.
 - (iv) Component 4. Strengthening capacities in FPMU and project management.
 - (c) Revised implementation schedule, and disbursement estimates.
 - (d) Reallocation of project funds across disbursement categories.
 - (e) Minor adjustments and extending the end date of the project results framework.

² **Tier I (joined 2012-2013) states include:** Anambra, Abia, Cross River, Ebonyi, Edo, Enugu, Imo; **Tier II (joined 2015-2016) states include:** Akwa Ibom, Delta, Gombe, Kano, Kogi, Oyo, Plateau, Sokoto; **Tier III (joined 2016-2017) states include:** Nasarawa, Borno Niger, Katsina, Ondo; **Tier IV (joined 2019-2020) states include:** Ekiti, Kaduna, Ogun.



7. The first restructuring in 2019, accounted for a loss of US\$60.8 million in available US\$ financing (from US\$900.0 million to US\$839.2 million) due to the change in SDR to US\$ exchange rate. Further exchange rate losses to date have been minor (current total financing amount is US\$832.2 million), and do not call for any component adjustment.
8. Four components contribute to the PDO (Table 1). The primary thrust of the project is through Component 1, which accounts for 73 percent of the total financing. Component 1 supports emergency rehabilitation of major gullies in conjunction with broader catchment management planning, soil and water conservation, and improving community livelihoods. Component 2 helps to build stronger institutional capacities in project partners and associated institutions for more effective implementation and post-project sustainability. Component 3 supports activities linked to climate change response and adaptation, including the use of technology. Component 4 finances project management tasks, including monitoring and evaluation (M&E).

Table 1. NEWMAP component structure and allocation

Component	Allocation US\$ Equivalent	%
1. Erosion and Watershed Management Infrastructure Investments	659.20	72.6
2. Erosion and Watershed Management Institutions and Information Services	74.99	8.3
3. Climate Change Response	50.38	5.5
4. Project Management	124.02	13.6
Total	832.29	100

9. Project implementation is multi-sectoral and multi-state, involving multiple Ministries, Departments and Agencies (MDAs) at federal level and across the 23 states, as well as local governments, communities, and civil society. Effective implementation requires inter-ministerial and inter-state coordination, collaboration, and information sharing. Each component, subcomponent and activity is implemented through relevant federal and state MDAs, relying upon a robust annual joint process for work programming facilitated by the respective Project Management Units (PMUs) – one at federal level and one for each participating state (housed in the respective environment ministries). The apex Federal Project Management Unit (FPMU) within the Ministry of Environment (MoE) provides overall project management, coordination, and oversight. Component 1 activities are implemented through State Project Management Units (SPMUs) in participating states, along with local partners including Non-governmental Organizations (NGOs) who work with communities in selected sites. Components 2 and 3 are mainly managed by the FPMU in collaboration with other government agencies at national and state levels in partnership with scientific and technical institutions. These components are strengthening national and state capacities for integrated gully rehabilitation and catchment management to address land degradation and river basin sedimentation, as well as for climate change adaptation and mitigation, and more efficient Environmental Impact Assessment (EIA).
10. In the past 14 months, project implementation has been substantially disrupted by COVID-19 impacts, compounding the impact of AF effectiveness delays and of capacity gaps in new entrant states, leading the Government to issue a request for a 24-month project closing date extension on June 25, 2020. An extremely rigorous due diligence was conducted to assess the opportunity for such an extension, involving in particular a detailed reconciliation of commitments, available funding and works completion outlook for each subproject of



each state. As part of the process, implementation performance issues were identified, calling for a corrective action plan and some project rating adjustments.

B. Key Achievements of the Project

Summary

11. The project is currently rated Satisfactory for progress towards achievement of the PDO and implementation progress (IP). As per the latest implementation support mission in June 2021, and pending associated Implementation Status and Results Report (ISR), three of the five PDO indicator targets have already been exceeded (area under sustainable landscape management practices, area under bioremediation in targeted sub-watersheds, and targeted gully complexes and other erosion sites with reduced severity level after treatment). Another PDO indicator (net greenhouse gas emissions) is underway. The fifth indicator (55 targeted gully complexes and other erosion sites treated with 100 percent of planned measures for targeted sub-watersheds) has progressed well with 30 sites completed. Of the 16 intermediate indicators, 12 have already been met or exceeded targets and good progress has been made with the remaining four intermediate indicators. NEWMAP is also providing technical support to the preparation of the proposed US\$700 million Agro-Climatic Resilience in Semi-Arid Landscapes (ACReSAL) Project in Northern States through guidance on site selection, safeguards, institutional assessment, and catchment management, and supporting prospective states to develop shovel ready project designs.
12. The recent due diligence and latest mission have however confirmed the need for improved IP and justify lowering the IP rating to Moderately Satisfactory in the next ISR, June 2021, until a corrective action plan is successfully implemented. As already initiated by individual states, the action plan mainly aims at addressing the fact that substantial project funds (US\$263 million) remain undisbursed in aggregate across state DAs, and that a rebalancing of allocations is needed in between states to allow optimal funding of their current commitments and complete utilization of project funds. Indeed, while as of June 23, 2021, the project has disbursed 99.51 percent (US\$835.09 million equivalent) of the IDA funds (with TFs fully disbursed), this US \$263 million remains unspent in state DAs. This cumulative amount had been disbursed throughout project life, and across all twenty-three implementing states, based on approved workplans and forecasts. While some states have used up their funds, others have not. The challenge with slow implementation across some states became exacerbated by the COVID-19 pandemic. Fortunately, 4 out of the 5 states with uncommitted IDA funds refunded such uncommitted DA funds back to IDA between 11 and 25 June 2021. The Bank is actively following up with the one remaining state (Cross River) and transferring the returned DA funds to states with more pending payments than available DA funds. Any unspent state DAs funds on June 30, 2022 will be returned to IDA. Full utilization is anticipated, with no cancellation envisioned. Implementation performance improvements through the action plan will be monitored closely and recorded in quarterly ISRs.
13. As outlined in the sections below, the project has achieved significant and transformative successes across all four components. Perhaps the most critical success, however, has been to demonstrate at scale, the benefits of a new and more effective approach to gully rehabilitation and watershed management based on high quality civil engineering design and construction within state-of-the-art catchment management plans, bio-remediation and other watershed interventions to protect investments, linkages with community-led livelihood enhancements to improve local incomes and build ownership of the infrastructure, and establishing a more robust governance approach for implementation, including procurement, financial management (FM), safeguards and M&E. The fact that state participation under project increased from seven to 23 states with ongoing demands for even more



states to participate, is a testament to the project success. NEWMAP has implemented a new approach that the GoN and states can replicate and scale up to sustainably address degradation on 6,000 gully sites in the country using financing from public programs, private investments, and donors. Along with demonstrating this innovative approach, the project has also built stronger capacities in federal and state agencies, and in communities to improve program delivery around environmental management and address climate change. NEWMAP is developing a successful blueprint to move forward, but because of the 16-months project effectiveness delay and impact of COVID-19, NEWMAP requires another 12 months to fully achieve all objectives.

Achievements by Component

14. **Component 1 - Erosion and Watershed Management Infrastructure Investments** (US\$659.20 million equivalent)

The component status is downgraded to Moderately Satisfactory accounting for implementation delays. The component is financing stabilization and rehabilitation of major gully erosion and flood affected sites, and supporting integrated catchment management, including livelihood development. The project has successfully demonstrated at scale a new and holistic integrated approach for community-based landscape restoration and livelihoods improvement. Against the PDO target of 55 sites, 30 gully restorations have been fully completed, and 66 more are in various stages of construction which will be completed within the proposed 12 months extension. Fifty-nine catchment management plans have been developed and approved. These plans are designed to reduce new erosion on completed gully sites and prevent new gullies from forming in other parts of the catchment. Staff from all SPMUs have been trained in catchment planning and a template was developed to ensure better consistency with plans. On social safeguards aspects and Resettlement Action Plans (RAP) in particular, 5,293 Project Affected Persons (PAPs) have been compensated, while 1,419 are pending compensation, with total amounts of compensation expected not to exceed budgets. The plan is to ensure that all pending counterpart funds for PAPs mostly in Ebonyi are released. A letter detailing the implication of non-release of the required counterpart funding was sent to the Governor of Ebonyi State. The team will continue to work with the Federal Ministry of Finance and the State towards the release of the required funds. In some case such linear structures are ongoing, the payment to PAPs will be sequenced. Current number of households benefitting from livelihoods enhancement activities is 25,491 which exceeds the end target of 12,000. Nearly 290 livelihood-based Common Interest Groups (CIGs)³ have been established. The CIG beneficiaries are operating small businesses such as livestock production, waste management, plant nurseries, gabion box welding, block molding. An emerging issue on many sites in communities is waste dumping in concrete drainage channels, which puts the site investments at risk of degradation and increases the danger of local flooding during heavy rains. To address this issue, 94 community groups have been recently formed under the project. Seventeen of these groups are now functional, but another 12 months is needed to have the remaining 77 groups become operational through project-supported training.

15. **Component 2 - Erosion and Watershed Management Institutions and Information Services** (US\$74.99 million equivalent).

The component status is rated Satisfactory. This component is strengthening the enabling environment for institutions to operate effectively and sustainably after NEWMAP closure. These institutions include key MDAs associated with broader environmental management that encompass land degradation, sedimentation, and catchment management. Highlights at the national level include further capacity building in the MoE, such as training and digitizing EIA reports, and the drafting of two thematic EIA guidelines, which is currently under review. At the State level and below, training of 185,058 persons including government staff, NGOs and communities has improved knowledge, awareness, and capacities of environmental management (land degradation, soil and water conservation, catchment management planning, sustainable farming, waste

³ The project applies a CIG approach where community members form small groups for business development.



management, water harvesting, etc.). The project has also helped install 103 sets of hydrometeorological equipment (against a target of 100) to provide important data for integrated catchment planning and flood control. The equipment will support Automatic Flood Early Warning Systems for flood monitoring services in five major River Basin Development Authorities. An important aspect of project sustainability is the establishment of National Centers of Excellence to support longer-term erosion and watershed management development through research and technical services. Two institutions have been established and confirmed against a target of three⁴.

16. **Component 3 - Climate Change Response** (US\$50.38 million equivalent). The component status is rated Highly Satisfactory. This component has strengthened Nigeria's strategic framework for climate action. Work has focused on adaptation, strengthening the overall policy and institutional framework, and promoting low carbon emission. At the federal level, a key early success of the component was that of successfully facilitating the issuance of the country's first Green Bonds (also the first in Africa) in December 2017, which generated US\$27 million in private sector financing for projects that are reducing Greenhouse Gases (GHGs). A second tranche of Green Bonds (US\$41 million) was issued in 2019. The Green Bonds have successfully enabled private sector participation in low carbon investments in the country. Following project restructuring in 2019, the component focused on supporting low carbon demonstrations including: piloting climate adaptation/low carbon demonstration projects ovens and domestic cookstoves, and feasibility studies/frameworks for: Market Readiness for Nationally Appropriate Mitigation Actions, a Grid-Connected Solar Power Plant, Adoption of Liquefied Petroleum Gas, Guidance Manual for Climate Change Agenda, Strategy Development for Adopting Compressed Natural Gas Based Transportation System, Case Study of Nigeria's Sovereign Green Bonds, Establishment of Climate Data Management Services, Developing a GHG Inventory, and drafting Climate Smart Agricultural Guidelines.
17. **Component 4 - Project Management** (US\$124.02 million equivalent). This component is rated Moderately Unsatisfactory. Following a downgrading to Moderately Satisfactory in January 2021, a further rating revision is deemed justified to recognize the extent to which insufficient reporting accuracy on effective progress and disbursements, across all subprojects and states, had contributed to unclear visibility on NEWMAP's status and completion path ahead. By the same token, it is recognized that FPMU and State PMUs collaborated proactively in with the recent project review, and in the development and the adoption of the corrective action plan. With action plan progress underway, a new upward revision of PM rating may soon be justified. Improved performance through the action plan will be monitored closely and recorded in quarterly ISRs. It is also recognized that technical project management capacity has continued to improve, as experience is gained, and capacities are strengthened. The FPMU is providing effective project oversight through internal staff and contract specialists. This improved capacity is best demonstrated in the fact that, after 25 design reviews conducted with the World Bank team, the FPMU will complete the review of another 32 pending designs on its own, with no World Bank task team reviews required for most site designs and catchment management plans. Furthermore, towards longer-term sustainability of program planning and management capacities beyond the current closing date of June 30, 2021, three states (Enugu, Katsina and Anambra) have formally established new agencies for Erosion Control and Gully Rehabilitation and 16 other states have made good progress advancing legislation to establish their own agencies. A 12-month closing date extension beyond June 30, 2021 would allow these agencies to become fully functional and gain valuable experience.
18. **Safeguards**
- (a) **Environmental safeguards.** The project prepared and submitted 129 environmental and social management plans (ESMPs) for 129 project sites, out of which 124 ESMPs have been cleared by the World Bank and disclosed publicly. No civil work started without an approved and disclosed ESMP in any project sites. ESMP

⁴ Institutions have been established at the Faculty of Environmental Science, UNILAG and School of Environmental Science, FUTO.



implementation compliance audit was conducted by FPMU/SPMU and the outcome report shared with the World Bank is currently under review. Sites are generally in compliance of occupational health and safety (OHS)/community health service (CHS) requirements and there are no major environmental issues reported. With respect to COVID-19 guidelines and protocols, satisfactory level of compliance was recorded during the latest project mission in May 2021. There were evidence-based records on the use of facemasks, adherence to social distancing, regular handwashing and use of hand sanitizers by all personnel. The continual strictness and compliance to COVID-19 measures has greatly helped in keeping and maintaining safe health standards in the project. Major Environment and Social incident response Toolkit (ESIRT) cases reported in the last reporting period are related to security at project sites. Reported ESIRT cases have been resolved/under investigation. Environment and Social team is undertaking a portfolio level security approach to assess and propose proactive solutions for security challenges. Borrower has also developed an Environmental and Social Impact Assessment (ESIA) Guideline regarding erosion control and watershed management related projects wherein the World Bank reviewed and provided comments. Discussion on the revisions are ongoing but overall, draft Guideline is well received by the World Bank. The environmental safeguards performance rating of the project is Satisfactory.

- (b) **Social Safeguards.** The project has made progress towards complying with social safeguards requirements in line with the project Resettlement Policy Framework and the requirements of the OP. 4.12 Policy on Involuntary Resettlement. Overall, 141 RAPs have been prepared, and disclosed publicly, across all states and are under various stages of implementation. While there has been an increase in the RAPs prepared for selected sites prior to commencement of civil works, there has not been a corresponding increase in implementation rate of these RAPs. This is partly due to lack of counterpart funding and delayed implementation on the part of some states such as Ebonyi. Similarly, while most states have complied with these processes, a state like Imo, has defaulted in RAP implementation and outstanding PAPs to be compensated. For example, a detailed “value for money” audit carried out by the World Bank on April 16, 2021, reviewed non-compliance to RAP implementation prior to commencement of civil works at the Urualla site (Imo State) in 2017/2018. The World Bank task team is currently working with affected states’ PIUs to address these challenges through RAP audit and bi-weekly safeguards check-in towards developing time bound actions to bring these states to compliance. Based on the current available information, the social safeguards rating is Moderately Unsatisfactory. This rating is subject to revision when additional information becomes available.
- (c) **Grievance Redress Mechanism (GRM):** There is an effective GRM currently in operation including GRM boxes and dedicated toll-free lines in different locations in project communities. The project GRM system is also supported by state-level focal NGOs in the resolution of grievances and also to help provide community sensitization and awareness of the GRM system. Currently, 1,086 complaints have been recorded on the project. Of these, 929 (86 percent) have been resolved while 157 are being addressed by the respective State PIUs.
- (d) **Overall rating for environmental and social safeguards.** Combining the Satisfactory rating for environmental safeguards, and the Moderately Unsatisfactory rating for social safeguards, the overall rating is judged to be Moderately Unsatisfactory.

19. Fiduciary Management

- (a) **FM.** From the FM assessment carried out during the last implementation support mission (ISM) held in May 2021, the overall FM performance for the project is rated Moderately Satisfactory, and risk rating remains



Moderate , and the FM risk rating is elevated to Substantial based on high balances in some states' DA accounts and the short period in which to complete and close ongoing projects. Highlights are as follows.

- (i) Overall: FM arrangements for the project are operating as designed. Project activities are being implemented based on the approved work plans and budgets. The control environment remains adequate with internal control policies, procedures, and mechanisms in place. Review of transactions during the FY21 FM supervision mission revealed that the internal controls were operating reasonably well, and no significant FM issues were noted. There were some routine issues noted that the team will continue to follow up on for resolution. The accounting system in use by the project is computerized (flexible accounting 2000+). functioning well, and capable of generating the necessary financial reports. Project fund flow is adequate: As of June 24, 2021, about \$263 million disbursed across many states are either parked in designated accounts (DAs) or used for expenditures that have not yet been reported in withdrawal applications. Financial reporting is satisfactory in all the participating states.
 - (ii) Interim Financial Reports (IFR). Consistently, consolidated IFRs are being submitted by the FPMU in a timely manner and are of acceptable quality. The most recent consolidated IFR for period ending December 31, 2020, was received by the due date, and reviewed and accepted by the Bank. The consolidated audit report and management letter for FY19 was received on time and found acceptable. Issues noted in the management letter have since been resolved. The audit report for FY20 has been received prior to the due date of June 30, 2021 and is in the process of being reviewed.
 - (iii) Balance in State DAs: As regards the balance of US\$ 262 million in the DAs of different States, the Bank team is working with the State PMUs to ensure that any excess funds lying with the status of 'more than estimated utilization till the extended closing date' are identified and refunded at the earliest to avoid the challenge of seeking refunds closer to and after project closure. All four states have refunded in record time with only CRS pending. The Bank continues to follow up on this closely as a matter of priority.
- (b) Procurement: As part of the most recent mission in May 2021, a procurement assessment was carried out. The rating of the performance of procurement is Moderately Satisfactory. Highlights are as follows:
- (i) The agreed procurement arrangement at preparation and for the AF is still in place. The FPMU and SPMUs are adequately staffed with Procurement Officers, and the national Procurement Consulting firm hired by the FPMU is providing support to the states as needed. For most states, procurement processes for major contracts have been concluded and the resulting contracts are at various stages of execution.
 - (ii) The slow pace of execution of several civil works contracts has led to several months of delay in the completion of selected contracts across the states. COVID-19 restrictions have been a major contributing factor. The implication of this situation is that many signed contracts may not be completed by the project closing date of June 30, 2021. Barring an extension, states that have signed contracts with a duration beyond the project closing date of June 30, 2021 will need to provide required funding for the completion of such contracts from other sources and this may be a challenge, in view of the fiscal constraint facing the Government especially at the subnational level.
 - (iii) There is an Integrity Concern flag raised on the project for the same reasons. The Task Team received a technical briefing from INT early in 2021 and is aware of the investigations. The client is advised to ensure that there is full compliance with Bank guidelines and adherence to requirements of the Project Implementation Plan (PIM) across all the states with due attention given to the prevention of fraud and corruption issues under the project.

20. **M&E**: The FPMU and SPMUs are now producing high quality M&E reports to support project implementation and track progress against the results framework. The World Bank has recently engaged a developmental impact



assessment specialist to work with the team and Client to estimate project impacts and outcomes. For sustainability reasons, the vendor who designed the Management Information System (MIS), must now to transfer it to a designated government agency before project closure. The M&E performance is rated Satisfactory.

C. *Rationale for Restructuring*

21. In a letter dated June 25, 2020, the Federal Government requested a 24-month no-cost extension for NEWMAP to enable all participating states to complete ongoing and proposed activities. An extension is required to address implementation delays caused by two main factors: COVID-19, and the 16-months wait for effectiveness. The COVID-19 pandemic has impacted on overall progress due to reduced contractor staff allowed on sites, and the ban on inter-state travels by the Federal Government, which has restricted shipment of construction materials to and from construction sites. International flight bans restricted foreign experts from being able to travel to Nigeria as needed. Field activities have been delayed further with the onset of the 2021 rainy season. The project tried to adapt to the COVID-19 environment through virtual missions and ensuring compliance to modified guidelines for workplace safety standards and preparedness, and Code of Conduct for safety during the pandemic. The project also tested the use of 360-degree camera technology and drones in the field to support oversight. Despite these notable achievements, however, COVID-19 has resulted in significant delays in implementation in key activities. These COVID-caused delays also narrowed the implementing space gained from the February 2019 restructuring, which extended the closing date by one year to make up for the 16-month delay in effectiveness.
22. Acknowledging these delays, the task team undertook a detailed analysis of implementation progress, contract commitments, and funding resources for each subproject site across the 23 states. In addition to measuring significant implementation delays, the review also identified external factors. Several sites were approved in anticipation of a foreseen European Investment Bank co-financing of NEWMAP which did not materialize at the time. In collaboration with the FPMU and states, the review outlined a necessary corrective action plan, and determined that a 12-month extension (in lieu of the requested 24 months) would provide sufficient time for the project to complete remaining works, while fully achieving all five PDO and 16 intermediate indicators. In particular, the review concluded that the US\$263 million in IDA funding in state DAs would be fully utilized by completing feasible ongoing contract commitments, if the envisioned 12-month extension were approved and if the action plan were to fully complied with. For the 12-month extension to achieve such objective, projected surplus funds in state DAs (i.e. funds in excess of confirmed contractual commitments) will be reimbursed and reallocated to other states DAs that face a projected deficit against approved, existing and feasible commitments. These reallocations are well underway, on track to be completed before June 30, 2021. The following actions are being enacted towards project completion by 30 June 2022:
 - a. Civil works assessment: Sites where work is likely to be completed by 30 June 2022 are being allowed to continue, while those where progress is poor, and completion is unlikely by the new closing date, are being recommended for cancellation. The extension should allow completion of 53 civil works contracts.
 - b. Letters of Comfort: All State Governors are committing in writing to the Federal Minister of Finance that their State will (1) ensure that all NEWMAP contracts are completed by 30 June 2022, including through the timely release of required Counterpart Funds to finance pending Resettlement Action Plans); (2) meet any outstanding payment obligations under these contracts that may fall due after 30 June 2022; and (3) return to the World Bank any amount in the DA that will remain unspent by 30 June 2022.
 - c. Activities and timelines: State-by-state timelines are prepared for the 53 civil works contracts that have been allowed to continue, as well as for other non-civil-work consultancies, consistent with the proposed extended closing date.



23. An extension of an additional 12 months, from June 30, 2021 to June 30, 2022 will allow sufficient time to complete the following key activities:
- a. Complete on-going or committed works contracts on 66 sites, including civil construction and bioremediation, consistent with utilization of residual project funds.
 - b. Ensure World Bank safeguards oversight on remaining sites that would be under active implementation and resolution of outstanding grievances and complaints in some states, for example Cross Rivers.
 - c. Better ensure long-term project sustainability through:
 - i. Three new Erosion Control and Gully Rehabilitation agencies becoming fully operational, and agencies in other states being established and becoming operational;
 - ii. Establishing a third and fully functional national Center of Excellence, while allowing more time for the Centers of Excellence at the University of Lagos (UNILAG) and at the Federal University of Technology Owerri (FUTO) to further develop and mature;
 - iii. The remaining 77 CIGs addressing solid waste management around gully sites gaining a more operational footing.
24. Progress on these activities will be closely supervised, with increased (quarterly) frequency of ISR documentation.

II. DESCRIPTION OF PROPOSED CHANGES

A. Overall PDO and Structure

25. The PDO remains valid and is unchanged as: *“reduce vulnerability to soil erosion in targeted sub-watersheds”*. No changes are needed for the project component and sub-component structure. There are no changes to project costs nor to implementation arrangements.

B. Proposed Changes

26. **Extension of project closing date.** The proposed restructuring includes a 12-month extension of the current closing date from June 30, 2021 to June 30, 2022.
27. The proposed closing date extension meets the requirements of the World Bank Investment Project Financing (IPF) Directive regarding extension of closing dates, specifically: (i) the PDO remains achievable; (ii) the performance of the Borrower remains satisfactory; (iii) the World Bank and the Borrower agree on actions that will be undertaken by the Borrower to complete project critical activities; and (iv) there are no outstanding audits and/or interim financial reports.
28. **Changes to the results framework.** The only changes to the results framework are the updating of the end date from June 30, 2021 to June 30, 2022.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Loan Closing Date(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)



LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-51050	Effective	30-Jun-2020	30-Jun-2021	30-Jun-2022	30-Oct-2022
IDA-62770	Effective	30-Jun-2021		30-Jun-2022	30-Oct-2022
IDA-62780	Effective	30-Jun-2021		30-Jun-2022	30-Oct-2022
TF-12434	Closed	30-Jun-2020	26-Feb-2021		
TF-12435	Closed	30-Jun-2020	26-Feb-2021		



Results framework

COUNTRY: Nigeria

Nigeria Erosion and Watershed Management Project

Project Development Objectives(s)

To reduce vulnerability to soil erosion in targeted sub-watersheds.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	End Target
To reduce vulnerability to soil erosion in targeted sub-watersheds.			
Targeted gully complexes and other erosion sites treated with 100% of planned measures for targeted sub-watersheds (Number)		0.00	55.00
<i>Action: This indicator has been Revised</i>	<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>		
Targeted gully complexes and other erosion sites with reduced severity level after treatment (Number)		0.00	55.00
<i>Action: This indicator has been Revised</i>	<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>		
Area under bio-remediation in targeted sub-watersheds (Hectare(Ha))		0.00	400.00
<i>Action: This indicator has been Revised</i>	<i>Rationale:</i>		



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Indicator Name	PBC	Baseline	End Target
			<i>The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>
Land area under sustainable landscape management practices (CRI, Hectare(Ha))		0.00	400.00
<i>Action: This indicator has been Revised</i>			<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>
Net Greenhouse Emissions (tones CO2 annually) (Tones/year)		0.00	-2,411.00
<i>Action: This indicator has been Revised</i>			<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Component 1: Erosion and Watershed Management Infrastructure Investments			
Targeted land treated for erosion with selected measures in targeted sub-watersheds (Hectare(Ha))		0.00	20,000.00
<i>Action: This indicator has been Revised</i>			<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>



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Indicator Name	PBC	Baseline	End Target
Participatory sub-watershed Management plans developed under the project for targeted erosion affected sub-watersheds (Number)		0.00	38.00
Action: This indicator has been Revised	Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.		
People receiving project-supported advisory support services in integrated land/water management practices, planning, and/or monitoring under the Project (of which 40% female) (Number)		0.00	90,000.00
Action: This indicator has been Revised	Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.		
Households benefitting from livelihoods enhancement activities under the Project (of which 40% female) (Number)		0.00	12,000.00
Action: This indicator has been Revised	Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.		
Packages with detailed design for treatment of gully complexes and erosion sites in targeted subwatersheds prepared under the project that have received WBG No-Objection but not financed by NEWMAP (Number)		0.00	30.00
Action: This indicator has been Revised	Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.		
Component 2: Erosion and Watershed Management Institutions and Information Services			



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Indicator Name	PBC	Baseline	End Target
Spatial Knowledge Management Information System on erosion and watersheds operational (Number)		0.00	1.00
Action: This indicator has been Revised	Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.		
Upgraded and newly installed stations providing data for integrated catchment planning (Number)		0.00	100.00
Action: This indicator has been Revised	Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.		
City storm water master plans developed which are informed by climate projections of increased rainfall intensity and risk assessments (Number)		1.00	3.00
Action: This indicator has been Revised	Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.		
EIA guidelines developed for targeted investment types that affect erosion (road cross drainage, urban water supply and drainage) (Number)		0.00	1.00
Action: This indicator has been Revised	Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.		
National Centers of Excellence in erosion control established, operational and functional (Number)		0.00	3.00
Action: This indicator has been Revised	Rationale:		



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Indicator Name	PBC	Baseline	End Target
			<i>The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>
States with improved erosion risk mapping (Number)		0.00	19.00
<i>Action: This indicator has been Revised</i>			<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>
Community Interest Group collecting municipal solid waste in project intervention areas (Number)		0.00	50.00
<i>Action: This indicator has been Revised</i>			<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>
Component 3: Climate Change Response			
Technical reports/ guidelines on promoting low carbon development or enhancing climate resilience completed (Number)		0.00	7.00
<i>Action: This indicator has been Revised</i>			<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>
Climate adaptation /low carbon demonstration projects completed (Number)		0.00	10.00
<i>Action: This indicator has been Revised</i>			<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>
Development and Issuing of Green Bond Phases (Number)		0.00	1.00



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Nigeria Erosion and Watershed Management Project (P124905)

Indicator Name	PBC	Baseline	End Target
<i>Action: This indicator has been Revised</i>	<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>		
Component 4: Project Management			
Reports produced on project progress at federal and state levels (Number)		0.00	18.00
<i>Action: This indicator has been Revised</i>	<i>Rationale: The only change to the indicator is the updating of the end date from June 30, 2021 to June 30, 2022.</i>		



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Nigeria Erosion and Watershed Management Project (P124905)
