



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
NG-RURAL ACCESS & MOBILITY PROJECT-PHASE 2
APPROVED ON SEPTEMBER 25, 2012
TO

THE GOVERNMENT OF THE FEDERAL REPUBLIC OF NIGERIA

TRANSPORT GLOBAL PRACTICE

WESTERN AND CENTRAL AFRICA REGION

Regional Vice President:	Ousmane Diagana
Country Director:	Shubham Chaudhuri
Regional Director:	Riccardo Puliti
Practice Manager/Manager:	Aurelio Menendez
Task Team Leader(s):	Olatunji Ahmed



ABBREVIATIONS AND ACRONYMS

AFD	Agence Francaise de Development
COVID-19	Coronavirus
ESMP	Environmental and Social Management Plans
DAs	Designated Accounts
GBV	Gender Based Violence
GIS	Geographic Information Systems
IDA	International Development Association
PDO	Project Development Objective
RAMP-2	Second Rural Access and Mobility Project
RAP	Resettlement Action Plan
SEA	Sexual Exploitation and Abuse
SPIU	State Project Implementation Unit



Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

BASIC DATA

Product Information

Project ID P095003	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 25-Sep-2012	Current Closing Date 30-Oct-2020

Organizations

Borrower The Government of the Federal Republic of Nigeria	Responsible Agency Federal Ministry of Agriculture and Rural Development, Niger State Ministry of Rural Development
---	--

Project Development Objective (PDO)

Original PDO

The Project's Development Objective (PDO) is to improve transport conditions and bring sustained access to the rural population through rehabilitating and maintaining key rural transport infrastructure in a sustainable manner in selected Nigerian states.

Progress towards the PDO will be monitored using the following four core indicators:

- Direct project beneficiaries, of which female (percentage)
- Roads in good and fair condition as a share of total classified roads (percentage)
- Share of rural population with access to an all-season road (proportion)
- Roads receiving adequate levels of maintenance (kilometers)



Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Commitment	Net Disbursed	Undisbursed
IDA-51540	25-Sep-2012	09-Sep-2013	22-Nov-2013	30-Oct-2020	170.00	154.87	5.09

Policy Waiver(s)

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

No

Note to Task Teams: End of system generated content, document is editable from here.



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

Country and Sector Context

Overall country context:

The economic and human impact of the Coronavirus (COVID-19) pandemic on Nigeria will be severe, even if Nigeria manages to contain the outbreak locally. Because of Nigeria's vulnerability to oil price shocks, with the sharp fall in oil prices as a result of the COVID-19 crisis, the economy is projected to contract by over 3 percent in 2020, and consolidated government revenues to fall by over 3 percent of GDP (nearly USD 15 billion), at a time when fiscal resources are urgently needed to contain the outbreak and initiate counter-cyclical and pro-poor fiscal measures to protect the lives and livelihoods of the nearly 90 million Nigerians in extreme poverty and millions of others in urban areas who are dependent on the informal economy. Estimates suggest that the extreme poverty rate could go up by a couple of percentage points and that the number of poor could increase by between 10 to 15 million by 2022.¹ The human and economic costs would be amplified if the outbreak becomes more severe, leading to a deeper recession and greater health-related costs. Since the first case was identified in late February 2020, by mid-August 2020 Nigeria had recorded 46,140 cases and 942 deaths.

Specific sector context:

The measures taken by the Nigerian Government to reduce the spread of COVID-19 pandemic have had different levels of impact on the sectors of the economy. In the transport sector, as early as March 2020, the Nigerian Government took measures to reduce the spread of COVID-19. Such measures included restriction of movement, imposition of physical distancing in public transport, closure of interstate travel and international flights. The road construction industry was particularly impacted as well as all road construction sites were practically short down during the period, at the critical dry season where work was supposed to be booming. Contractors were not able to move materials and equipment to site and their key international staff that had travelled outside Nigeria could not return. The loss in man-hour time runs to millions. In the case of Second Rural Access and Mobility Project (RAMP-2) participating states (Adamawa, Enugu, Niger and Osun States), lock-down regulations remained in place for a period of three (3) to four (4) months. This period represents a significant amount of time within the completion period remaining, for the ongoing road construction under RAMP-2. Therefore, most road contacts were affected and will require an extended period for their adequate completion.

A. PROJECT STATUS

1. The Second Rural Access and Mobility Project (RAMP-2) aims at improving transport conditions and bringing sustained access to the rural population through rehabilitating and maintaining key rural transport infrastructure in a sustainable manner in selected Nigerian states.
2. The RAMP-2 was approved by the Bank's Board on September 25, 2012 with a closing date of December 31, 2018. The project is being implemented in four states of Adamawa, Enugu, Niger and Osun States. The closing date was extended by 22 months to October 30, 2020 due to delay in project effectiveness and initial implementation challenges. The project is co-financed by the Bank, Agence Francaise de Development (French Development Agency, AFD) and the respective participating State governments. The total outlay of the project at appraisal was US\$242.71 million (IDA:US\$170 million; AFD: US\$60 million and Counterpart: US\$12.71 million). The IDA amount of equivalent of \$170 million at the beginning of the project has reduced to \$159.24 million as at August 26, 2020 due to depreciation of USD against the SDR.

¹ See World Bank (June 2020), [Nigeria Development Update \(Spring 2020\)—Nigeria in Times of COVID-19: Laying Foundations for a Strong Recovery](#).



3. The RAMP-2 fund allocations by components by different financiers are indicated in Table 1. IDA funds are across all the components, while AFD funds only sub-component 1.1 (Upgrading and Rehabilitation of Rural Transport Infrastructure). The ratio of funding in the sub-components is 66.7 to 33.3 for IDA and AFD respectively. Counterpart fund is used for component 2 activities only together with IDA fund. The respective participating state Governments have been providing counterpart funds for the implementation of the project. An agreement, signed in 2013, provides the basis of co-financing arrangements between IDA and the AFD, where IDA provides implementation support services for AFD funds on a basis of fees-for-service.

Table 1: RAMP-2 Funds Allocation

Component	Total (US\$ million)	IDA (US\$ million)	AFD (US\$ million)	States Counterpart Funds (US\$ million)
Component 1 - Upgrading and Rehabilitation of Rural Transport Infrastructure	181.52	121.52	60	0
Component 2 - Community-based road maintenance and annual mechanized maintenance	35.89	21.53	0	14.36
Component	Total (US\$ million)	IDA (US\$ million)	AFD (US\$ million)	States Counterparts (US\$ million)
Component 3 - Project Management and Strengthening of State and Federal Road Sector Institutional, Policy and Regulatory Framework	13.37	13.37	0	0
Project preparation advance	2.82	2.82	0	0
Total	233.6	159.24	60	14.36

4. The last implementation review of the project, in May 2020, rated both the progress towards the achievement of the Project Development Objective (PDO) and overall implementation as “Moderately Satisfactory.” The overall project implementation progress as at July 30, 2020 was 83 percent, with implementation progress of 78, 76, 93 and 84 percent at Adamawa, Enugu, Niger, and Osun States respectively. The overall project IDA disbursement as at July 30, 2020 was 88.5 percent while the actual fund utilization was 83.8 percent due to balances in Designated Accounts (DAs) at the respective states. The net fund balance of US\$25.7m, including undisbursed fund and amount in DAs, is fully committed to ongoing contracts. On the other hand, AFD has disbursed 100 percent to all



the four states, but fund utilization was 75 percent, leaving cash balance of USD15m in the respective DAs. All the funds are committed to ongoing contracts.

5. The following table 2 provides the summary of progress and achievement by component as of July 30, 2020:

Table 2: Summary of Progress and Achievement by Component



Component	Targets	Achieved to date	Comments
Component 1: Upgrading and Rehabilitation of Rural Transport Infrastructure	<ol style="list-style-type: none">1. Upgrading and rehabilitating of roads (1,450km)2. Construction of 65 number river crossings	<ol style="list-style-type: none">1. 1,900km of roads rehabilitated.2. 75 units of river crossings constructed	The targets are exceeded by 31 and 15 percent for the two activities on the component. The achievement will increase when the ongoing construction of roads are completed.
Component 2: Community-based road Maintenance and Annual Mechanized Maintenance	<ol style="list-style-type: none">1. 1,650 kilometers of rural roads to receive efficient and permanent routine maintenance; and2. 1,650 kilometers of rural roads will receive efficient and annual mechanized maintenance	<ol style="list-style-type: none">1. 1,241 kilometers of rural roads are receiving routine maintenance; and2. 746 kilometers have received annual mechanized maintenance	75 percent of the first target has been achieved. It is possible to meet the remaining percentage by end of the project. 45 percent of the roads receives annual mechanized maintenance due to delay in rehabilitation works as a result of the impact of COVID 19 Pandemic on contracts execution.
Component 3: Project Management and Strengthening of State and Federal Road Sector Institutional, Policy and Regulatory Framework	<ol style="list-style-type: none">1. All "tier-1" states to prepare GIS-based road inventory and respective State road map.2. At least 2 of the "tier-1" states to adopt the Low Volume Manual for management of its rural roads.	<ol style="list-style-type: none">1. All the participating states have developed Geographic Information Systems (GIS)-based road inventories system and State road maps.2. Two States (Niger and Osun) have adopted the Low Volume Manual for management of their rural roads.	The remaining two states (Adamawa and Enugu) are in the process of adopting the Manual before project closing date.



Financial Management

6. The project is well staffed with adequately qualified accounting staff and internal auditors both at the State and Federal Government levels. The professionally qualified accountants who are the staff of Accountant Generals work in the Project Financial Management Unit (PFMU) and the Federal Project Financial Management Department at both the states and federal government levels to handle the fiduciary responsibilities of all the World Bank Assisted projects in Nigeria. There is adequate segregation of duties and the internal control systems are functioning fairly well. During the last supervision mission early in 2020, it was observed that there are unretired advances and insufficient documentation for some expenses. These issues are being resolved and should be done before the project closing date. There is adequate fund flow arrangements and the project has timely disbursements for project execution. However, the initial IDA amount has decreased due to exchange rate fluctuations between the USD and the SDR and the original allocation of US\$170million has been reduced to US\$159.24 as of August 26, 2020 (loss of US\$10.76m). The State Project Implementation Units (SPIUs) have submitted up to date Interim Financial Management Reports that have been acceptable to the World Bank.

Audit Requirement.

7. Section II B.3 of the Financing Agreement required consolidated audited financial statements by the project to be submitted to the Bank not later than June 30 after the end of such period. The Independent External Audit firm was engaged with Terms of Reference Acceptable to IDA and the External audit review for 2019 was conducted on time, the audited financial statements together with the Management Letter forwarded to the World Bank before the audit submission deadline.

The Financial Management risk rating is Moderately Satisfactory.

Procurement

8. Overall, all major procurements have been processed in all the participating states. The major concern was the effect of COVID-19 on contract performance. However, with the restriction of movement relaxed, contractors are reported to have fully remobilized and work is progressing steadily. The revised program of works by the contractors indicate that all contracts can be completed by December 31, 2020. The overall risk rating remains Moderate, while procurement performance system regarding internal controls, record keeping, and implementation of the project is Moderately Satisfactory.

Safeguards Management

9. The environmental safeguards rating for RAMP-2 is moderately satisfactory. The relevant safeguards instruments, particularly Environment and Social Impact Assessments (ESIAs), Environmental and Social Management Plans (ESMPs) and Resettlement Action Plans (RAPs), were prepared, cleared, disclosed and being implemented. Some states experienced initial delays in implementing Resettlement Action Plans (RAPs) occasioned by late release of counterpart funds by State Governments thereby resulting in delayed start of some road rehabilitation works. These have been resolved in all the States, as such there is no outstanding compensation to PAPs. The risk rating for the Safeguards is moderate. The Grievance Redress Mechanism (GRM) is robust that ensures that complaints are promptly addressed.
10. The surge in security challenges in the country impacted on RAMP-2 implementation. Many parts of Nigeria face security challenges including, kidnapping, social unrest, community clashes, armed robbery and Boko Haram



menace. All the SPIUs developed purpose-to-fit security plans that are being implemented to protect contractors, consultants and staff working on RAMP-2. As part of the plan, working hours on construction sites were reduced while extra security (men, materials and vehicles) to match the level of threat in the States were provided. This was not in the original project design but had to be funded by the project to protect properties and lives on the project.

Project Restructuring

11. The Federal Government of Nigeria sent a request letter dated June 30, 2020 for project restructuring covering reallocation of funds and six months extension of project closing date. The team assessed the request in line with project implementation progress, impact of measures to stop the spread of COVID 19 on project implementation in all participating states, as well as the possible risks and benefits of an extension of closing date. On this basis, it was concluded that while a six months' extension may not be justifiable, a two months' extension would be enough to complete outstanding activities in all the States. The major activities that are not likely to be completed October 2020 are rural roads rehabilitation and construction of box culverts and bridges in component 1 and institutional reform study activities in component 3. On the other hand, a reallocation of funds is necessary to adequately fund the activities scheduled on each of the components to deliver on the project development objectives. Table 3 provides the reallocation of project fund. Activities in Component 2 (road maintenance) due delay in completion of road rehabilitation works. Furthermore, it is proposed to increase funds to Component 1 and 3 to reduce the gap created by loss in currency exchange between SDR and USD as well as for project management and to meet security challenges on site.

B. RATIONALE FOR RESTRUCTURING

12. The following restructuring elements are proposed along with their rationale:
 - a. Reallocation of project funds – The fund reallocation is necessary for two reasons: (i) meet the shortfall from loss in currency exchange between USD and SDR; and (ii) to increase fund for project management, including funds to provide for safety measures due to security challenges in the participating states. RAMP-2 has lost about US\$10.76m due to USD depreciation against SDR since the beginning of the project in 2012. Furthermore, kidnapping, community clashes, armed robbery and banditry increased in the country and the need to provide additional funds to protect lives and properties of project activities was necessary. Therefore, more funds were provided to component 3 to increase vigilance on RAMP-2 offices and road construction sites. (iii) The scope of work in Component 2 has been reduced because the project cannot provide the initial proposed 3 years' maintenance on the rehabilitated roads due to delay in completing the rehabilitation works. Therefore, the allocation on Component 2 is made available to component 1 to rehabilitate more roads. AFD is in agreement with the new funding arrangement.
 - b. *Extension of project closing date* – An extension of two months (from October 30, 2020 to December 31, 2020) of closing date is proposed to complete the ongoing rural roads rehabilitation and construction of bridges in component 1, as well as for Institutional reform activities in component 3 to achieve the PDO. These activities are delayed due to lockdown and other measures taken by the Nigerian Government to stop the spread of COVID-19. During the period of lock down, construction sites were closed, contractors could not move materials and equipment to sites due to interstate movement restrictions, foreign staff of contractors outside the country could not return due to flight restriction. Furthermore, it was difficult for contractors to meet up with the lost time due to heavy rain season (May-October) after relaxing the lockdown. The contractors have since revised their work programs, which indicate a revised completion date for each of the contracts. Of the twenty-five (25) ongoing contracts, five (5) contracts each in Adamawa and Enugu States as well as one (1) contract in Niger State will need up to two (2) months



beyond October 30, 2020 to be completed; till December 30, 2020 (see Table 3). The Governors of the respective participating states have been informed that any contract not completed within the extension period closing on December 31, 2020 will be funded by the State Government.

Economic and Financial Analysis: The proposed reallocation and extension of project closing date do not have effect on the Economic and Financial Analysis of the project. All the assumed parameters for the analysis at project preparation such as number of road kilometer, project cost etc are still the same to date.

Table 3: RAMP-2 – Current and projected percentage completion by October 30, 2020

Rehabilitation of Phase -2 Roads						
Adamawa State	Contract No	Value of Contract (NGN)	% Completion as at July 2020	Projected % completion by October 2020	Estimated period required beyond October 2020 (Months)	
	Lot 1	1,436,745,296.84	47.1	75	2	
	Lot 2	1,064,128,992.71	61.2	85	2	
	Lot 3	946,041,547.95	94.5	100	Nil	
	Lot 4	1,628,333,355.58	61.6	82	2	
	Lot 6	2,197,092,983.79	79.9	100	Nil	
	Lot 7	391,245,274.74	93.0	100	Nil	
	Mildo-Madagali and Kaya-Yinagu roads	586,611,824.95	41.0	70	2	
	Spot Improvement of roads					
Contract No	Value of Contract (NGN)	% Completion as at July 2020	Projected % completion by October 2020	Estimated period required beyond October 2020 (Months)		
Lot 1	77,999,695.00	93.0	100	Nil		
Lot 2	231,725,795.68	97.5	100	Nil		
Lot 3	52,509,252.60	98.0	100	Nil		
Lot 4	159,460,081.99	50.0	100	Nil		
Lot 5	124,948,947.30	15.3	50	2		
Rehabilitation of Phase -2 Roads						
Enugu State	Contract No	Value of Contract (NGN)	% Completion as at July 2020	Projected % completion by October 2020	Estimated period required beyond October 2020 (Months)	
	Lot 1	2,114,260,012.51	69.6	100	Nil	
	Lot 2	1,412,257,121.10	66.6	80	2	
	Lot 3	1,545,162,824.90	74.5	100	Nil	
	Lot 4	1,374,614,000.55	85.0	100	Nil	
	Lot 5	1,415,174,556.60	56.1	70	2	
	Lot 6	1,265,321,876.45	60.1	85	2	
	Asphalting Works					
	Contract No	Value of Contract (NGN)	% Completion as at July 2020	Projected % completion by October 2020	Estimated period required beyond October 2020 (Months)	
Lot 1	913,434,678.45	33.4	80	2		
Lot 2	1,090,631,422.12	94.7	100	Nil		



	River Crossings				
	Contract No	Value of Contract (NGN)	% Completion as at July 2020	Projected % completion by October 2020	Estimated period required beyond October 2020 (Months)
	Lot 1	196,982,549.89	100	100	Nil
	Lot 2	48,925,535.07	99	100	Nil
	Lot 3	303,769,134.90	87	100	Nil
	Lot 4	282,949,550.97	93	100	Nil
	Lot 5	81,570,772.25	100	100	Nil
	Lot 6	290,772,185.70	87	100	Nil
	Replacement of 2 failed Bailey bridges along..... road				
	Contract No	Value of Contract (NGN)	% Completion as at July 2020	Projected % completion by October 2020	Estimated period required beyond October 2020 (Months)
	Replacement of 2 Bailey Bridges	112,159,711.12	5	70	2
NIGER	Re-Construction of Badeggi Bridge	465,200,000.00	5	65	2
	Phase 2 Roads				
	P1/L1	911,667,724.00	87.9	100	Nil
	P2/L1	1,416,965,302.44	93.7	100	Nil
	P3/L3	935,665,900.26	98.0	100	Nil
OSUN	Phase 2 Roads				
	P1/L1	987,722,198.16	99.7	100	Nil
	P1/L2	951,619,302.51	99.4	100	Nil
	P1/L3	943,512,279.42	99.4	100	Nil
	P2/L1	940,159,442.51	93.0	100	Nil
	P2/L2	1,116,206,279.04	99.4	100	Nil
	P2/L3	1,222,195,834.96	94.2	100	Nil
	P2/L4	870,421,652.61	99.1	100	Nil



II. DESCRIPTION OF PROPOSED CHANGES

13. *Reallocation among different components:* Reallocation of funds among different expenditure categories as per the following table 4.

Table 4: Reallocation of funds Per Expenditure Category

Category of Expenditure	Current Allocation Amount (SDR)	Revised Reallocation Amount (SDR)	% of expenditure to be Financed by IDA (inclusive of Taxes)
1. Goods, works, non-consulting services, and consultants' services under Part 1.1 of the Project	77,130,000	77,245,000	Such percentage as agreed to among the World Bank, AfD and the Recipient, as per the Agreed Annual Work Plan.
2. Goods, works, non-consulting services, and consultants' services under Part 1.2 of the Project	8,950,000	11,430,000	100%
3. Goods, works, non-consulting services, and consultants' services under Part 2 of the Project	15,250,000	7,913,000	100%.
4. Goods, works, non-consulting services, and consultants' services under Part 3.1 of the Project	6,770,000	11,100,000	100%
5. Goods, works, non-consulting services, and consultants' services under Part 3.2 of the Project	2,700,000	3,112,000	100%
6. Refund of Preparation Advance	2,000,000	2,000,000	100%
7. Unallocated			
Total	112,800,000	112,800,000	

14. *Extending the closing date:* It is proposed that the project closing date be extended by 2 months, from October 30, 2020 to December 31, 2020.

Project results framework

15. No changes are proposed to the outcome indicators.

Any need for a change in disbursement estimates, given the reallocations? If so, please present the table to reflect any changes envisaged under REVISION TO DISBURSEMENT ESTIMATES.



Risks.

The team does not envisage any new risks to completing the project activities by the revised date of December 31, 2020. The team will continue the weekly monitoring and monthly review meeting to nip in the bud any emanating issues.

Note to Task Teams: The following sections are system generated and can only be edited online in the Portal.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
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-51540	Effective	31-Dec-2018	30-Oct-2020	31-Dec-2020	30-Apr-2021

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IDA-51540-001 Currency: XDR				
iLap Category Sequence No: 1	Current Expenditure Category: Gds,Wks NonCS,CS Pt1.1			
77,130,000.00	43,481,495.19	77,245,000.00	66.70	100
iLap Category Sequence No: 2	Current Expenditure Category: Gds,Wks NonCS,CS Pt1.2			
8,950,000.00	8,946,839.58	11,430,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: Gds,Wks NonCS,CS Pt2			
15,250,000.00	6,563,071.87	7,913,000.00	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: Gds,NonCS,CS,OC&Trg Pt3.1			
6,770,000.00	7,029,838.52	11,100,000.00	100.00	100.00



iLap Category Sequence No: 5	Current Expenditure Category: Gds,NonCS,CSincAud,OC,TrgPt3.2			
2,700,000.00	2,278,335.84	3,112,000.00	100.00	100.00
iLap Category Sequence No: 6	Current Expenditure Category: PPF REFINANCING			
2,000,000.00	0.00	2,000,000.00	100.00	100.00
iLap Category Sequence No: 7	Current Expenditure Category: UNALLOCATED			
0.00	0.00	0.00		
Total	112,800,000.00	68,299,581.00	112,800,000.00	

[Click here to enter text.](#)

Note to Task Teams: End of system generated content, document is editable from here. *Please delete this note when finalizing the document*