



The World Bank

Cabo Verde - Transport Sector Reform Project (P126516)

REPORT NO.: RES52062

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
CABO VERDE - TRANSPORT SECTOR REFORM PROJECT
APPROVED ON JUNE 24, 2013
TO
MINISTRY OF FINANCE

TRANSPORT

WESTERN AND CENTRAL AFRICA

Regional Vice President:	Ousmane Diagana
Country Director:	Nathan M. Belete
Regional Director:	Ashish Khanna
Practice Manager/Manager:	Aurelio Menendez
Task Team Leader(s):	Vincent Vesin, Shruti Vijayakumar



I. BASIC DATA

Product Information

Project ID P126516	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 24-Jun-2013	Current Closing Date 30-Jun-2022

Organizations

Borrower Ministry of Finance	Responsible Agency Ministry of Infrastructure and Maritime Economy, Project Coordination Unit
---------------------------------	--

Project Development Objective (PDO)

Original PDO

The objective of the project is to support the Recipient's efforts to improve efficiency and management of its national road assets and lay the groundwork for transport sector State Owned Enterprise reform.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-61000	15-Jun-2017	18-Aug-2017	14-Nov-2017	30-Jun-2022	27.00	27.52	0
IDA-52660	24-Jun-2013	19-Jul-2013	17-Sep-2013	30-Jun-2019	19.00	18.56	0

Policy Waiver(s)

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

No



II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

PROPOSED CHANGE AND RATIONALE

The sole proposed change is to extend the project closing date by three months, from June 30, 2022 to September 30, 2022. This extension will allow for the completion of all road works financed under the project and will thus maximize the chances of achieving the project development objectives. There would be no other change to the project.

The Government of Cabo Verde requested this extension in an official letter dated June 14, 2022, and transmitted to the World Bank on June 20, 2022. The reasons presented for the request include the pandemic and the resulting continued challenges in terms of supply chains and logistics, notably the delays in the domestic and international supply of materials (e.g. sand and gravel), equipment (e.g. heavy machinery or road signs imported from Europe), and spare parts necessary to complete the road works financed by the project. The situation has been exacerbated by difficulty in mobilizing manpower, as well as overly optimistic planning and neglect of equipment on the part of the contractors.

This is the third request for an extension. Due to the challenges brought by the pandemic since March 2020, the World Bank earlier approved a one-year extension of the closing date from December 31, 2020 to December 31, 2021, and then a six-month extension to June 30, 2022.

The Bank team finds the Government's request reasonable and recommends extending the closing date by three months. The team will continue to monitor closely the project and the COVID-19 situation to ensure that the project is completed by the proposed revised closing date of September 30, 2022.

PROJECT STATUS

The original project was approved in June 2013 with a credit amount of US\$19 million (IDA-52660). Following the successful implementation of the activities financed under this credit, an additional financing to scale up the project activities was approved in June 2017 with a credit amount of US\$27 million (IDA-61000). To date, the two credits have been fully disbursed, and as of mid-June 2022 about US\$1.6 million are remaining in the project's designated account, which is an amount sufficient to cover all remaining activities.

The execution of all 6 contracts financed by the Additional Financing for the improvement or rehabilitation of rural roads (4 on Santiago island, 1 on Santo Antão island, and 1 on Brava island) and totaling about US\$18 million has been severely delayed by the pandemic. After a suspension for several weeks during the first semester of 2020, works have resumed but at a pace slower than before the pandemic due to various constraints and shortages. Other factors not related to the pandemic (e.g. heavy rainfall, issues in planning, neglect of equipment) have also contributed to delay the road works.

To date, only the road of Tarrafal de Monte Trigo on Santo Antão island has been completed, and the Road Agency Estradas de Cabo Verde (ECV) is expecting that another road (Cidade Velha/Salineiro/Santana on Santiago island) will be completed by June 30, 2022, the current closing date of the project. On that day, ECV expects that the physical progress rates of the 4 remaining roads still under construction will range between 92% and 99.5% with a few works to be completed, such as application of the surface course, finalization of drainage, and installation of vertical and horizontal road signs. According to ECV, 3 of these roads (Cruz de Picos/Boa Entradinha/Chão Formoso/Gil Bispo and Chã de Tanque/Palha Carga/Entre Picos de Reda on Santiago island, and Vila de Nova Sintra/Nossa Senhora do Monte



on Brava island) will be concluded in July, while the fourth and last road (Chã de Ribeira dos Picos on Santiago island) will be concluded in August. Consequently, the Government has requested a project extension until September 30, 2022.

ECV has been working closely with the supervision engineers and the contractors to expedite the completion of all road works by implementing special measures, such as the deployment of additional mechanical equipment and a better use of available resources. ECV has also imposed financial penalties for delays that were deemed the sole responsibility of contractors. An updated and detailed work plan has been shared by each contractor, which will be closely monitored by ECV for each road contract. The PIU will keep the Bank team regularly updated until completion.

All technical assistance activities have been completed and no new activities will be launched.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-52660	Closed	30-Jun-2019	03-Dec-2019		
IDA-61000	Effective	31-Dec-2020	31-Dec-2021, 30-Jun-2022	30-Sep-2022	30-Jan-2023